



**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2002



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Balance Sheet – All Fund Types and Account Groups As of June 30, 2002	4
Combined Statement of Revenues, Expenditures and Changes In Fund Balances – All Governmental Fund Types and Expendable Trust Fund For The Fiscal Year Ended June 30, 2002	7
Combined Statement of Revenues, Expenditures and Changes In Fund Balances – Budget (Non GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Fund For The Fiscal Year Ended June 30, 2002	8
Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type For The Fiscal Year Ended June 30, 2002	10
Combined Statement of Revenues, Expenditures and Changes in Fund Equity-Budget (Non-GAAP Basis) and Actual- Proprietary Fund Type For The Year Fiscal Ended June 30, 2002	11
Statement of Cash Flows For The Year Fiscal Ended June 30, 2002	12
Statement of Changes in Net Assets Investment Trust Fund For The Year Fiscal Ended June 30, 2002	13
Notes To The Financial Statements.....	15
Schedule of Federal Awards Expenditures For The Year Ended June 30, 2002.....	38
Notes to Schedule of Federal Awards Expenditures	39
Report of Independent Accountants on Compliance and Internal Control Required by <i>Government Auditing Standards</i>	41
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i>	43
Schedule of Findings.....	45

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

INDEPENDENT ACCOUNTANTS' REPORT

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

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, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

As described in Note 22, during the year ended June 30, 2002, the District is disclosing an external investment trust for funds held by the District for the Miami Valley Educational Computer Association. The District previously reported this activity in an agency fund.

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, Greene County, as of June 30, 2002, the results of its operations and the cash flows of its proprietary fund type, and the Statement of Changes in Net Assets – Investment Trust Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2002, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized loop at the end.

Jim Petro
Auditor of State

December 12, 2002

This page intentionally left blank.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

	Governmental Fund Types			
	General Fund	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 2,635,268	\$ 194,465	\$ 1	\$ 1,694,244
Restricted Cash and Cash Equivalents	74,902	-	-	-
Receivables:				
Taxes	4,994,925	-	-	1,697,837
Accounts	-	152,966	-	-
Intergovernmental	-	83,360	-	-
Interest	5,823	-	-	-
Supplies Inventory	55,588	-	-	-
Inventory Held for Resale	-	-	-	-
Interfund Receivable	113,694	-	-	-
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	\$ 7,880,200	\$ 430,791	\$ 1	\$ 3,392,081
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	24,938	14,898	-	137,821
Accrued Salaries Payable	766,049	55,463	-	-
Intergovernmental Payable	115,321	6,382	-	-
Interfund Payable	-	112,190	-	1,504
Due to Students	-	-	-	-
Deferred Revenue	4,576,590	80,666	-	1,550,403
Compensated Absences Payable	45,161	2,255	-	-
Capital Lease Obligation	-	-	-	-
State Loan Payable	-	-	-	-
Total Liabilities	5,528,059	271,854	0	1,689,728
Fund Equity and Other Credits				
Investment in General Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Retained Earnings:				
Unreserved	-	-	-	-
Fund Balance:				
Held in Trust for Pool Participants	-	-	-	-
Reserved for Encumbrances	89,415	20,705	-	568,554
Reserved for Supplies Inventory	55,588	-	-	-
Reserved for Taxes	418,335	-	-	147,434
Reserved for Budget Stabilization	74,902	-	-	-
Unreserved	1,713,901	138,232	1	986,365
Total Fund Equity and Other Credits	2,352,141	158,937	1	1,702,353
Total Liabilities, Fund Equity and Other Credits	\$7,880,200	\$430,791	\$1	\$3,392,081

See accompanying notes to the general purpose financial statements

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$ 1	\$ 1,109,227	\$ -	\$ -	5,633,206
-	-	-	-	74,902
-	-	-	-	6,692,762
-	-	-	-	152,966
8,011	-	-	-	91,371
-	1,322	-	-	7,145
293	-	-	-	55,881
5,134	-	-	-	5,134
-	-	-	-	113,694
-	-	57,564	-	57,564
-	-	6,461,999	-	6,461,999
76,886	-	3,994,669	-	4,071,555
-	-	156,149	-	156,149
(68,852)	-	-	-	(68,852)
-	-	-	1,053,385	1,053,385
<u>\$ 21,473</u>	<u>\$ 1,110,549</u>	<u>\$ 10,670,381</u>	<u>\$ 1,053,385</u>	<u>\$ 24,558,861</u>
-	26,348	-	-	\$204,005
18,847	-	-	-	840,359
4,228	-	-	-	125,931
-	-	-	-	113,694
-	47,302	-	-	47,302
-	-	-	-	6,207,659
-	-	-	271,533	318,949
-	-	-	28,835	28,835
-	-	-	753,017	753,017
<u>23,075</u>	<u>73,650</u>	<u>0</u>	<u>1,053,385</u>	<u>8,639,751</u>
-	-	10,670,381	-	10,670,381
265,181	-	-	-	265,181
(266,783)	-	-	-	(266,783)
-	1,030,919	-	-	1,030,919
-	-	-	-	678,674
-	-	-	-	55,588
-	-	-	-	565,769
-	-	-	-	74,902
-	5,980	-	-	2,844,479
<u>(1,602)</u>	<u>1,036,899</u>	<u>10,670,381</u>	<u>0</u>	<u>15,919,110</u>
<u>\$21,473</u>	<u>\$1,110,549</u>	<u>\$10,670,381</u>	<u>\$1,053,385</u>	<u>\$24,558,861</u>

See accompanying notes to the general purpose financial statements

This page intentionally left blank.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

	<u>Governmental Fund Types</u>					<u>Totals</u>
	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>(Memorandum Only)</u>
Revenues:						
Taxes	\$5,462,503	\$ -	\$44,214	\$1,721,313	\$0	\$7,228,030
Intergovernmental	4,458,096	890,088	-	287,233	-	\$5,635,417
Interest	97,501	-	-	-	-	\$97,501
Tuition and Fees	-	494,878	-	-	-	\$494,878
Extracurricular Activities	-	37,051	-	-	-	\$37,051
Other Revenues	721,679	6,445	-	10,434	4,229	\$742,787
Total Revenues	<u>10,739,779</u>	<u>1,428,462</u>	<u>44,214</u>	<u>2,018,980</u>	<u>4,229</u>	<u>14,235,664</u>
Expenditures:						
Current:						
Instruction:						
Regular	319,176	-	-	-	-	319,176
Special	111,033	4,623	-	-	-	115,656
Vocational	5,642,452	937,303	-	44,351	1,185	6,625,291
Adult/Continuing	89,967	60,244	-	-	-	150,211
Other	-	6,427	-	-	-	6,427
Support services:						
Pupils	529,012	118,049	-	-	1,300	648,361
Instructional staff	785,697	229,948	-	9,571	-	1,025,216
Board of Education	159,023	-	-	50,464	-	209,487
Administration	777,380	-	-	-	-	777,380
Fiscal	300,656	5,000	-	-	-	305,656
Operation and Maintenance of Plant	726,534	-	-	160,245	-	886,779
Central	168,225	123,374	-	-	-	291,599
Non-Instructional Services	15,285	-	-	-	-	15,285
Extracurricular Activities	-	35,001	-	-	-	35,001
Capital Outlay	-	-	-	1,691,246	-	1,691,246
Debt Service:						
Principal Retirement	-	-	88,427	9,819	-	98,246
Interest and Fiscal Charges	-	-	-	3,873	-	3,873
Total Expenditures	<u>9,624,440</u>	<u>1,519,969</u>	<u>88,427</u>	<u>1,969,569</u>	<u>2,485</u>	<u>13,204,890</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,115,339</u>	<u>(91,507)</u>	<u>(44,213)</u>	<u>49,411</u>	<u>1,744</u>	<u>1,030,774</u>
Other Financing Sources (Uses):						
Transfers In	-	242,167	44,214	-	-	286,381
Transfers Out	(262,681)	-	-	(44,214)	-	(306,895)
Total Other Financing Sources (Uses)	<u>(262,681)</u>	<u>242,167</u>	<u>44,214</u>	<u>(44,214)</u>	<u>0</u>	<u>(20,514)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	852,658	150,660	1	5,197	1,744	1,010,260
Fund Balances at Beginning of Year	1,474,615	8,277	-	1,697,156	4,236	3,184,284
Change in Reserve for Inventory	24,868	-	-	-	-	24,868
Fund Balances at End of Year	<u>\$2,352,141</u>	<u>\$158,937</u>	<u>\$1</u>	<u>\$1,702,353</u>	<u>\$5,980</u>	<u>\$4,219,412</u>

See accompanying Notes to the General Purpose Financial Statements

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	5,429,229	5,429,229	0	-	-	0
Intergovernmental	4,458,096	4,458,096	0	938,694	938,694	0
Interest	105,173	105,173	0	-	-	0
Tuition and Fees	-	-	0	341,912	341,912	0
Extracurricular Activities	-	-	0	37,050	37,050	0
Other Revenues	754,347	756,673	2,326	6,402	6,445	43
Total Revenues	<u>10,746,845</u>	<u>10,749,171</u>	<u>2,326</u>	<u>1,324,058</u>	<u>1,324,101</u>	<u>43</u>
Expenditures:						
Current:						
Instruction:						
Regular	323,394	323,394	0	-	-	0
Special	110,092	110,092	0	3,024	3,024	0
Vocational	5,720,891	5,720,891	0	996,744	996,744	0
Adult/Continuing	-	-	0	60,244	60,244	0
Other	89,967	89,967	0	6,427	6,427	0
Support Services:						
Pupils	515,036	515,036	0	120,576	120,576	0
Instructional Staff	795,250	795,250	0	230,537	230,537	0
Board of Education	160,547	160,547	0	-	-	0
Administration	770,162	770,162	0	-	-	0
Fiscal	320,535	320,535	0	5,000	5,000	0
Operation and Maintenance of Plant	717,897	717,897	0	-	-	0
Central	174,604	174,604	0	139,074	139,074	0
Non-Instructional Services	-	-	0	-	-	0
Extracurricular Activities	15,285	15,285	0	36,281	36,281	0
Capital Outlay	-	-	0	-	-	0
Debt Service:						
Principal Retirement	-	-	0	-	-	0
Interest and Fiscal Charges	-	-	0	-	-	0
Total Expenditures	<u>9,713,660</u>	<u>9,713,660</u>	<u>0</u>	<u>1,597,907</u>	<u>1,597,907</u>	<u>0</u>
Excess of Revenues Over/Under Expenditures	<u>1,033,185</u>	<u>1,035,511</u>	<u>2,326</u>	<u>(273,849)</u>	<u>(273,806)</u>	<u>43</u>
Other Financing Sources (Uses):						
Advances In	39,151	39,151	0	-	-	0
Advances Out	-	-	0	(39,151)	(39,151)	0
Operating Transfers In	-	-	0	242,167	242,167	0
Operating Transfers Out	(262,681)	(262,681)	0	-	-	0
Total Other Financing Sources (Uses)	<u>(223,530)</u>	<u>(223,530)</u>	<u>0</u>	<u>203,016</u>	<u>203,016</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	809,655	811,981	2,326	(70,833)	(70,790)	43
Fund Balances at Beginning of Year, restated	1,568,892	1,568,892	0	120,494	120,494	0
Prior Year Encumbrances Appropriated	229,213	229,213	0	109,158	109,158	0
Fund Balances at End of Year	<u>\$2,607,760</u>	<u>\$2,610,086</u>	<u>\$2,326</u>	<u>\$158,819</u>	<u>\$158,862</u>	<u>\$43</u>

See Accompanying notes to the general purpose financial statements.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

Debt Service Fund			Capital Project Funds			Expensible Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
44,214	44,214	0	1,710,282	1,710,282	0	-	-	0
-	-	0	287,233	287,233	0	-	-	0
-	-	0	-	-	0	-	-	0
-	-	0	-	-	0	-	-	0
-	-	0	-	-	0	-	-	0
-	-	0	10,434	10,434	0	4,229	4,229	0
<u>44,214</u>	<u>44,214</u>	<u>0</u>	<u>2,007,949</u>	<u>2,007,949</u>	<u>0</u>	<u>4,229</u>	<u>4,229</u>	<u>0</u>
-	-	0	-	-	0	-	-	0
-	-	0	-	-	0	-	-	0
-	-	0	72,856	72,856	0	1,185	1,185	0
-	-	0	-	-	0	-	-	0
-	-	0	-	-	0	-	-	0
-	-	0	-	-	0	1,300	1,300	0
-	-	0	19,569	19,569	0	-	-	0
-	-	0	183,128	183,128	0	-	-	0
-	-	0	-	-	0	-	-	0
-	-	0	-	-	0	-	-	0
-	-	0	98,657	98,657	0	-	-	0
-	-	0	-	-	0	-	-	0
-	-	0	-	-	0	-	-	0
-	-	0	-	-	0	-	-	0
-	-	0	2,295,985	2,295,985	0	-	-	0
88,427	88,427	0	-	-	0	-	-	0
-	-	0	-	-	0	-	-	0
<u>88,427</u>	<u>88,427</u>	<u>0</u>	<u>2,670,195</u>	<u>2,670,195</u>	<u>0</u>	<u>2,485</u>	<u>2,485</u>	<u>0</u>
<u>(44,213)</u>	<u>(44,213)</u>	<u>0</u>	<u>(662,246)</u>	<u>(662,246)</u>	<u>0</u>	<u>1,744</u>	<u>1,744</u>	<u>0</u>
-	-	0	-	-	0	-	-	0
-	-	0	-	-	0	-	-	0
44,213	44,214	1	-	-	0	-	-	0
-	-	0	(44,214)	(44,214)	0	-	-	0
<u>44,213</u>	<u>44,214</u>	<u>1</u>	<u>(44,214)</u>	<u>(44,214)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	1	1	(706,460)	(706,460)	0	1,744	1,744	0
-	-	0	1,231,461	1,231,461	0	3,935	3,935	0
-	-	0	465,903	465,903	0	300	300	0
<u>\$0</u>	<u>\$1</u>	<u>\$1</u>	<u>\$990,904</u>	<u>\$990,904</u>	<u>\$0</u>	<u>\$5,979</u>	<u>\$5,979</u>	<u>\$0</u>

See Accompanying notes to the general purpose financial statements.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

	Enterprise
Operating Revenues:	
Lunchroom Sales	\$120,358
Other Operating Revenues	107,915
Total Operating Revenues	228,273
Operating Expenses:	
Salaries and Fringe Benefits	154,975
Purchased Services	189
Supplies and Materials	2,213
Cost of Sales	131,995
Depreciation	1,238
Total Operating Expenses	290,610
Operating Income (Loss)	(62,337)
Nonoperating Revenues:	
Operating Grants	33,521
Donated Commodities	14,165
Total Nonoperating Revenues	47,686
Net Income (Loss) before Operating Transfers-In	(14,651)
Operating Transfers-In	20,514
Net Income (Loss)	5,863
Retained Earnings at Beginning of Year, as restated	(272,646)
Retained Earnings at End of Year	(266,783)

See accompanying Notes to the General Purpose Financial Statements

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

	Enterprise Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues			
Lunchroom Sales	120,358	120,358	0
Other Operating Revenues	108,754	108,754	0
Operating Grants	27,631	27,631	0
Total Revenues	<u>256,743</u>	<u>256,743</u>	<u>0</u>
Expenses:			
Salaries	115,323	115,323	0
Fringe Benefits	39,347	39,347	0
Purchased Services	189	189	0
Materials and Supplies	122,397	122,397	0
Total Expenses	<u>277,256</u>	<u>277,256</u>	<u>0</u>
Excess of Revenues Over Expenses	<u>(20,513)</u>	<u>(20,513)</u>	<u>0</u>
Operating Transfers In	20,514	20,514	0
Fund Balance at Beginning of Year	-	-	0
Fund Balance at End of Year	<u>\$1</u>	<u>\$1</u>	<u>\$0</u>

See Accompanying notes to the general purpose financial statements.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

	Enterprise
Cash Flows from Operating Activities:	
Cash Received from Customers	\$229,112
Cash Payments for Personal Services	(115,323)
Cash Payments for Fringe Benefits	(39,347)
Cash Payments to Suppliers	(122,586)
Net Cash Provided by (Used in) Operating Activities	(48,144)
Cash Flows from Noncapital Financing Activities:	
Operating Grants	27,631
Operating Transfers-In	20,514
Net Cash Provided by Noncapital Financing Activities	48,145
Net Increase (Decrease) in Cash and Cash Equivalents	1
Cash and Cash Equivalents at Beginning of Year	0
Cash and Cash Equivalents at End of Year	\$1
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating Income (Loss)	(\$62,337)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	1,238
Donated Commodities Used	14,165
Changes in Assets and Liabilities:	
(Increase) Decrease in Inventory	(2,170)
Increase (Decrease) in Accrued Salaries Payable	905
Increase (Decrease) in Intergovernmental Payable	55
Net Cash Provided by (Used in) Operating Activities	(\$48,144)

See accompanying Notes to the General Purpose Financial Statements

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF CHANGES IN NET ASSETS
INVESTMENT TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2002**

Revenue:	
Interest	<u>\$16,015</u>
Expenses:	
Operating	<u>0</u>
Net Increase in Assets Resulting From Operations	16,015
Capital Transactions	<u>368,591</u>
Increase in Assets	384,606
Net Assets at Beginning of Year	<u>646,313</u>
Net Assets at End of Year	<u>\$1,030,919</u>

See accompanying Notes to the General Purpose Financial Statements

This page intentionally left blank.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

Greene County Vocational 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 140 employees. There are 90 certificated employees including 7 administrators and 41 classified support staff including 2 administrators, who provide services to 750 students and other community members.

Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure 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. There are no component units of the Greene County Vocational School District.

The School District is associated with two organizations that are defined as jointly governed. These organizations are 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.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 2 - 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 the proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

General Fund

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

Special Revenue Funds

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

Capital Projects Funds

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Proprietary Fund Types:

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

Enterprise Funds

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

Fiduciary Fund Types:

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

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 fixed assets of the School District, other than those accounted for in proprietary funds or trust funds.

General Long-Term Obligations Account Group

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting

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

All proprietary funds and the nonexpendable trust fund 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. Operating statements of these funds 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. The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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

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

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

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

C. 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, the 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. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget

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

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

Estimated Resources

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and 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 must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

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. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

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

D. Cash and Investments

To improve cash management, cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or are 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".

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2002 amounted to \$ 97,501.

E. 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 expendable resources even though it is a component of net current assets.

F. 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".

G. 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 assets 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 physical asset counts each year and updates the fixed asset system. Donated fixed assets are recorded at their fair market values as of the date received. 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 proprietary fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. 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 employee's 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 available expendable 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. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

I. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, 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 sixty days after fiscal year end are considered not to have used current available financial resources. Bonds, capital leases and long-term loans are reported as a liability of the general long-term obligations account group until due.

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

Under 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.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. 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. These assets are recorded at their fair market value on the date donated. Beginning in fiscal year 2001, GASB Statement No. 33 requires capital contributions from other governments and private sources to be recorded as revenues and reported as retained earnings. Capital contributions from other funds are still reported as additions to contributed capital.

The District's proprietary fund records all fixed assets as contributed capital since all assets were purchased by the general fund. During fiscal year 2002 there was no change in contributed capital.

K. 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.

L. Reservations and Designation of Fund Equity

Reservations of fund balances are established to identify 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, budget stabilization and taxes.

M. Interfund Transactions

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

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

N. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (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.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 3 – COMPLIANCE AND ACCOUNTABILITY

Fund Deficits

Fund Balances at June 30, 2002, included the following individual fund deficits:

	Deficit Fund Balance
Special Revenue Funds	
Career Education	(\$29,266)
Title VI	(\$1,488)
Enterprise Fund	
Food Service	(\$266,783)

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 reduces retained earnings instead of contributed capital. This causes a deficit retained earnings.

In addition, all budgetary actions of the District were not approved by the Board per applicable sections of the Ohio Revised Code. These actions related to amending appropriations and transferring funds.

NOTE 4 - BUDGETARY TO GAAP RECONCILIATION

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 a 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 (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types and Nonexpendable Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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 for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as a note disclosure in the proprietary fund types (GAAP basis).
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).

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 4 - BUDGETARY TO GAAP RECONCILIATION (continued)

The adjustments necessary to convert the results of operations for the year ended June 30, 2002 on the GAAP basis to the budget basis are as follows:

**Excess (Deficiency) 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 Project Funds	Expendable Trust Funds
GAAP Basis	\$ 852,658	\$ 150,660	\$ 1	\$ 5,197	\$ 1,744
Revenue Accruals	9,392	(104,361)	0	(11,031)	0
Expenditure Accruals	10,864	(42,335)	0	(10,977)	0
Encumbrances	(100,084)	(35,603)	0	(703,341)	0
Debt Principal Payments	0	0	0	9,819	0
Debt Interest Payments	0	0	0	3,873	0
Advances In (Out)	39,151	(39,151)	0	0	0
Budget Basis	<u>\$ 811,981</u>	<u>(\$ 70,790)</u>	<u>\$ 1</u>	<u>(\$706,460)</u>	<u>\$ 1,744</u>

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

Proprietary Fund Types

	<u>Enterprise</u>
GAAP Basis	\$ 5,863
Adjustments:	
Revenue Accruals	(5,051)
Donated Commodities	(14,165)
Expense Accruals	12,116
Depreciation	<u>1,238</u>
Budget Basis	<u>\$ 1</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not to exceed thirty days.
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 and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time;

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

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

Deposits

At fiscal year-end, the carrying amount of the School District's deposits was (\$ 599,828) and the bank balance was \$ 195. The total bank balance was covered by federal deposit insurance. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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, or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which securities are held by the counterparty or its trust department, but not in the District's name.

At June 30, 2002, the District had category 3 investments with a carrying value of \$ 6,307,936 and a market value of \$ 6,434,624.

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

During the fiscal period, Anthem Blue Cross and Blue Shield, the District's insurance company, completed plans to convert from a private mutual insurance company to a publicly traded insurance company, a process known as demutualization. As a result of this demutualization, on March 21, 2002, the District received 8,516 shares of Anthem's new publicly traded common stock in exchange for their membership interests in the former mutual insurance company.

Article VIII, Section 4 and 6 of the Ohio Constitution prohibits public bodies from becoming a "stockholder in any joint stock company, corporation or association". Therefore, in accordance with guidance set forth by the Auditor of State, on April 9, 2002, the District sold all 8,516 shares of common stock. The net sale proceeds totaling \$ 511,079 were recorded as Other Revenue in the General Fund.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 6 - 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 revalued 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. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or 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.

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, 2002 was \$3.45 per \$1,000 of assessed value. The assessed values upon which the fiscal year 2002 taxes were collected are as follows:

	<u>Assessed Valuation</u>
Agricultural/Residential and Other Real Estate	\$ 2,378,076,927
Public Utility Personal	163,068,132
Tangible Personal Property	<u>176,657,143</u>
Total	<u>\$ 2,717,802,202</u>

Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current 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 \$418,335 in the General Fund and \$147,434 in the Permanent Improvement Capital Projects Fund and is recognized as revenue.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 7 - RECEIVABLES

Receivables at June 30, 2002, consisted of taxes, interest, 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 Funds	
Career Education	\$ 2,400
Adult Vocational Educaiton	42,967
Vocational Education – Basic Grant	<u>37,993</u>
Total Special Revenue Funds	<u>83,360</u>
Enterprise Fund	
Food Service	<u>\$ 8,011</u>
Total All Funds	<u>\$91,371</u>

NOTE 8 - FIXED ASSETS

An adjustment to beginning balances has been made to correct misclassification errors between General Fixed Assets and Enterprise Fund fixed assets in prior years. The results of these corrections of prior period errors have been reflected in beginning balances of both the General Fixed Asset Account Group and the enterprise fund fixed assets.

The correction of this error has also resulted in a restatement of the enterprise fund's beginning retained earnings. Specifically, retained earnings were increased by \$ 53,572 which represents the depreciated value of the assets that were reclassified.

Changes in general fixed assets during the fiscal year ended June 30, 2002 were as follows:

<u>Class</u>	<u>Balance 6/30/01</u>	<u>Prior Period Restate</u>	<u>Restated Balance 6/30/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/02</u>
Land	\$ 57,564	\$ 0	\$ 57,564	\$ 0	\$ 0	\$ 57,564
Buildings and Improvements	4,586,234	0	4,586,234	1,875,765	0	6,461,999
Equipment	3,334,123	68,862	3,402,985	1,173,147	(581,463)	3,994,669
Vehicles	169,311	0	169,311	0	(13,162)	156,149
Construction in Progress	1,395,725	0	1,395,725	0	(1,395,725)	0
Total	<u>\$ 9,542,957</u>	<u>\$ 68,862</u>	<u>\$9,611,819</u>	<u>\$ 3,048,912</u>	<u>(\$1,990,350)</u>	<u>\$10,670,381</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The 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 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.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amounts, by the SERS' Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$212,708, \$217,550, and \$229,127, respectively; 87% has been contributed for fiscal year 2002, and 100% for fiscal year 2001 and 2002. \$32,220 represents the unpaid contribution and is recorded as a liability in the respective funds.

State Teachers Retirement System

The 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 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.

Plan members are required to contribute 9.3 percent of their annual covered salary and the 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 District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$673,191, \$741,989, and \$772,678, respectively; 88% has been contributed for fiscal years 2002, and 100% for fiscal year 2001 and 2002. \$32,220 represents the unpaid contribution and is recorded as liability in the respective funds.

NOTE 10 – POST-EMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified 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 the State Statute. Both systems are funded on a pay as you go basis.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 10 – POST-EMPLOYMENT BENEFITS (continued)

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 law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. The Retirement Board allocates employer contributions equal to at least two percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$237,865 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.256 billion at June 30, 2001 (the latest information available). For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 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, 2001, employer contributions to fund health care benefits were 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. The surcharge rate 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. For the district, this amount was approximately \$172,015 during the 2002 fiscal year.

Expenses for health care at June 30, 2001 (the latest information available), were \$161.4 million and the target level was 242 million. At June 30, 2001, SERS had net assets available for payment of health care benefits was 315.7 million. The number of participants currently receiving health care benefits is approximately 58,795.

NOTE 11 – OTHER BENEFITS

Compensated Absences

1. 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 \$31,061 at June 30, 2002.

2. 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, 2002 was \$240,472.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 12 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2002, 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 \$3,000,000 per occurrence and a \$3,000,000 aggregate limit. The superintendent, treasurer and board president are all bonded separately.

The District is a member of the Southwestern Ohio Educational Purchasing Cooperative (SOEPC). The cooperative contracts with Comp Management, 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 its 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. Comp Management, 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 90 percent of a single plan premium and eighty-five percent of a family plan premium for employees hired after 7/1/01. The Board pays 100 percent for employees hired before 7/1/01. The School District provides life insurance and dental insurance to employees through Anthem.

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE

The School District has entered into a lease for equipment. The lease, entered into during fiscal year 2000, 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.

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 asset account group in the amount of \$52,108. A corresponding liability was recorded in the general long-term debt account group. Principal payments in fiscal year 2002 totaled \$9,819 in the Capital Projects Fund.

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE (continued)

<u>Fiscal Year Ending June 30,</u>	<u>General Long- Term Debt</u>
2003	13,692
2004	13,692
2005	<u>5,705</u>
Total Minimum Lease Payments	33,089
Less: Amount Representing Interest	<u>(4,254)</u>
Present Value of Minimum Lease Payments	<u><u>28,835</u></u>

NOTE 14 – LONG-TERM OBLIGATIONS

Long-term obligations at June 30, 2002 were as follows:

	<u>Balance June 30, 2001</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2002</u>
Capital Leases	38,654	0	9,819	28,835
Compensated Absences	263,064	8,469	0	271,533
State Loan	841,444	0	88,427	<u>753,017</u>
Total	<u>1,143,162</u>	<u>8,469</u>	<u>98,246</u>	<u><u>1,053,385</u></u>

The School District's voted legal debt margin was \$244,602,198 with an unvoted debt margin of \$2,717,802 at June 30, 2002.

The capital lease will be paid from the Permanent Improvement 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.

Principal requirements to retire the state loan outstanding at June 30, 2002 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>
2003	88,427
2004	88,427
2005	88,427
2006	88,427
2007	88,427
2008-2012	194,214
2013-2017	<u>116,668</u>
Total	<u><u>\$753,017</u></u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 15 - INTERFUND ASSETS/LIABILITIES

Individual fund interfund asset and liability balances at June 30, 2002, were as follows:

Interfund Receivable/Payable

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	District-Managed-Activities	\$ 4,456
	Career Education	27,067
	Adult Vocational	70,000
	Parent Involvement	4,490
	Adult Basic Education	131
	Vocational Education	4,558
	Title VI	1,488
	Capital Project	1,504
Total		\$ 113,694

Subsequent fiscal year-end, the Board resolved to forgive all interfund liabilities, reclassifying all receivables and payables as transfers.

NOTE 16 - SEGMENT INFORMATION

The School District maintains an enterprise fund to account for the operations of food service. The table below reflects in a summarized format the more significant financial data relating to the enterprise fund of the District as of and for the fiscal year ended June 30, 2002.

	<u>Food Service</u>
Operating Revenues	\$ 228,273
Operating Expenses before Depreciation	(289,372)
Depreciation Expense	(1,238)
Operating Loss	(62,337)
Donated Commodities	14,165
Operating Grants	33,521
Operating Transfers-In	20,514
Net Income	5,863
Net Working Capital	(9,636)
Total Assets	21,473
Total Equity	(1,602)

NOTE 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 2002 the district's general fund contributed no new equipment to the Food Service Fund.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Educational Computer Association

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.

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.

NOTE 19 – CONTINGENT LIABILITIES

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, 2002.

Litigation

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 20 – SCHOOL FUNDING COURT DECISION

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

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

NOTE 21 – SET ASIDE DISCLOSURE

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

During the fiscal year ended June 30, 2002, the District’s cash basis reserve activity was as follows:

	Textbook Acquisition	Capital Acquisition	Budget Stabilization	Total (Memorandum Only)
Beginning Set-Aside Balance	(\$1,077,784)	\$0	\$74,902	\$74,902
Current Year Set-Aside Requirement	96,962	96,962	-	193,924
Current Year Offsets	-	-	-	-
Qualifying Disbursements	(1,337,123)	(408,121)	-	(1,860,146)
Ending Set-Aside Balance	(\$2,317,945)	(311,159)	74,902	74,902
Amount carried over to FY 2003	(\$2,317,945)	\$0	\$74,902	\$74,902

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE 22 – INVESTMENT POOL

The Greene County Vocational School District serves as fiscal agent for the Miami Valley Educational Computer Association (MVECA). The District pools the monies of the entity with its own for investment purposes. The District cannot allocate its investments between the internal and external investment pools. The MVECA portion held by the District is identified on the Combined Balance Sheet as an equity held in trust for pool participants in a trust fund. Previously, the investment was disclosed as a liability, due to other governments, in the Agency fund type.

The investment pool is not registered with the SEC as an investment company. The fair value of investments is determined annually. The pool does not issue shares. Each participant is allocated a pro rata share of the interest that it earns. The investment pool consists of an overnight repurchase agreement with an interest rate of 1.50% at June 30, 2002.

Condensed financial information for the investment pool follows:

Statement of Net Assets
June 30, 2002

Assets:	
Cash	5,708,108
Interest Receivable	7,145
Total Assets	<u>5,715,253</u>
Net Assets Held in Trust for Pool Participants	
Internal Portion	4,684,334
External Portion – MVECA	1,030,919
Total Net Assets Held in Trust for Pool Participants	<u>5,715,253</u>

Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2002

Revenues:	
Interest	<u>121,188</u>
Expenses:	
Operating Expenses	<u>0</u>
Net Increase in Assets Resulting from Operations	121,188
Capital Transactions	<u>1,169,029</u>
Increase in Net Assets	1,290,217
Net Assets Beginning of Year	4,425,036
Net Assets End of Year	<u>5,715,253</u>

**GREENE COUNTY VOCATIONAL SCHOOL
GREENE COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED June 30, 2002**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$14,165		\$11,525
National School Lunch Program	LL-P4-02	10.555	\$27,631		\$27,631	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>27,631</u>	<u>14,165</u>	<u>27,631</u>	<u>11,525</u>
U.S. DEPARTMENT OF LABOR						
<i>Passed Through Ohio Department of Education:</i>						
Employment Service and Job-Training Pilot and Demonstration Program	G2-S2-02P	17.249			14,365	
Total U.S. Department of Labor					<u>14,365</u>	
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Adult Education Basic Grant	AB-S1-02	84.002	119,218		119,218	
Vocational Education Basic Grants to States	20-C2-02	84.048	357,243		352,359	
<i>Direct Receipt:</i>						
Pell Grant	N/A	84.063	1,650		1,650	
Total U. S. Department of Education			<u>478,111</u>		<u>473,227</u>	
Totals			<u>\$505,742</u>	<u>\$14,165</u>	<u>\$515,223</u>	<u>\$11,525</u>

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED JUNE 30, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - NUTRITION CLUSTER

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. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

**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

To the Board of Education:

We have audited the financial statements of Greene County Vocational School District (the District), Greene County, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 12, 2002, wherein we noted the District reclassified an agency fund to an investment trust fund type. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-10329-001 and 2002-10329-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 12, 2002.

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.

**Internal Control Over Financial Reporting
(Continued)**

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 December 12, 2002.

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



Jim Petro
Auditor of State

December 12, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS 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

To the Board of Education:

Compliance

We have audited the compliance of Greene County Vocational School District, Greene County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The District's major federal programs are 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 each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002. We noted an instance of noncompliance that does not require inclusion in this report that we have reported to the management of the District in a separate letter dated December 12, 2002.

Internal Control Over Compliance

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

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

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



Jim Petro
Auditor of State

December 12, 2002

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

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 Adult Education Basic Grant – CFDA # 84.002
(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	2002-10329-001
-----------------------	-----------------------

Amending Appropriations

Ohio Rev. Code Section 5705.40 states that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. At the June 19, 2002 regular meeting, the Board authorized the Treasurer to balance appropriations through use of the "SETBAL" program. The presented budgetary statements reflect these changes made through the "SETBAL" program. Without the "SETBAL" adjustments the following funds would have had expenditures in excess of appropriations:

Fund	Expenditures in excess of Appropriations
General	339,435
Special Revenue Funds:	
Adult Vocational Education	69,565
Misc. State Grants	4,632
Capital Project Funds:	
Permanent Improvement	245,680
Enterprise Funds:	
Food Service	2,256

The Board should approve all appropriations and appropriation modifications. It is the responsibility of the Treasurer to present the appropriations and appropriation modifications as authorized by the Board through detailed schedules showing the amount of change at the legal level of budgetary control. The District should refer to Auditor of State Bulletin 97-10 for further guidance on this issue.

Finding Number	2002-10329-002
-----------------------	-----------------------

Transfer of Funds

Ohio Revised Code Section 5705.14 states that money may be transferred from the general fund to any other fund of the subdivision. Transfers from the general fund require a resolution passed by a simple majority of the board members.

The Treasurer transferred funds from the general fund to the following funds without the approval of the Board of Education. The Board authorized the Treasurer to make transfers as needed to eliminate deficit fund balances at fiscal year end, but did not approve the specific transfers identified below.

Fund	Amount
Food Service	20,514
Yearbook	3,020
Career Education	22,317
Adult Education	213,072
Character Education	7,637
Career Technical Planning District	3,024

The budgetary statements as presented reflect these transfers. The Treasurer should have all transfers approved by the Board pursuant to the requirements of the Ohio Revised Code.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
JANUARY 7, 2003**