



**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Greene County Vocational School District
Greene County
2960 West Enon Road
Xenia, Ohio 45385-9545

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Greene County Vocational School District, Greene County, (the District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Greene County Vocational School District, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

As described in Note 3 to the accompanying general-purpose financial statements, during the year ended June 30, 1999, the District changed its method of accounting for fixed assets.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Jim Petro
Auditor of State

January 25, 2000

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COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$527,584	\$67,059		\$1,304,320
Restricted Assets: Cash and Cash Equivalents	123,696			
Receivables:				
Taxes	4,589,753			1,621,353
Accounts	44,172			
Intergovernmental Receivable		6,044		
Due From Other Funds	6,044			
Supplies Inventory	24,492			
Inventory Held for Resale				
Interfund Receivable	89,042			
Land				
Buildings and Other Improvements				
Equipment				
Vehicles				
Less: Accumulated Depreciation				
Other Debits:				
Amount to be Provided for Retirement of General Long Term Obligations				
Total Assets and Other Debits	<u>5,404,783</u>	<u>73,103</u>	<u>0</u>	<u>2,925,673</u>
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$14,591	\$11,735		\$8,108
Accrued Salaries Payable	712,853	74,970		
Intergovernmental Payable	114,250	14,218		480,000
Due to Other Funds		6,044		
Interfund Payable		89,042		
Due to Students				
Due to Other Governments				
Deferred Revenue	4,111,299			1,488,643
Compensated Absences Payable	25,082	18,910		
Capital Lease Obligation				
State Loan Payable				
Total Liabilities	<u>4,978,075</u>	<u>214,919</u>	<u>0</u>	<u>1,976,751</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved for Encumbrances	22,200	3,939		778,860
Reserved for Supplies Inventory	24,492			
Reserved for Taxes	478,454			132,710
Reserved for Budget Stabilization	123,696			
Unreserved:				
Undesignated	(222,134)	(145,755)		37,352
Total Fund Equity and Other Credits	<u>426,708</u>	<u>(141,816)</u>	<u>0</u>	<u>948,922</u>
Total Liabilities, Fund Equity and Other Credits	<u>5,404,783</u>	<u>73,103</u>	<u>0</u>	<u>2,925,673</u>

The notes to the general-purpose financial statements are an integral part of this statement.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		Trust and Agency	Fixed Assets	
Enterprise				
\$15,419	\$630,890			\$2,545,272
				123,696
				6,211,106
				44,172
4,839				10,883
				6,044
518				25,010
3,920				3,920
				89,042
		\$57,564		57,564
		4,525,346		4,525,346
122,553		2,810,605		2,933,158
		144,941		144,941
(109,549)				(109,549)
			\$684,673	684,673
37,700	630,890	7,538,456	684,673	17,295,278
				\$34,434
\$14,474				802,297
4,444				612,912
				6,044
				89,042
	\$32,645			32,645
	593,330			593,330
				5,599,942
			\$212,630	256,622
			3,744	3,744
			468,299	468,299
18,918	625,975	0	684,673	8,499,311
		\$ 7,538,456		7,538,456
310,848				310,848
(292,066)				(292,066)
				804,999
				24,492
				611,164
				123,696
	4,915			(325,622)
18,782	4,915	7,538,456	0	8,795,967
\$37,700	\$630,890	\$7,538,456	\$684,673	\$17,295,278

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types				Fiduciary Funds	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Taxes	\$5,049,982		\$55,094	\$1,686,799		\$6,791,875
Intergovernmental	3,662,833	\$905,857		274,549		4,843,239
Interest	124,601					124,601
Tuition and Fees	73,441	408,557				481,998
Extracurricular Activities		21,635				21,635
Other	163,377	24,384			\$1,215	188,976
Total Revenues	9,074,234	1,360,433	55,094	1,961,348	1,215	12,452,324
Expenditures:						
Current:						
Instruction:						
Regular	276,243			3,995		280,238
Special	65,842	1,317		231		67,390
Vocational	5,015,042	1,081,952		271,300	302	6,368,596
Adult/Continuing		52,052				52,052
Other	102,151					102,151
Support Services:						
Pupils	405,917	170,625		1,335		577,877
Instructional Staff	586,405	245,792		350,748	500	1,183,445
Board of Education	110,285			45,774		156,059
Administration	640,980	14,371		50,972		706,323
Fiscal	322,423	5,000		82,269		409,692
Operation and Maintenance of Plant	612,443			636,001		1,248,444
Central	39,587	138,213		369		178,169
Non-Instructional Services	89,435			1,937		91,372
Extracurricular Activities		26,860				26,860
Debt Service:						
Principal Retirement	9,624		55,094	117,448		182,166
Interest and Fiscal Charges	262			3,871		4,133
Total Expenditures	8,276,639	1,736,182	55,094	1,566,250	802	11,634,967
Excess of Revenues Over (Under) Expenditures	797,595	(375,749)	0	395,098	413	817,357
Other Financing Sources:						
Transfers - In		281,408				281,408
Transfers - Out	(281,408)					(281,408)
Total Other Financing Sources	(281,408)	281,408	0	0	0	0
Excess of Revenues and Other Financing Sources over/(under) Expenditures and Other Financing Uses	516,187	(94,341)		395,098	413	817,357
Fund Balances at Beginning of Year	(89,347)	(47,475)		553,824	4,502	421,504
Increase/(Decrease) in Reserve for Inventory	(132)					(132)
Fund Balances at End of Year	\$426,708	(\$141,816)	\$0	\$948,922	\$4,915	\$1,238,729

The notes to the general-purpose financial statements are an integral part of this statement.

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**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 1999**

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$4,563,805	\$4,814,052	\$250,247			
Intergovernmental	3,796,650	3,662,833	(133,817)	\$1,020,211	\$1,016,211	(\$4,000)
Interest	121,806	121,806	0			
Tuition and Fees	73,441	73,441	0	408,557	408,557	0
Extracurricular Activities				21,635	21,635	0
Customer Services	91,374	91,374	0			
Miscellaneous	65,297	65,297	0	25,409	25,409	0
Total Revenues	8,712,373	8,828,803	116,430	1,475,812	1,471,812	(4,000)
Expenditures:						
Current:						
Instruction:						
Regular	377,000	307,158	69,842			
Special	155,000	70,151	84,849		1,317	(1,317)
Vocational	5,349,000	5,109,820	239,180	1,478,500	1,099,494	379,006
Adult/Continuing					52,052	(52,052)
Other	72,000	102,151	(30,151)			
Support Services:						
Pupils	387,000	401,457	(14,457)	95,786	161,315	(65,529)
Instructional Staff	635,000	600,454	34,546	4,000	250,819	(246,819)
Board of Education	140,720	119,704	21,016			
Administration	613,000	652,075	(39,075)		14,371	(14,371)
Fiscal	259,000	330,496	(71,496)	5,000	5,000	0
Operations of Maintenance of Plant	611,000	637,944	(26,944)			
Central	80,000	41,561	38,439	204,000	137,304	66,696
Operation of Non-Instructional Services	100,000	89,435	10,565			
Extracurricular Activities				20,000	26,860	(6,860)
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	8,778,720	8,462,406	316,314	1,807,286	1,748,532	58,754
Excess of Revenues Over (Under) Expenditures	(66,347)	366,397	432,744	(331,474)	(276,720)	54,754
Other Financing Sources (Uses):						
Advances - In	42,038	42,038	0	89,042	89,042	0
Advances - Out		(89,042)	(89,042)		(42,038)	(42,038)
Operating Transfers - In	134,715	134,715	0	213,137	213,137	0
Operating Transfers - Out	(190,000)	(347,852)	(157,852)			
Total Other Financing Sources (Uses)	(13,247)	(260,141)	(246,894)	302,179	260,141	(42,038)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(79,594)	106,256	185,850	(29,295)	(16,579)	12,716
Fund Balances at Beginning of Year	496,196	496,196	0	64,554	64,554	0
Encumbrances at Year End	37,554	37,554	0	15,674	15,674	0
Fund Balances at End of Year	\$454,156	\$640,006	\$185,850	\$50,933	\$63,649	\$12,716

The notes to the general-purpose financial statements are an integral part of this statement.

Debt Service			Capital Projects			Expendable Trust		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$55,094	\$55,094	\$0	\$1,645,267	\$1,645,267	\$0			
			287,300	274,549	(12,751)			
						1,215	1,215	0
<u>55,094</u>	<u>55,094</u>	<u>0</u>	<u>1,932,567</u>	<u>1,919,816</u>	<u>(12,751)</u>	<u>1,215</u>	<u>1,215</u>	<u>0</u>
				3,995	(3,995)			
				231	(231)			
			2,009,137	402,272	1,606,865		302	(302)
				9,120	(9,120)	3,000	500	2,500
				550,822	(550,822)			
				90,000	(90,000)			
				62,393	(62,393)			
				399	(399)			
				762,417	(762,417)			
				369	(369)			
				1,937	(1,937)			
55,094	55,094	0						
<u>55,094</u>	<u>55,094</u>	<u>0</u>	<u>2,009,137</u>	<u>1,883,955</u>	<u>125,182</u>	<u>3,000</u>	<u>802</u>	<u>2,198</u>
0	0	0	(76,570)	35,861	112,431	(1,785)	413	2,198
			(55,094)		55,094			
<u>0</u>	<u>0</u>	<u>0</u>	<u>(55,094)</u>	<u>0</u>	<u>55,094</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	(131,664)	35,861	167,525	(1,785)	413	2,198
0	0	0	481,492	481,492	0	4,502	4,502	0
0	0	0	786,968	786,968	0	0	0	0
\$0	\$0	\$0	\$1,136,796	\$1,304,321	\$167,525	\$2,717	\$4,915	\$2,198

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 1999**

	Enterprise
Operating Revenues:	
Lunchroom Sales	\$127,303
Other Operating	92,190
Total Operating Revenues	219,493
Operating Expenses:	
Salaries and Fringe Benefits	124,121
Purchased Services	123
Supplies and Materials	10,176
Cost of Sales	127,633
Depreciation	23,605
Total Operating Expenses	285,658
Operating Loss	(66,165)
Non-Operating Revenues	
Operating Grants	34,905
Donated Commodities	11,824
Interest	669
Total Non-Operating Revenues	47,398
Net Loss	(18,767)
Retained Earnings July 1, 1998	(273,299)
Retained Earnings June 30, 1999	(\$292,066)

The notes to the general-purpose financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 1999**

	Enterprise Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Lunchroom Sales	\$127,303	\$127,303	\$0
Other	92,190	92,190	0
Operating Grants	34,359	34,359	0
Interest	669	669	0
Total Revenues	<u>254,521</u>	<u>254,521</u>	<u>0</u>
Expenses:			
Salaries	98,000	93,967	4,033
Fringe Benefits	26,000	31,872	(5,872)
Purchased Services	1,000	123	877
Materials and Supplies	135,000	127,628	7,372
Total Expenses	<u>260,000</u>	<u>253,590</u>	<u>6,410</u>
Excess of Revenues Over Expenses	(5,479)	931	6,410
Fund Equity at Beginning of Year	<u>14,488</u>	<u>14,488</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$9,009</u></u>	<u><u>\$15,419</u></u>	<u><u>\$6,410</u></u>

The notes to the general-purpose financial statements are an integral part of this statement.

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED JUNE 30, 1999**

	Enterprise
Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$127,303
Other Operating Receipts	92,190
Cash Payments to Employees for Services and Benefits	(125,839)
Cash Payments to Suppliers for Goods and Services	(127,751)
Net Cash Used In Operating Activities	(34,097)
 Net Cash Flows from Noncapital Financing Activities:	
Operating Grants	34,359
 Net Cash Flows from Investing Activities:	
Interest	669
Net Increase in Cash and Cash Equivalents	931
 Cash and Cash Equivalents Beginning of Year	14,488
Cash and Cash Equivalents End of Year	\$15,419
 Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating Loss	(\$66,165)
 Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	23,605
Donated Commodities Received	11,824
Changes in Assets and Liabilities:	
Increase in Supplies Inventory	(57)
Increase in Inventory Held for Resale	(1,586)
Increase in Accrued Salaries Payable	2,988
Decrease in Intergovernmental Payable	(1,515)
Decrease in Compensated Absences Payable	(3,191)
Net Cash Used In Operating Activities	(\$34,097)

The notes to the general-purpose financial statements are an integral part of this statement.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

1. DESCRIPTION

Greene County Vocational School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The first official body designated as the Greene County Vocational School District was formed in March, 1964.

The School District operates under a locally-elected seven-member Board form of government and provides educational services as authorized by its charter and further mandated by state and/or federal agencies. This Board controls the district's instructional/support facilities staffed by a full-time staff of 146 employees. There are 94 certificated employees including 6 administrators and 43 classified support staff including 3 administrators, who provide services to 890 students and other community members.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading.

The primary government consists of all funds and departments which provide various services including vocational and adult instruction, student guidance, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing body and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations for which the School District approves the budget, the issuance of debt or the levying of taxes.

The School District does not have any component units.

B. Jointly Governed Organizations

The District is associated with two organizations which are defined as jointly governed. These organizations include the Miami Valley Educational Computer Association and the Southwestern Ohio Educational Purchasing Cooperative. These organizations are presented in Note 18 to the general purpose financial statements.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Fund Accounting

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

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

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

1. Governmental Fund Types:

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

General Fund

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

Special Revenue Funds

These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditure for specific purposes.

Debt Service Fund

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

Capital Projects Fund

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Proprietary Fund Types:

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

Enterprise Funds

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

3. Fiduciary Funds:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds.

Trust and Agency Funds

Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. Account Groups:

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

General Fixed Assets Account Group

This account group is used to account for all general fixed assets of the School District other than those accounted for in proprietary or trust funds.

General Long-Term Obligations Account Group

This account group is used to account for all long-term indebtedness of the School District that is not a specific liability of the proprietary or trust funds.

D. Measurement Focus and Basis of Accounting

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e. net total assets) is segregated into contributed capital and retained earnings components. Proprietary funds' operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

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

All governmental fund types, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the School District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: tuition, grants and customer services.

The School District reports deferred revenues in its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In a subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of June 30, 1999, whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue. In the proprietary fund type, 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 recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized when they are earned and become measurable and expenses are recognized when incurred, if measurable. There were no unbilled service charges receivable at year end. 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.

E. Budgets and Budgetary Accounting

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

F. Tax Budget

Prior to January 15 the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing on the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayer's comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Greene County Budget Commission for rate determination.

G. Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include unencumbered cash balances from the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenue collected is greater or less than the current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 1999.

H. Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation must be legally enacted by the Board of Education at the fund, function, object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The Appropriation resolution, by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications. Contrary to Ohio Revised Code Section 5705.38, the School District did not adopt its annual appropriation measure until February 17, 1999.

I. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditure for governmental funds and reported in the notes to the financial statements for proprietary funds.

J. Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is also carried forward to the succeeding fiscal year and reappropriated. Budgetary fund balance is equal to the fund's cash balance.

K. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including the proprietary fund type, are maintained in this account or temporarily used to purchase short term investments. Each fund's interest in the pool is presented on the balance sheet as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 1999 investments were limited to overnight repurchase agreements and a certificate of deposit. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with original maturities of three months or less and investments of the cash management pool are considered to be cash equivalents.

Under existing Ohio statutes, all investment earnings are distributed to the General Fund except those specifically related to certain trust funds. Interest income earned in 1999 amounted to \$122,475.

L. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. See Note 22 for further information.

M. Supplies Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

N. Short-Term Interfund Receivables/Payables

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed asset account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year.

A valuation firm performs a physical inventory each year and updates the inventory system. Donated fixed assets are capitalized at fair value on the date donated. The School District maintains a capitalization threshold of \$1,000. The School District does not have any infrastructure.

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

Assets in the general fixed assets account group are not depreciated. Depreciation of equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of 10 to 20 years.

P. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred.

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Eisenhower Grant
Career Development
Professional Development
Adult Vocational Education
Education Management Information Systems
Data Communications
Children's Trust
Adult Basic Education
Vocational Education
Title VI
Jobs
E-Rate

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program

Government Donated Commodities

Grants and entitlements amounted to approximately forty percent of the School District's operating revenue during the 1999 fiscal year.

Q. Compensated Absences

Vacation leave accumulated by employees is accrued as a liability as the benefits are earned when both of these conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

A liability for sick leave is accrued using the vesting method which states that the District will estimate its liability based on sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as specified by the retirement system as well as other employees who are expected to become eligible in the future to receive such payments.

For governmental funds, the District provides a liability for accumulated, unpaid vacation time and sick leave for eligible employees in the period in which the employee becomes eligible to receive payment. The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. This amount is recorded as a fund liability, while the balance of the liability is recorded in the general long-term obligations account group.

R. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than two months after fiscal year-end are considered not to have used current financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations accounts group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Contributed Capital

Contributed capital represents resources from other funds, federal and state grants, other governments, and private sources provided to the District's proprietary funds which are not subject to repayment.

The District's proprietary type fund records all fixed assets as contributed capital since all assets were purchased by the General Fund.

T. Estimates

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

U. Reservations and Designation of Fund Equity

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure or the portion of fund balance that is legally segregated for a specific future use. Fund balances have been reserved for encumbrances, supplies inventory, taxes and a budget stabilization reserve for workers' compensation refund.

V. Interfund Transactions

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

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

W. Estimates

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

X. Total Columns on General Purpose Financial Statements

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

3. CHANGE IN ACCOUNTING POLICY

For the fiscal year 1999 the District changed its fixed asset policy. This change was a threshold change for individual fixed assets from \$500 to \$1,000.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

4. COMPLIANCE AND ACCOUNTABILITY

Fund balances at June 30, 1999, included the following individual fund deficits:

Deficit Fund Balance	
General Fund	\$222,134.00
Special Revenue Funds	
Adult Vocational Education	70,565
Vocational Education	100,326
Enterprise Fund	
Food Service	105,543

The general fund deficit balance is unreserved. Total fund equity of the general fund is positive.

The special revenue funds' deficit fund balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

In the enterprise fund, all assets are contributed by the general fund or permanent improvement fund which when depreciated reduced retained earnings instead of contributed capital. This causes a deficit retained earnings.

The following fund had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 1999:

<u>Special Revenue Fund</u>	Estimated Resources	Appropriations	Excess
Jobs Special Revenue Fund	\$25,255	\$100,000	(\$74,745)

Contrary to Section 5705.41 (B), Ohio Revised Code, the following accounts had expenditures plus encumbrances in excess of appropriations:

<u>Fund/Function</u>	Expenditures Plus		Excess
	Appropriations	Encumbrances	
General Fund, Other Instruction	\$72,000	\$102,151	(\$30,151)
General Fund, Support Services-Pupils	387,000	401,457	(14,457)
General Fund, Administration	613,000	652,075	(39,075)
General Fund, Operation and Maintenance of Plant	611,000	637,944	(26,944)
General Fund, Fiscal	259,000	330,496	(71,496)
Special Revenue Funds:			
Athletic and Music, Extracurricular	20,000	26,860	(6,860)
Career Education, Support Services-Pupils	74,286	101,632	(27,346)
Career Education, Central		3,334	(3,334)
Professional Development, Instructional Staff	4,000	12,146	(8,146)
Adult Vocational Education, Adult Continuing Instruction		52,052	(52,052)
Adult Vocational Education, Instructional Staff		170,861	(170,861)
Entry Year Programs, Instructional Staff		95	(95)
Adult Basic Education, Vocational Instruction	140,000	162,702	(22,702)

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

4. COMPLIANCE AND ACCOUNTABILITY (Continued)

<u>Fund/Function</u>	Appropriations	Expenditures Plus Encumbrances	Excess (Continued)
Eisenhower Grant, Vocational Instruction		2,188	(2,188)
Vocational Education, Regular Instruction		1,317	(1,317)
Vocational Education, Support Services-Pupils	19,500	59,533	(40,033)
Vocational Education, Instructional Staff		56,493	(56,493)
Vocational Education, Administration		14,371	(14,371)
Vocational Education, Central		137,304	(137,304)
Jobs, Instructional Staff		7,890	(7,890)
Permanent Improvement, Regular Instruction		3,995	(3,995)
Permanent Improvement, Special Instruction		231	(231)
Permanent Improvement, Support Services - Pupils		9,120	(9,120)
Permanent Improvement, Instructional Staff		550,822	(550,822)
Permanent Improvement, Board of Education		90,000	(90,000)
Permanent Improvement, Administration		62,393	(62,393)
Permanent Improvement, Fiscal		399	(399)
Permanent Improvement, Operating and Maintenance of Plant		680,547	(680,547)
Permanent Improvement, Central		369	(369)
Permanent Improvement, Operation of Non- Instructional Services		1,937	(1,937)
Food Service Enterprise Fund, Fringe Benefits	26,000	31,872	(5,872)

5. BUDGET TO GAAP RECONCILIATION

Budgetary Basis of Accounting

While 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 requires accounting for certain transactions on the basis of cash receipts, disbursements, appropriations and encumbrances. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual (Budget Basis), All Governmental Fund Types and Similar Fiduciary Funds and the Statement of Revenues, Expenses and Changes in Fund Equity, Budget and Actual (Budget Basis), Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types or note disclosure for proprietary fund types (GAAP basis).

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

5. BUDGET TO GAAP RECONCILIATION (Continued)

4. Proceeds from and principal payments on debt obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year ended June 30, 1999 on the GAAP basis to the budget basis are as follows:

**Excess of Revenues and
Other Financing Sources Over (Under)
Expenditures and Other Financing Uses**

Governmental Fund Types and Expendable Trust Funds

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Expendable Trust Funds
GAAP Basis	\$516,187	(\$94,341)		\$395,098	\$413
Revenue Accruals	(245,431)	111,379		(41,532)	
Expenditure Accruals	(158,099)	3,324		347,944	
Encumbrances	(37,554)	(15,674)		(786,968)	
Debt Principal Payments	9,624			117,448	
Debt Interest Payments	262			3,871	
Advances In (Out)	(47,004)	47,004			
Transfers In (Out)	68,271	(68,271)			
Budget Basis	<u>\$106,256</u>	<u>(\$16,579)</u>	<u>\$0</u>	<u>\$35,861</u>	<u>\$413</u>

**Net Income /Excess of Revenues Over
(Under) Expenses and Operating Transfers
Proprietary Fund Types**

Enterprise

GAAP Basis (as reported)	(\$18,767)
Adjustments:	
Revenue Accruals	(546)
Donated Commodities	(11,824)
Expense Accruals	8,463
Depreciation	23,605
Budget Basis	<u>\$931</u>

6. DEPOSITS AND INVESTMENTS

State statutes require the classification of monies held by the School District into three categories.

Category 1 consists of "active" monies, those monies required to be kept in a "cash" or "near-cash" status for immediate use by the District. Such monies must be maintained either as cash in the School Treasury, in depository accounts payable or withdrawals on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

6. DEPOSITS AND INVESTMENTS (Continued)

Category 2 consists of "inactive" monies, those monies not required for use within the current two-year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

Category 3 consists of "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. Interim monies may 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 government agency, or Export Import Bank of Washington.
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of purchase.
4. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
5. Bonds and other obligations of the State of Ohio.
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

Protection of School District cash and investments is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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 or transfer from the custodian.

A. Deposits

At year end, the carrying amount of the School District's deposits was (\$137,103) and the bank balance was \$104,494. Of the bank balance \$100,000 was covered by federal deposit insurance. The remaining amounts were uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

6. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the School District's investments be classified in categories of risk. Category 1 includes investments that are insured or registered or for which the securities are held by the District. 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 trust department or agent but not in the District's name.

	Category 3	Carrying Value	Market Value
Repurchase Agreements	\$2,806,071	\$2,806,071	\$2,806,071

The classification of cash and cash equivalents, and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Cash equivalents are defined to include investments with original maturities of three months or less.

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$2,668,968	\$0
Investments which are part of a cash management pool:		
Repurchase Agreements	(2,806,071)	2,806,071
GASB Statement 3	(\$137,103)	\$2,806,071

7. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revaluated every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by July 20.

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

7. PROPERTY TAXES (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Greene County Vocational School District. The County Auditor periodically remits to the District its portion of the taxes collected. The full tax rate for all District operations for the year ended June 30, 1999 was \$3.45 per \$1,000 of assessed value. The assessed values upon which the fiscal year 1999 taxes were collected are as follows:

	1998 Second- Half Collections	1999 First- Half Collections
Agricultural/Residential and Other Real Estate	\$2,191,856,412	\$2,411,232,982
Public Utility Personal	149,478,899	165,341,690
Tangible Personal Property	162,498,836	179,120,164
Total	\$2,503,834,147	\$2,755,694,836

Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of June 30, 1999. Although total property tax collections for the next year are measurable, only the amount available as an advance at June 30 is intended 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 was \$478,454 in the General Fund and \$132,710 in the Permanent Improvement Capital Projects Fund and is recognized as revenue.

8. RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, accounts and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of State programs.

A summary of the intergovernmental receivables follows:

SPECIAL REVENUE FUND	
E-Rate	\$6,044
 ENTERPRISE FUND	
Food Service	4,839
TOTAL ALL FUNDS	<u><u>\$10,883</u></u>

9. FIXED ASSETS

Changes in general fixed assets during the fiscal year ended June 30, 1999 were as follows:

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Class				
Land	\$57,564			\$57,564
Buildings and Improvements	5,128,342		\$602,906	4,525,436
Equipment	3,215,809	\$501,000	906,204	2,810,605
Vehicles	146,576		1,635	144,941
Totals	<u><u>\$8,548,291</u></u>	<u><u>\$501,000</u></u>	<u><u>\$1,510,745</u></u>	<u><u>\$7,538,546</u></u>

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

9. FIXED ASSETS (Continued)

During fiscal year 1999 the District increased their fixed asset threshold from \$500 to \$1,000 per individual item. This had the effect of decreasing the value of total assets.

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$122,553
Less Accumulated Depreciation	<u>(109,549)</u>
Net Fixed Assets	<u>\$13,004</u>

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Greene County Vocational School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement System Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code.

SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614)222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the Greene County Vocational School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$229,877, \$205,537 and \$219,671, respectively; 100 percent has been contributed for fiscal years 1999, 1998 and 1997.

B. State Teachers Retirement System

The Greene County Vocational School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement System Board. STRS provides basic retirement benefits, disability, survivor and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614)227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the Greene County Vocational School District is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$753,647, \$743,734 and \$747,072, respectively; 100 percent has been contributed for fiscal years 1999, 1998 and 1997.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

11. POSTEMPLOYMENT BENEFITS

The School 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 include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions 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.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Retirement Board allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. However, for the fiscal year ended June 30, 1998, the board allocated employer contributions equal to 3.5 percent of covered payroll to the Health Care Reserve Fund. The Health Care Reserve Fund allocation for the year ended June 30, 1999 was eight percent of covered payroll. For the School District, this amount equaled \$430,656 during the 1999 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 1998, the allocations rate is 4.98%. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the members pay, pro-rated for partial service credit. For fiscal year 1998, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998 SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including surcharge, equaled \$92,851 during the 1999 fiscal year.

12. OTHER EMPLOYEE BENEFITS - COMPENSATED BENEFITS

A. Accumulated Unpaid Vacation

District classified employees earn vacation leave at varying rates based upon negotiated agreements and State laws. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave. The total obligation for vacation leave for the District as a whole amounted to \$60,991 at June 30, 1999.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

12. OTHER EMPLOYEE BENEFITS - COMPENSATED BENEFITS (Continued)

B. Accumulated Unpaid Sick Leave

Sick leave may be accumulated by district employees. Upon retirement, payment is made for one-fourth of the total unused sick leave balance up to a maximum of fifty days for certified employees and forty-five days for classified employees. The total obligation for sick leave accrual for the District as a whole as of June 30, 1999 was \$195,631.

13. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 1999, the School District contracted with Indiana Insurance Company for building and property insurance. This policy has a limit of insurance in the amount of \$20,067,340 for property and a \$1,000 deductible. Auto insurance is also covered by Indiana Insurance for replacement cost with a \$250 deductible. General liability insurance is under American Alliance. The base policy has a \$1,000,000 per occurrence and a \$2,000,000 aggregate limit. An additional "umbrella" policy has \$3,000,000 per occurrence and a \$3,000,000 aggregate limit. The superintendent, treasurer and board president are all bonded separately.

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

The District is a member of the Southwestern Ohio Educational Purchasing Cooperative (SOEPC). The cooperative contracts with Accordia, Inc. to provide an insurance purchasing pool for workers compensation. The intent of the pool is to achieve the benefit of a reduced premium for the School District by virtue of its grouping an representation with other participants in the pool. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the pool. Each participant pays its workers compensation premium to the State based on the rate for the pool rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the pool. A participant will then either receive money from or be required to contribute to the pool. This equity pooling arrangement insures that each participant shares equally in the overall performance of the pool. Participation in the pool is limited to school districts that can meet the pool's selection criteria. Accordia, Inc. provides administrative, cost control and actuarial services to the SOEPC.

The School District has elected to provide employee medical benefits through Anthem. The employees share the cost of the monthly premium with the board for family plans. The board pays 100 percent of a single plan premium and eighty-five percent of a family plan premium.

The School District provides life insurance and dental insurance to employees through Anthem.

14. CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the School District has entered into capitalized leases for the acquisition of a telephone system, a copier and computers. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the Combined Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

14. CAPITALIZED LEASES - LESSEE DISCLOSURE (Continued)

General fixed assets acquired by lease have been capitalized in the general fixed asset account group in an amount equal to the present value of the future minimum lease payments at the time of acquisition. General fixed assets consisting of equipment have been capitalized in the general fixed assets account group in the amount of \$413,472. A corresponding liability was recorded in the general long-term debt account group. Principal payments in fiscal year 1999 totaled \$127,072.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 1999.

Fiscal Year Ending June 30,	General Long-Term Debt
2000	\$3,808
Less: Amount Representing Interest	(64)
Present Value of Minimum Lease Payments	\$3,744

15. LONG-TERM OBLIGATIONS

Long term obligations at June 30, 1999 were as follows:

	Balance June 30, 1998	Increase	Decrease	Balance June 30, 1999
Capital Leases	\$130,816		\$127,072	\$3,744
Compensated Absences	195,791	\$16,839		212,630
Due to Other Government	480,000		480,000	
State Loan	523,393		55,094	468,299
Total General Long-Term Obligations	\$1,330,000	\$16,839	\$662,166	\$684,673

The School District's voted legal debt margin was \$248,012,535 with an unvoted debt margin of \$2,755,694 at June 30, 1999.

The capital lease will be paid from the General Fund. Compensated absences will be paid from the fund from which the person is paid if the funds are available, otherwise, from the General Fund. The State loaned the District monies to build and equip the Adult Education Building. The loan is interest free and is being repaid with tax monies collected in the Permanent Improvement Fund. The Intergovernmental Payable is the district's obligation to Greene County to install a new water line connection. The obligation will be repaid in one, interest free payment, on July 1, 1999, from the General Fund, tax revenues.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

15. LONG-TERM OBLIGATIONS (Continued)

Principal requirements to retire the state loan outstanding at June 30, 1999 are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>
2000	55,094
2001	55,094
2002	55,094
2003	55,094
2004	55,094
2005-08	<u>192,829</u>
Total	<u>\$468,299</u>

16. INTERFUND ASSETS/LIABILITIES

Individual fund interfund asset and liability balances at June 30, 1999, were as follows:

Interfund Receivable/Payable

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Vocational Education	\$88,500
	Jobs	391
	Eisenhower Grant	<u>151</u>
		<u>\$89,042</u>

17. CONTRIBUTED CAPITAL

Contributed capital is recorded in the Food Service Enterprise fund since all assets are purchased with General Fund or Permanent Improvement Fund monies. During fiscal year 1999 there was no new contributed capital.

18. JOINTLY GOVERNED ORGANIZATIONS

A. Miami Valley Educational Computer Association (MVECA)

The School District is a member and fiscal agent of the Miami Valley Educational Computer Association (MVECA), which is a computer consortium of area school districts sharing computer resources. MVECA is an association of public school districts in a geographical area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. The Board of MVECA consists of one representative from each of the participating members. Each member pays an annual membership fee plus any other fees for services performed by the consortium.

B. Southwestern Ohio Educational Purchasing Cooperative

The School District is a member of the Southwestern Ohio Educational Purchasing Cooperative (SOEPC). The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools within geographical boundaries as defined by the SOEPC and to serve as a resource to member districts on matters related to business operations. The SOEPC elects one of its members as Chairperson and another as Vice-Chairperson. An Executive Committee is comprised of eleven members which include the Chairperson and Vice-Chairperson and a representative from the Fiscal Agent. Each new member pays an initiation fee in addition to the annual membership fee and other appropriate assessments.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

19. CONTINGENT LIABILITIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

B. Litigation

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

20. SCHOOL FUNDING COURT DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides a significant amount of monetary support to the School District. During fiscal year ended June 30, 1999, the School District received \$3,150,853 in school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and , in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

21. YEAR 2000 COMPLIANCE

The year 2000 issue to the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations.

Greene County Vocational School District has completed an inventory of computer systems and other equipment necessary to conducting the School District operations. The School District uses Ohio Education Computer Network (OECN) State Software for their budgetary, payroll and education management information system (EMIS). These services are provided by the Miami Valley Educational Computer Association (MVECA - See Note 18). OCEN has undergone the task of remediating , testing and validating the aforementioned software packages to be 2000 compliant according to the following schedule:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

21. YEAR 2000 COMPLIANCE (Continued)

<u>Software Program</u>	<u>Version</u>	<u>Available</u>
Payroll	USPS V4.0	September, 1997
Budgetary	USAS V6.1	June, 1998
EMIS	EMIS V1.7	September, 1998

No costs will be imposed to the School District as a result of the program modifications.

Greene County collects property taxes for distribution to the School District. Greene County is responsible for remediating the tax collection system and is solely responsible for any costs associated with the tax collection system project.

The State of Ohio distributes a substantial sum of money to the School District in the form of "Foundation" pavements. Further, the State processes a significant amount of financial and nonfinancial information about the School District through the State's Education Management and Information System (EMIS). The State is responsible for remediating these systems and is solely responsible for any costs associated with the Foundation processing and EMIS systems.

The School District has power systems which have extensive efficiency utilization measures within the systems. The School District is currently assessing if any changes are needed in the power systems. The systems may have to be remediated, tested and validated.

To the best of management's knowledge and belief, as of January 25, 2000, the District experienced no significant interruption of mission-critical operations or services related to the Year 2000 issue. However, because of the unprecedented nature of the Year 2000 issue, matters may yet arise, and parties with whom the district does business may also experience Year 2000 readiness issues that are yet, unknown.

22. SET ASIDE DISCLOSURE

The following table represents the District's set-aside calculations for textbooks, capital acquisition and budget stabilization. Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

Amounts remaining at year-end that have been set-aside to satisfy statutory requirements are represented as a restricted asset on the balance sheet. A corresponding amount is reported as a reserve of fund balance.

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$42,696	\$42,696
Current Year Set-aside Requirement	184,646	184,646	92,323	461,615
Current Year Offsets		(1,815,064)		(1,815,064)
Qualifying Disbursements	(801,415)	(208,820)		(1,010,235)
Total	(\$616,769)	(\$1,839,238)	\$135,019	(\$2,320,988)
Cash Balance Carried Forward to FY 1999			\$123,696	123,696
Amount Restricted for Budget Stabilization			\$123,696	\$123,696
Total Restricted Assets			\$123,696	\$123,696

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 1999

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity's Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution Program	10.550			\$13,581		\$14,380
National School Lunch Program	10.555	04-PU	\$32,418		\$32,418	
Total Department of Agriculture - Nutrition Cluster			<u>32,418</u>	<u>13,581</u>	<u>32,418</u>	<u>14,380</u>
UNITED STATES DEPARTMENT OF LABOR						
<i>Passed through Ohio Department of Education</i>						
Employment Service and Job Training Pilot and Demonstration Program	17.249	WK-BE	3,193		13,704	
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education</i>						
Adult Education Basic Grant Program	84.002	AB-S1	81,276		81,276	
Vocational Education-Basic Grants to States	84.048	20-A4	463,316		461,501	
Goals 2000	84.276	G2-S2	5,000			
Eisenhower Professional Development State Grant	84.281	MS-S1	4,682		4,089	
<i>Student Financial Assistance Cluster (Direct Receipt):</i>						
Supplemental Educational Opportunity Grant	84.007		9,415		9,415	
Pell Grant	84.063		63,414		63,414	
William D. Ford Federal Direct Loan Program	84.268		16,135		16,135	
Total Student Financial Assistance Cluster			<u>88,964</u>	<u>0</u>	<u>88,964</u>	<u>0</u>
Total Department of Education			<u>643,238</u>	<u>0</u>	<u>635,830</u>	<u>0</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed through Ohio Department of Education</i>						
Jobs Opportunity/ Basic Skills Training	93.561	JO-B2	7,702		7,702	
Total Receipts and Expenditures of Federal Awards			<u>\$686,551</u>	<u>\$13,581</u>	<u>\$689,654</u>	<u>\$14,380</u>

The notes to the schedule of federal awards receipts and expenditures is an integral part of this statement.

NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 1999

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Award Receipts and Expenditures (the Schedule) summarizes activity of the Greene County Vocational School District's (the District's) federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. At June 30, 1999, the District had no significant food commodities in inventory.

NOTE C - NATIONAL SCHOOL LUNCH PROGRAM

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE D - FEDERAL DIRECT STUDENT LOAN PROGRAM

During the fiscal year ending June 30, 1999, the District processed \$16,135 in Federal Direct Student Loans IE. Stafford Loans, CFDA 84.268.



STATE OF OHIO
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Greene County Vocational School District
Greene County
2960 West Enon Road
Xenia, Ohio 45385-9545

To the Board of Education:

We have audited the financial statements of the Greene County Vocational School District, (the District), as of and for the year ended June 30, 1999, and have issued our report thereon dated January 25, 2000, in which it was noted that the District changed its method of accounting for fixed assets. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-10329-001 through 1999-10329-003. We have also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated January 25, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 25, 2000.

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

Jim Petro
Auditor of State

January 25, 2000



STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Greene County Vocational School District
Greene County
2960 West Enon Road
Xenia, Ohio 45385-9545

To the Board of Education:

Compliance

We have audited the compliance of Greene County Vocational School District, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However we noted a matter involving the internal control over federal compliance that does not require inclusion in the report, that we have reported to management of the District in a separate letter dated January 25, 2000.

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

Jim Petro
Auditor of State

January 25, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

Finding Number	1999-10329-001
-----------------------	----------------

Ohio Rev. Code Section 5705.38(B), requires a school district to pass its annual appropriation measure by the first day of October. If, by October 1, the district has not yet received the amended certificates of estimated resources required by Section 5705.36(B) or certifications that no amended certificates need be issued, the adoption of the annual appropriation measure shall be delayed until the amended certificates or certifications are received." The District received its amended certificate of estimated resources on August 4, 1999, but failed to adopt its annual appropriation measure by October 1. The District adopted temporary appropriations on July 15, 1998, and a permanent appropriation measure was adopted on February 17, 1999.

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999
(Continued)

Finding Number	1999-10329-002
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Ohio Rev. Code Section 5705.39, requires that the total appropriation from each fund should not exceed the total estimated revenue. The following fund had appropriations in excess of estimated resources.

	Estimated Resources	Appropriations	Excess
Special Revenue Fund			
Jobs Special Revenue Fund	25,255	100,000	(74,745)

To help ensure the School District is in compliance with the above referenced section of code, the District should review the certificates of estimated resources and appropriations and make proper adjustments according to the approved appropriation resolution and certificate of estimated resolutions.

Finding Number	1999-10329-003
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Ohio Rev. Code Section 5705.41(B), requires that, "No subdivision or taxing unit is to expend money unless it has been appropriated." The following accounts had expenditures plus encumbrances in excess of appropriations:

<u>Fund/Function</u>	Expenditures Plus		Excess
	Appropriations	Encumbrances	
General Fund, Other Instruction	\$72,000	\$102,151	(\$30,151)
General Fund, Support Services-Pupils	387,000	401,457	(14,457)
General Fund, Administration	613,000	652,075	(39,075)
General Fund, Operation and Maintenance of Plant	611,000	637,944	(26,944)
General Fund, Fiscal	259,000	330,496	(71,496)
Special Revenue Funds:			
Athletic and Music, Extracurricular	20,000	26,860	(6,860)
Career Education, Support Services-Pupils	74,286	101,632	(27,346)
Career Education, Central		3,334	(3,334)
Professional Development, Instructional Staff	4,000	12,146	(8,146)
Adult Vocational Education, Adult Continuing Instruction		52,052	(52,052)
Adult Vocational Education, Instructional Staff		170,861	(170,861)
Entry Year Programs, Instructional Staff		95	(95)
Adult Basic Education, Vocational Instruction	140,000	162,702	(22,702)
Eisenhower Grant, Vocational Instruction		2,188	(2,188)
Vocational Education, Regular Instruction		1,317	(1,317)
Vocational Education, Support Services-Pupils	19,500	59,533	(40,033)
Vocational Education, Instructional Staff		56,493	(56,493)
Vocational Education, Administration		14,371	(14,371)
Vocational Education, Central		137,304	(137,304)
Jobs, Instructional Staff		7,890	(7,890)
Permanent Improvement, Regular Instruction		3,995	(3,995)
Permanent Improvement, Special Instruction		231	(231)

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999
(Continued)

Finding Number	1999-10329-003 (Continued)
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<u>Fund/Function</u>	Expenditures Plus Appropriations	Encumbrances	Excess (Continued)
Permanent Improvement, Support Services - Pupils		9,120	(9,120)
Permanent Improvement, Instructional Staff		550,822	(550,822)
Permanent Improvement, Board of Education		90,000	(90,000)
Permanent Improvement, Administration		62,393	(62,393)
Permanent Improvement, Fiscal		399	(399)
Permanent Improvement, Operating and Maintenance of Plant		680,547	(680,547)
Permanent Improvement, Central		369	(369)
Permanent Improvement, Operation of Non-Instructional Services		1,937	(1,937)
Food Service Enterprise Fund, Fringe Benefits	26,000	31,872	(5,872)

The District should monitor financial reports to ensure that budgetary expenditures do not exceed appropriations. In instances where it appears appropriations are insufficient to meet projected needs, the Board should pass a resolution to amend appropriations.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.



STATE OF OHIO
OFFICE OF THE AUDITOR

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GREENE COUNTY VOCATIONAL SCHOOL DISTRICT

GREENE 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
FEBRUARY 22, 2000**