



**Auditor of State
Betty Montgomery**

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – June 30, 2005	13
Statement of Activities - For the Fiscal Year Ended June 30, 2005	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds – June 30, 2005	15
Reconciliation of Total Governmental Fund Balances to Net Assets Of Governmental Activities.....	16
Statement of Revenues, Expenditures, and Changes In Fund Balances - Governmental Funds For the Fiscal Year Ended June 30, 2005	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures, and Changes in Fund Balances Budget (Non-GAAP Basis) and Actual - General Fund For the Fiscal Year Ended June 30, 2005	19
Statement of Fiduciary Net Assets – Fiduciary Fund – June 30, 2005.....	20
Statement of Changes in Fiduciary Net Assets – Fiduciary Fund	21
Notes to the Basic Financial Statements	22
Schedule of Federal Awards Expenditures – For the Year Ended June 30, 2005	46
Notes to Schedule of Federal Awards Expenditures	47
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	49
Independent Accountants' Report on Compliance with Requirements Applicable To Each Major Federal Program and on Internal Control Over Compliance In Accordance With OMB Circular A-133	51
Schedule of Findings.....	53
Schedule of Prior Audit Findings.....	56

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Auditor of State Betty Montgomery

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Greene County Vocational School District, Greene County, as of June 30, 2005, and the respective changes in financial position, thereof and the budgetary comparison for the General 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 February 3, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 3, 2006

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2005

(UNAUDITED)

As management of the Greene County Vocational School District, we offer readers of the District's financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2005.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$8.4 million (net assets). Of this amount, \$1.5 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's net assets decreased \$.6 million, or 6.8%. Program revenues accounted for \$1.7 million or 11.0% of total revenues, and general revenues accounted for \$13.5 million, or 89.0%.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2.0 million, a decrease of \$.9 million, or 30.2%, in comparison with the prior year. Of this total amount, \$1.4 million is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1.7 million, or 14.9% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include regular, special, and vocational instruction. The District has no business-type activities. The government-wide financial statements can be found on pages 13-14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds. The District has no proprietary funds.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2005

(UNAUDITED)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general, debt service, and permanent improvement funds which are considered major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15-17 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The basic fiduciary fund financial statements can be found on pages 20-21 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 22 of this report.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2005

(UNAUDITED)

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$8.4 million at the close of the most recent fiscal year.

A large portion of the District's net assets (74.9%) reflects its investment in capital assets (e.g. land, buildings, equipment, etc.), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (7.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$1.5 million) may be used to meet the government's ongoing obligations to citizens and creditors.

**Net Assets
Governmental Activities**

	2004	2005
Current Assets	\$ 10,970,717	\$ 11,092,614
Capital Assets	9,847,921	8,734,197
Total Assets	20,818,638	19,826,811
Current Liabilities	8,060,613	8,659,028
Long-Term Liabilities	3,769,052	2,807,918
Total Liabilities	11,829,665	11,466,946
Net Assets		
Invested in Capital Assets, net of related debt	6,416,211	6,263,391
Restricted	1,136,960	622,459
Unrestricted	1,415,802	1,474,015
Total Net Assets	\$ 8,968,973	\$ 8,359,865

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2005

(UNAUDITED)

The District's net assets decreased by \$.6 million, or 6.8%, during the fiscal year. Key elements of this decrease are as follows:

Change in Net Assets Governmental Activities		
	2004	2005
Revenues:		
Program Revenues		
Charges for Services	\$ 563,079	\$ 1,035,008
Operating Grants	1,210,437	631,205
Total Program Revenues	1,773,516	1,666,213
General Revenues		
Property Taxes	7,815,063	7,949,374
Grants and Entitlements	3,987,039	4,275,775
Other Revenue	1,234,981	1,256,344
Total General Revenue	13,037,083	13,481,493
Total Revenues	14,810,599	15,147,706
Expenses:		
Program Expenses		
Instruction	8,372,972	8,682,262
Support Services	5,589,649	5,891,532
Non-Instructional	487,213	330,604
Extra Curricular Activities	33,313	36,128
Interest and Fiscal Charges	88,457	66,879
Miscellaneous	58,329	749,409
Total Expenses	14,629,933	15,756,814
Changes in Net Assets	180,666	(609,108)
Beginning Net Assets	8,804,973	8,968,973
Ending Net Assets	\$ 8,968,973	\$ 8,359,865

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2005

(UNAUDITED)

The Statement of Activities shows the cost of program services and the charges for services and grants associated with those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities. The net cost of program services must be supported by general revenues including tax revenue, investment earnings and unrestricted state entitlements.

	<u>Total Cost of Services 2004</u>	<u>Total Cost of Services 2005</u>	<u>Net Cost of Services 2004</u>	<u>Net Cost of Services 2005</u>
Program Expenses				
Instruction				
Regular	\$ 371,602	\$ 423,576	\$ 371,602	\$ 423,576
Special	86,160	91,470	86,160	91,470
Vocational	7,787,994	8,016,885	6,238,866	6,486,708
Adult/Continuing Instruction	19,614	-	19,614	-
Other	107,602	150,331	107,602	150,331
Support Services				
Pupil	803,700	970,855	761,184	970,855
Instructional Staff	1,524,371	1,785,892	1,521,071	1,785,892
Board of Education	187,403	121,755	187,403	121,755
Administration	988,153	1,069,812	988,153	1,069,812
Fiscal Services	362,141	376,636	357,141	376,636
Maintenance	1,394,568	1,269,479	1,394,568	1,269,479
Central	329,313	297,103	329,313	297,103
Noninstructional Activities	487,213	330,604	346,632	224,489
Extracurricular Activities	33,313	36,128	322	6,207
Interest and Fiscal Charges	88,457	66,879	88,457	66,879
Miscellaneous	58,329	749,409	58,329	749,409
Total Expense	<u>\$ 14,629,933</u>	<u>\$ 15,756,814</u>	<u>\$ 12,856,417</u>	<u>\$ 14,090,601</u>

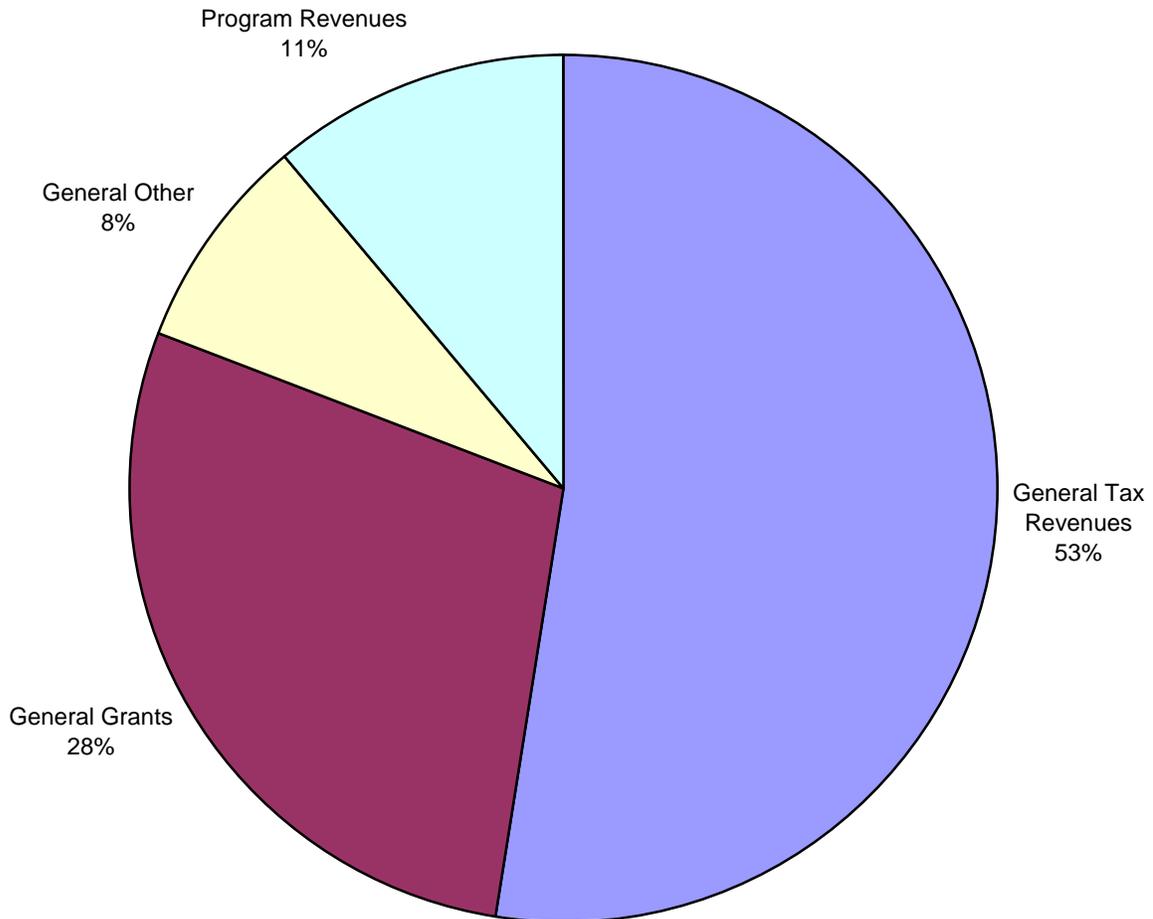
**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2005

(UNAUDITED)

The District's reliance upon tax revenues is demonstrated by the graph below indicating 53% of total revenues from local taxes. The reliance on general revenues is indicated by the net cost of services column on the preceding page reflecting the need for \$14.5 million of support in fiscal year 2005, as well as the graph below, indicating general revenues comprise 89% of total revenues.



**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2005

(UNAUDITED)

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2.0 million, a decrease of \$.9 million in comparison with the prior year. Approximately 68.5% of this amount (\$1.4 million) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$57,000) or for a variety of other restricted purposes (\$.6 million).

The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2005 and 2004.

	<u>Fund Balance June 30, 2004</u>	<u>Fund Balance June 30, 2005</u>	<u>Increase (Decrease)</u>
General	\$ 1,981,452	\$ 1,877,424	\$ (104,028)
Debt Service	513,602	517,681	4,079
Permanent Improvement	618,336	503,071	(115,265)
Other Governmental	(238,761)	(891,243)	(652,482)
Total	<u>\$ 2,874,629</u>	<u>\$ 2,006,933</u>	<u>\$ (867,696)</u>

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1.5 million, while total fund balance was \$1.9 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 13.4% of total general fund expenditures, while total fund balance represents 16.9% of that same amount.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2005

(UNAUDITED)

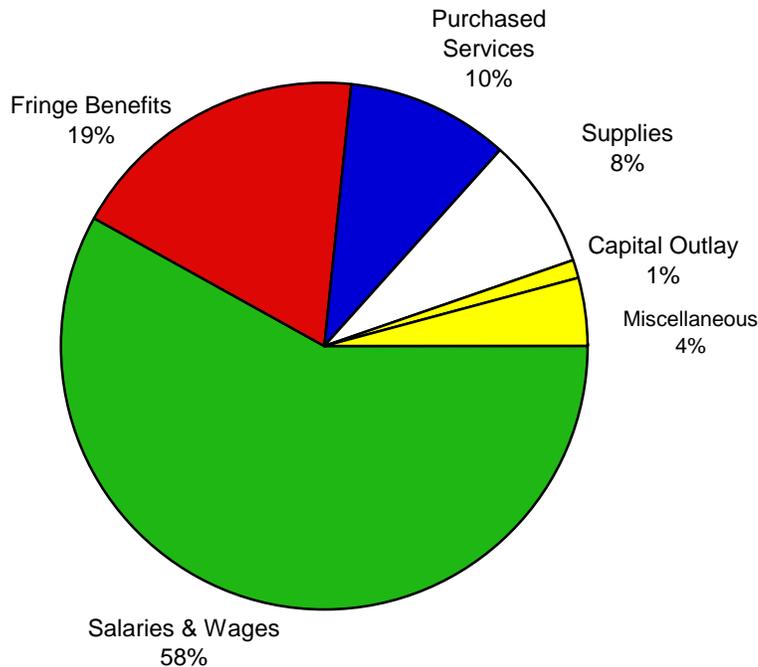
The fund balance of the District's general fund decreased by \$102,608 during the fiscal year. The tables and graphs that follow assist in illustrating the financial activities and balance of the general fund.

General Fund Revenue Comparative Analysis

Revenues	2004 Amount	2005 Amount	Percentage Change
Taxes	\$5,646,886	\$6,083,282	7.73%
Intergovernmental	4,659,121	4,929,616	5.81%
Interest	67,061	91,737	36.80%
Other	202,483	178,801	-11.70%
Total	\$10,575,551	\$11,283,436	6.69%

As shown in the chart above, property taxes and intergovernmental revenues constitute the District's most significant sources of revenue. These revenues increased slightly from fiscal year 2004 to fiscal year 2005.

As the graph below illustrates, the largest portions of general fund expenditures are for salaries and fringe benefits. The District is a service entity and as such is labor intensive.



**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2005

(UNAUDITED)

The expenditures are up \$.6 million, or 5.6% over the prior year. This increase is primarily the result of increases in employee wages and insurance coverage.

Expenditures by Object

	2004		2005		Percent
	Amount		Amount	Change	Change
Salaries and Wages	\$ 6,497,047	\$	6,673,935	\$ 176,888	2.72%
Fringe Benefits	2,060,383		2,152,068	91,685	4.45%
Purchased Services	1,133,487		1,161,265	27,778	2.45%
Supplies	960,048		933,629	(26,419)	-2.75%
Capital Outlay	106		75,632	75,526	71250.94%
Miscellaneous	202,441		465,147	262,706	129.77%
Total	\$ 10,853,512	\$	11,461,676	\$ 608,164	5.60%

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2005

(UNAUDITED)

General Fund Budget Information

The District's budget is prepared in accordance with Ohio law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Differences between the original budget and the final amended budget were relatively minor. The original revenue estimate exceeded the final amended revenue estimate by 241,020, or 2.2%, and the final appropriations were less than the original resolution by \$346,842, or 3.0%. The District's actual receipts exceeded the final amended revenue estimate by \$505,868, or 4.6%. There were no differences between the District's final amended expenditure budget and actual expenditures.

Capital Assets

The District's investment in capital assets as of June 30, 2005, amounted to \$8.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, furniture, fixtures and equipment, vehicles, and land improvements. Total acquisitions for the current fiscal year were \$219,891 and depreciation was \$584,209. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 8).

Debt

At June 30, 2005, the District had \$2.4 million in outstanding loans payable. The District paid \$1,021,760 in principal on loans outstanding during the fiscal year. Detailed information regarding long-term debt is included in the notes to the basic financial statements (Note 9).

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total value of real and personal property. At June 30, 2005, the District's general obligation debt was below the legal limit.

Restrictions and Other Limitations

A major challenge facing the District is the future of state funding. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

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

Contacting the District's Financial Management

This financial report is designed to provide an overview of the District's finances. If you have questions about this report or need additional financial information, contact Judy Geers, Treasurer, Greene County Career Center, 2960 West Enon Road, Xenia, Ohio 45385.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF NET ASSETS

AS OF JUNE 30, 2005

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,656,839
Receivables:	
Taxes	7,936,420
Accounts	3,870
Intergovernmental	483,583
Supplies Inventory	9,244
Inventory Held for Resale	2,658
Capital Assets, Net	8,734,197
Total Assets	19,826,811
Liabilities	
Accounts Payable	142,745
Accrued Salaries Payable	959,946
Intergovernmental Payable	153,778
Accrued Interest Payable	27,175
Deferred Revenue	7,375,384
Long-Term Liabilities	
Due within One Year	1,131,454
Due in More Than One Year	1,676,464
Total Liabilities	11,466,946
Net Assets	
Invested in Capital Assets, Net of Related Debt	6,263,391
Restricted for:	
Debt Service	517,681
Capital Projects	104,778
Unrestricted	1,474,015
Total Net Assets	\$ 8,359,865

See accompanying notes to the financial statements

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2005

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and	Operating Grants and Sales	Contributions	Governmental Activities
Governmental Activities				
Instruction				
Regular Instruction	\$ 423,576	\$ -	\$ -	\$ (423,576)
Special Instruction	91,470	-	-	(91,470)
Vocational Instruction	8,016,885	898,972	631,205	(6,486,708)
Other Instruction	150,331	-	-	(150,331)
Support Services				
Pupils	970,855	-	-	(970,855)
Instructional Staff	1,785,892	-	-	(1,785,892)
Board of Education	121,755	-	-	(121,755)
Administration	1,069,812	-	-	(1,069,812)
Fiscal Services	376,636	-	-	(376,636)
Maintenance	1,269,479	-	-	(1,269,479)
Central	297,103	-	-	(297,103)
Non-instructional	330,604	106,115	-	(224,489)
Extra Curricular Activities	36,128	29,921	-	(6,207)
Interest and Fiscal Charges	66,879	-	-	(66,879)
Miscellaneous	749,409	-	-	(749,409)
Total Governmental Activities	15,756,814	1,035,008	631,205	(14,090,601)

General Revenues

Property Taxes Levied for:

General Purposes	6,248,282
Debt Service	1,101,365
Capital Projects	599,727
Grants & Entitlements not specifically restricted	4,275,775
Payment in Lieu of Taxes	906,432
Investment Earnings	91,737
Miscellaneous	258,175
Total General Revenues	13,481,493

Change in Net Assets	(609,108)
Net Assets Beginning of Year	8,968,973
Net Assets End of Year	\$ 8,359,865

See accompanying notes to the financial statements

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

AS OF JUNE 30, 2005

	General Fund	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalent	\$ 1,621,114	\$ 517,681	\$ 404,726	\$ 113,318	\$ 2,656,839
Receivables:					
Taxes	6,199,181	-	1,737,239	-	7,936,420
Accounts	-	-	-	3,870	3,870
Intergovernmental	-	-	-	483,583	483,583
Supplies Inventory	8,939	-	-	305	9,244
Inventory Held for Resale	-	-	-	2,658	2,658
Due From Other Funds	934,714	-	-	-	934,714
Total Assets	<u>8,763,948</u>	<u>517,681</u>	<u>2,141,965</u>	<u>603,734</u>	<u>12,027,328</u>
Liabilities:					
Accounts Payable	40,000	-	95,869	6,876	142,745
Accrued Salaries Payable	847,670	-	-	112,276	959,946
Intergovernmental Payable	136,111	-	-	17,667	153,778
Due to Other Funds	-	-	-	934,714	934,714
Deferred Revenue	5,832,359	-	1,543,025	422,182	7,797,566
Compensated Absences Payable	30,384	-	-	1,262	31,646
Total Liabilities	<u>6,886,524</u>	<u>-</u>	<u>1,638,894</u>	<u>1,494,977</u>	<u>10,020,395</u>
Fund Balances:					
Reserved					
Encumbrances	12,646	-	39,079	5,447	57,172
Supplies Inventory	8,939	-	-	2,963	11,902
Property Taxes	366,822	-	194,214	-	561,036
Unreserved, Reported in:					
General Fund	1,489,017	-	-	-	1,489,017
Special Revenue Funds	-	-	-	(899,653)	(899,653)
Debt Service Fund	-	517,681	-	-	517,681
Capital Project Funds	-	-	269,778	-	269,778
Total Fund Balances	<u>1,877,424</u>	<u>517,681</u>	<u>503,071</u>	<u>(891,243)</u>	<u>2,006,933</u>
Total Liabilities and Fund Balances	<u>\$ 8,763,948</u>	<u>\$ 517,681</u>	<u>\$ 2,141,965</u>	<u>\$ 603,734</u>	<u>\$ 12,027,328</u>

See accompanying notes to the financial statements

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**

AS OF JUNE 30, 2005

Total Governmental Fund Balances	\$ 2,006,933
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	8,734,197
Revenues in the statement of activities that do not provide current financial resources are deferred revenues in the funds.	422,182
Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Interest Payable	(27,175)
Compensated Absences	(305,466)
Capital Leases	(66,404)
General Obligation Debt	<u>(2,404,402)</u>
	<u>(2,803,447)</u>
Net Assets of Governmental Activities	<u><u>\$ 8,359,865</u></u>

See accompanying notes to the financial statements

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2005

	General Fund	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 6,083,282	\$ 1,101,365	\$ 764,727	\$ -	\$ 7,949,374
Intergovernmental	4,929,616	-	103,883	357,731	5,391,230
Charges for Services	-	-	-	106,115	106,115
Interest	91,737	-	-	-	91,737
Tuition and Fees	-	-	-	898,972	898,972
Extracurricular Activities	-	-	-	29,921	29,921
Other	178,801	-	2,120	77,254	258,175
Total Revenues	11,283,436	1,101,365	870,730	1,469,993	14,725,524
Expenditures:					
Current:					
Instruction:					
Regular	400,208	-	-	-	400,208
Special	91,470	-	-	-	91,470
Vocational	5,737,260	-	232,380	1,651,660	7,621,300
Other	150,331	-	-	-	150,331
Support services:					
Pupils	640,057	-	991	273,751	914,799
Instructional staff	1,228,902	-	297,750	185,690	1,712,342
Board of Education	121,755	-	-	-	121,755
Administration	1,019,009	-	7,807	5,052	1,031,868
Fiscal	352,531	-	-	5,000	357,531
Operation and Maintenance of Plant	994,099	-	240,008	-	1,234,107
Central	266,260	-	1,090	17,982	285,332
Non-instructional Services	-	-	2,655	311,433	314,088
Extracurricular Activities	-	-	-	36,128	36,128
Capital Outlay	75,632	-	203,314	-	278,946
Debt service:					
Principal Retirement	14,776	1,021,761	-	-	1,036,537
Interest and Fiscal Charges	5,091	75,525	-	-	80,616
Total Expenditures	11,097,381	1,097,286	985,995	2,486,696	15,667,358
Excess of Revenues Over Expenditures	186,055	4,079	(115,265)	(1,016,703)	(941,834)
Other financing sources (uses):					
Transfers In	-	-	-	364,295	364,295
Transfers Out	(364,295)	-	-	-	(364,295)
Capital Leases	75,632	-	-	-	75,632
Total other financing sources (uses)	(288,663)	-	-	364,295	75,632
Net Change in Fund Balances	(102,608)	4,079	(115,265)	(652,408)	(866,202)
Fund Balance at Beginning of Year	1,981,452	513,602	618,336	(239,361)	2,874,029
Increase/(Decrease) in Inventory	(1,420)	-	-	526	(894)
Fund Balance at End of Year	\$ 1,877,424	\$ 517,681	\$ 503,071	\$ (891,243)	\$ 2,006,933

See accompanying notes to the financial statements

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2005

Net Change in Fund Balances - Total Governmental Funds	\$ (866,202)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(364,919)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) decreases net assets	(749,406)
The issuance of capital leases provides current financial resources to governmental funds, but has no effect on net assets	(75,632)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	422,182
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities.	1,036,536
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	13,737
Change in inventory	(894)
Some expenses reported in the statement of activities, such as compensated absences payable and other accounts payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(24,510)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (609,108)</u></u>

See accompanying notes to the financial statements

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
Revenues:				
Taxes	\$ 6,132,366	\$ 5,999,570	\$ 6,204,202	\$ 204,632
Intergovernmenta	4,746,310	4,643,529	4,929,616	286,087
Interest	79,171	77,457	82,229	4,772
Other Revenue	172,153	168,424	178,801	10,377
Total Revenues	<u>11,130,000</u>	<u>10,888,980</u>	<u>11,394,848</u>	<u>505,868</u>
Expenditures:				
Current:				
Instruction:				
Regular	408,752	396,283	396,283	-
Specia	94,267	91,391	91,391	-
Vocational	5,894,951	5,715,125	5,715,125	-
Other	155,448	150,706	150,706	-
Support Services				
Pupils	655,564	635,566	635,566	-
Instructional Staff	1,290,361	1,250,999	1,250,999	-
Board of Educator	133,558	129,484	129,484	-
Administrator	1,067,904	1,035,328	1,035,328	-
Fiscal	367,396	356,189	356,189	-
Operation and Maintenance of Plar	1,025,513	994,230	994,230	-
Central	276,286	267,857	267,857	-
Total Expenditures:	<u>11,370,000</u>	<u>11,023,158</u>	<u>11,023,158</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures:	<u>(240,000)</u>	<u>(134,178)</u>	<u>371,690</u>	<u>505,868</u>
Other Financing Sources (Uses)				
Advances In	-	-	151,872	(151,872)
Advances Out	-	(627,428)	(627,428)	-
Transfers In	-	-	62,105	(62,105)
Transfers Out	-	(426,400)	(426,400)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,053,828)</u>	<u>(839,851)</u>	<u>(213,977)</u>
Excess of Revenues and Othe Financing Sources Over (Under Expenditures and Other Financing Use:	<u>(240,000)</u>	<u>(1,188,006)</u>	<u>(468,161)</u>	<u>291,891</u>
Fund Balances at Beginning of Yea	1,929,990	1,929,990	1,929,990	-
Prior Year Encumbrances Appropriate	<u>91,384</u>	<u>91,384</u>	<u>91,384</u>	<u>-</u>
Fund Balances at End of Yea	<u>\$ 1,781,374</u>	<u>\$ 833,368</u>	<u>\$ 1,553,213</u>	<u>\$ 291,891</u>

See accompanying notes to the financial statements

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

AS OF JUNE 30, 2005

	Investment Trust	Agency Funds
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 762,759	\$ 48,221
Total Assets	762,759	48,221
Liabilities		
Due to Students	-	48,221
Total Liabilities	-	48,221
Net Assets		
Held in Trust for Pooled Participants	762,759	-
Total Net Assets	\$ 762,759	\$ -

See accompanying notes to the financial statements

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

FOR THE YEAR ENDED JUNE 30, 2005

	<u>Investment Trust</u>
Additions:	
Capital Transaction Income	\$ 1,471,561
Operating Grants	425,056
Intergovernmental	12,220
Interest Income	13,448
Total additions	<u>1,922,285</u>
Deductions:	
Capital Transaction Expense	<u>1,985,068</u>
Total deductions	<u>1,985,068</u>
Change in Net Assets	(62,783)
Net Assets, Beginning of Year	<u>825,542</u>
Net Assets, End of Year	<u><u>\$ 762,759</u></u>

See accompanying notes to the financial statements

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

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 an appointed seven-member Board that is locally elected from its member Districts 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 142 employees. There are 92 certificated employees and 50 classified support staff including 2 administrators, who provide services to 749 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 described in Note 15 to the basic financial statements.

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 more significant of the School District's accounting policies are described below.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

The School District uses funds 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.

Major Governmental Funds:

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.

Permanent Improvement Capital Projects Fund

The Permanent Improvement Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by trust funds.

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.

Other Governmental Funds:

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.

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. 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.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

Government-wide Financial Statements

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

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. 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.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for fiduciary 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.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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, 2005, but which were levied to finance fiscal year 2005 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.

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. Unused donated commodities are reported as deferred revenue.

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

D. Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed in the financial statements as cash and cash equivalents. Monies for all funds are maintained in this account or are temporarily used to purchase short-term investments. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. All other investments are reported at fair value which is based on quoted market prices.

Interest income received during the fiscal year totaled \$91,737, all of which was credited to the General Fund.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market using the first-in, first-out (FIFO) method and are expensed when used. On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. 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. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Interfund transfers are reported as other financing sources/uses in governmental funds. On fund financial statements, short-term interfund loans are classified as due to/from other funds. These amounts are eliminated in the statement of net assets.

G. Capital Assets and Depreciation

Capital assets are reported in the government-wide statement of net assets but are not reported in the fund financial statements. All capital 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 \$5,000. The School District does not have any infrastructure.

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Buildings and improvements are charged a full year of depreciation in the year of acquisition or the year the asset is placed into service. Depreciation for furniture, fixtures and equipment, vehicles, and land improvements will begin in the month of acquisition.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Land Improvements	10 - 25
Buildings & Improvements	20 - 50
Furniture and Equipment	5 - 20
Vehicles	1 – 15

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Revenues

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

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

- Career Development Grant
- Adult Education
- IVDL Grant
- Technical Preparation Grant
- Safe Schools Helpline Grant
- Adult Basic Literacy Grant
- Eisenhower Grant
- CTAE Grant
- Title II
- Title VI
- Entry Year
- PELL Grants
- SEOG Grants

Capital Project Fund

- School Net
- One Net

Reimbursable Grants

Special Revenue Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 37 percent of the School District's operating revenue during the 2005 fiscal year.

I. Restricted Assets

Restricted assets represent cash and cash equivalents whose use is limited by legal requirements. The District had no restricted assets at the end of the fiscal year.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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.

The entire compensated absences liability is reported on the entity-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as a current liability to the extent that amounts are expected to be paid using expendable available financial resources. The balance of the liability is not recorded.

K. Accrued Liabilities and Long-Term Obligations

All accrued liabilities and long-term debt is reported in the entity-wide financial statements. For governmental fund financial statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the fund financial statements until due.

L. Fund Balance Reserves

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 and taxes.

M. Encumbrances

The District employs encumbrance accounting in governmental funds. Encumbrance outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

N. 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.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 3 – COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficits

Fund Balances at June 30, 2005, included the following individual fund deficits:

Fund	Deficit Balance
Other Governmental Funds:	
Food Service	\$ (13,583)
Adult Education	(178,762)
Adult Vocational Education	(369,572)
Career Education	(56,430)
Miscellaneous State Grants	(10,673)
Vocational Education	(322,544)

These deficit fund balances resulted from accrued liabilities recorded in accordance with generally accepted accounting principles. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

B. Legal Compliance

Appropriations Exceeding Estimated Revenue

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

As of June 30, 2005, appropriations exceeded total estimated resources for the following funds:

Fund	Total Appropriations	Total Estimated Resources	Variance
Career Education (409)	\$ 96,963	\$ 4,514	\$ (92,449)
Adult Education (413)	1,350,000	1,000,000	(350,000)
Adult Basic (501)	214,522	186,678	(27,844)
Vocational Education (524)	621,760	300,000	(321,760)
Food Service (006)	395,000	300,000	(95,000)

The Treasurer will implement the necessary policies and procedures to ensure that appropriations and estimated resources are monitored more closely and that amended certificates of estimated resources are completed and filed timely, when warranted.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 3 – COMPLIANCE AND ACCOUNTABILITY (Continued)

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 15, 2005 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	Total Appropriations	Total Budgetary Expenditures	Variance
General Fund (001)	\$10,401,846	\$11,979,994	\$(1,578,148)
Adult Education (413)	1,350,000	1,491,939	(141,939)
Tech Prep/Misc. State (416/499)	32,986	169,752	(136,766)
Adult Basic (501)	217,697	237,746	(20,049)
Special Education Grant (516)	-	42,026	(42,026)
Improving Teacher Quality (590)	-	10,362	(10,362)
Pell/Perkins Loan (022)	220,000	276,950	(56,950)

The Treasurer will implement the necessary policies and procedures to ensure that budgetary expenditures are monitored more closely and that supplemental appropriation measures are filed timely, when warranted.

Transfer/Advances of Funds

Ohio Rev. 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:

Fund	Amount
District Managed Activity (300)	\$ 4,080
Adult Education (413)	2,722
Career Education (461)	5,384

Additionally, advances must be approved by a formal resolution of the taxing authority of the subdivision. The Treasurer advanced funds from the General Fund without the approval of the Board of Education:

Fund	Amount
Stafford (413)	\$ 58,993
Adult Vocational Education (419)	6,942
Career Education Equipment (461)	16,931
Miscellaneous State Grants (499)	10,447
Able Grant (501)	58,559

The budgetary statements as presented reflect these transfers and advances. The Treasurer will implement the necessary policies and procedures to ensure that all transfers and advances are properly approved by the Board of Education.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

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 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual – for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

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

	General Fund
GAAP Basis	<u>\$ (102,608)</u>
Revenue Accruals	111,412
Expenditure Accruals	38,607
Encumbrances	(54,335)
Advances In (Out)	(475,556)
Debt Service	14,319
Budget Basis	<u>\$ (468,161)</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

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; and

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.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

At June 30, 2005, the carrying amount of all District deposits was \$3,467,819. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2005, \$3,598,568 of the District's bank balance of \$3,698,568 was exposed to custodial risk as discussed above, while \$100,000 was covered by the Federal Deposit Insurance Corporation.

Investments

The District had no investments at the end of the fiscal year.

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.

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, 2005 was \$3.45 per \$1,000 of assessed value.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 6 - PROPERTY TAXES (Continued)

Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of June 30, 2005. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current 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 \$366,822 in the General Fund and \$194,214 in the Permanent Improvement Capital Projects Fund and is recognized as revenue.

The Assessed Valuations upon which fiscal year 2005 taxes were collected are as follows:

	<u>1st Half Collections</u>	<u>Percent</u>	<u>2nd Half Collections</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 2,993,079,110	91.5%	\$ 3,263,582,740	92.4%
Public Utility Personal & Real Property	109,184,630	3.3%	102,113,990	2.9%
Tangible Personal Property	<u>168,491,538</u>	<u>5.2%</u>	<u>166,745,668</u>	<u>4.7%</u>
Total Assessed Valuation	<u>\$ 3,270,755,278</u>	<u>100.0%</u>	<u>\$ 3,532,442,398</u>	<u>100.0%</u>

NOTE 7 - RECEIVABLES

Receivables at June 30, 2005, 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:

<u>Fund</u>	<u>Receivable</u>
Other Governmental Funds:	
Food Service	\$ 6,064
Adult Basic Literacy	39,137
Stafford	16,200
Career Education Equipment	42,380
Miscellaneous State Grants	15,750
Vocational Education	344,769
Improving Teacher Quality	5,954
Jobs	<u>13,329</u>
	<u>\$ 483,583</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 8 - CAPITAL ASSETS

Changes in capital assets during the fiscal year ended June 30, 2005 were as follows:

Asset Class	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not depreciated:				
Land	\$ 116,032	\$ -	\$ -	\$ 116,032
Capital assets depreciated:				
Land improvements	334,819	-	-	334,819
Buildings	11,017,148	-	-	11,017,148
Machinery and Equipment	3,990,500	219,891	(2,301,535)	1,908,856
Vehicles	157,882	-	-	157,882
Total capital assets	<u>15,616,381</u>	<u>219,891</u>	<u>(2,301,535)</u>	<u>13,534,737</u>
Less accumulated depreciation:				
Land improvements	(307,978)	(3,984)	-	(311,962)
Buildings	(3,041,912)	(253,100)	-	(3,295,012)
Machinery and Equipment	(2,285,444)	(321,706)	1,552,129	(1,055,021)
Vehicles	(133,126)	(5,419)	-	(138,545)
Total accumulated depreciation:	<u>(5,768,460)</u>	<u>(584,209)</u>	<u>1,552,129</u>	<u>(4,800,540)</u>
Total capital assets, net	<u>\$ 9,847,921</u>	<u>\$ (364,318)</u>	<u>\$ (749,406)</u>	<u>\$ 8,734,197</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 23,368
Vocational	344,683
Support Services:	
Pupil	40,895
Instructional Staff	58,421
School Administration	35,053
Fiscal Services	17,526
Operation & Maintenance of Plant	35,053
Central	11,684
Non-Instructional Services	17,526
Total Depreciation Expense	<u>\$ 584,209</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 9 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2005 were as follows:

Long-Term Obligation	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
State Loans, 0%	\$ 576,162	\$ -	\$ (71,760)	\$ 504,402	\$ 105,094
Construction Loan, 2.65%	2,850,000	-	(950,000)	1,900,000	950,000
Total Loans	<u>3,426,162</u>	<u>-</u>	<u>(1,021,760)</u>	<u>2,404,402</u>	<u>1,055,094</u>
Capital Leases	5,548	75,632	(14,776)	66,404	13,342
Compensated Absences	337,342	-	(230)	337,112	63,018
Total Long-Term Obligations	<u>\$ 3,769,052</u>	<u>\$ 75,632</u>	<u>\$ (1,036,766)</u>	<u>\$ 2,807,918</u>	<u>\$ 1,131,454</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total value of real and personal property. At June 30, 2005, the District's general obligation debt was below the legal limit.

The capital lease will be paid from the General Fund. Compensated absences will be paid from the fund from which the person is paid if the funds are available, otherwise, from the General Fund. The District received the State and Construction loans to finance several permanent improvement projects. Both loans are being repaid with tax monies collected in the Permanent Improvement Fund.

Principal requirements to retire the state and construction loans outstanding at June 30, 2005 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2006	\$ 1,055,094	\$ 50,350
2007	1,038,427	25,175
2008	60,881	-
2009	33,333	-
2010	33,333	-
2011-2015	166,667	-
2016	16,667	-
Total	<u>\$ 2,404,402</u>	<u>\$ 75,525</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 9 – LONG-TERM OBLIGATIONS (Continued)

Capital Leases

During the year ended June 30, 2005, the School District entered into a new lease for equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Capital assets acquired by lease have been capitalized in an amount equal to the present value of the future minimum lease payments at the time of acquisition.

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

<u>Fiscal Year Ending June 30,</u>	<u>Total Payments</u>
2006	\$ 19,092
2007	19,092
2008	19,092
2009	19,092
2010	4,773
Less: Amount Representing Interest	(14,737)
Present Value of Minimum Lease Payments	\$ 66,404

NOTE 10 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

Plan Description. The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by contacting SERS, 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Funding Policy. Plan members are required to contribute 10% of their annual covered salary and [name of your school district] is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's contributions to SERS for the years ended June 30, 2005, 2004, and 2003 were \$328,546, \$341,535, and \$302,479, respectively, equal to the required contributions for each year.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

State Teachers Retirement System

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits - Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits - Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits - Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contributions requirements and the contributions actually made for the fiscal year ended June 30, 2005 were 10 percent of covered payroll for members and 14 percent for employers. The District's employer contributions for pension obligations to STRS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$860,147, \$872,642, and \$805,232, respectively, equal to the required contributions for each year.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2005 *Comprehensive Annual Financial Report* will be available after Jan. 1, 2006. Additional information or copies of STRS Ohio's 2005 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio Web site at www.strsoh.org.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 11 – POST-EMPLOYMENT BENEFITS

School Employees Retirement System

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2005, the healthcare allocation is 3.43%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2005, the minimum pay has been established as \$27,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ending June 30, 2005 were \$178,221,113. The target level for the health care fund is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2005, the value of the health care fund was \$267.5 million, which is about 168% of next year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs.

The number of participants eligible to receive benefits is 58,123.

For the District, the amount contributed to fund SERS postemployment benefits during fiscal year 2005 was \$114,502.

State Teachers Retirement System

State Teachers Retirement System of Ohio (STRS Ohio) provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code (R.C.), the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The R.C. grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal years ended June 30, 2005, and June 30, 2004, the board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$64,632 for fiscal year 2005. The balance in the Health Care Stabilization Fund was \$3.3 billion on June 30, 2005.

For the fiscal year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000. There were 115,395 eligible benefit recipients.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 12 - RISK MANAGEMENT

The 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 2005, the District contracted with Marsh USA, Inc. for property, general liability and automobile insurance. Coverage provided by Marsh USA, Inc. is as follows:

Buildings and Contents - replacement costs (\$1,000 deductible)	\$ 250,000,000
Inland Marine Coverage (\$2,500 deductible)	50,000,000
Crime Insurance (\$1,000 deductible)	500,000
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000
School Errors and Omissions Liability (\$5,000 deductible)	1,000,000
General Liability:	
Per Occurrence	1,000,000
Total Per Year	3,000,000
Umbrella Liability	5,000,000

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

The District is a member of the Southwestern Ohio Educational Purchasing Cooperative (SOEPC). SOEPC 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 100 percent of a single plan premium and eighty-five percent of a family plan premium. For employees hired on or after July 1, 2001, the Board pays 90% of the single plan premium. The School District provides life insurance and dental insurance to employees through Anthem.

NOTE 13 – OTHER BENEFITS

Compensated Absences

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 \$44,595 at June 30, 2005.

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 55 days for certified employees and 58 days for classified employees. The District's total obligation for sick leave accrual as of June 30, 2005 was \$292,517.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 14 – INTERFUND ASSETS/LIABILITIES

Individual fund interfund asset, liability and transfer balances at June 30, 2005 were as follows:

Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Food Service	\$ 10,000
	Adult Education	107,207
	Adult Vocational Education	400,023
	Career Education	42,380
	Miscellaneous State Grants	20,574
	Adult Basic Literacy	31,987
	Vocational Education	322,543
		<u>\$ 934,714</u>

Interfund Transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		\$ 364,295
Other Governmental Funds:		
Food Service	\$ 85,000	-
Student Activity	4,081	-
Adult Education	202,722	-
Career Education	72,384	-
Other State	108	-

NOTE 15 - 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. Financial information can be obtained from Norma Stewart, who serves as Director, at 330 East Enon Road, Yellow Springs, Ohio 45387.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

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. Financial information can be obtained from Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

During fiscal year 2005, the District paid \$86,397 in fees.

NOTE 16 – 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 require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2005.

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.

NOTE 17 – SCHOOL FUNDING COURT DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...".

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 18 – 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, 2005, the District’s cash basis reserve activity was as follows:

	Textbook Acquisition	Capital Acquisition	Total Memorandum Only
Beginning Set-Aside Balance	\$ (2,949,269)	\$ (412,624)	\$ (3,361,893)
Current Year Set-Aside	111,978	111,978	223,956
Current Year Offsets - Permanent Improvement Levy	-	(503,149)	(503,149)
Qualifying Disbursements	(485,306)	(22,232)	(507,538)
Ending Set-Aside Balance	<u>(3,322,597)</u>	<u>(826,027)</u>	<u>(4,148,624)</u>
Carryover to Fiscal Year 2006	<u>\$ (3,322,597)</u>	<u>\$ (826,027)</u>	<u>\$ (4,148,624)</u>

The District had qualifying disbursements during the fiscal year that reduced the textbook and capital acquisition set-aside amounts below zero. This extra amount for textbooks may be used to reduce the set-aside requirements of future fiscal years. The capital acquisitions offset amount may be used to reduce set-aside requirements of future years.

NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLES

During the year, the District implemented the following accounting pronouncements:

- Governmental Accounting Standards Board (GASB) Statement No. 40 *“Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3.”*
- GASB Technical Bulletin No. 2004-2, *“Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers.”*

Neither pronouncement had a material impact on the District’s financial statements.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 20 – 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 following Statement of Net Assets as equity held in trust for pool participants in a trust fund.

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.

**Statement of Net Assets
June 30, 2005**

Assets:		
Cash	\$ 3,467,819	
Total Assets		3,467,819
Liabilities:		-
Net Assets Held in Trust for Pool Participants		
Internal Portion	2,705,060	
External Portion - MVECA	762,759	
Total Net Assets Held in Trust for Pool Participants		\$ 3,467,819

**Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2005**

Revenues:		
Interest	\$ 91,737	
Expenses:		
Operating Expenses	-	
Net Increase (Decrease) in Assets Resulting from Operations	91,737	
Capital Transactions	(663,261)	
Increase (Decrease) in Net Assets		(571,524)
Net Assets, Beginning of Year		4,039,343
Net Assets, End of Year		\$ 3,467,819

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2005**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$8,802		\$8,802
National School Lunch Program	LL-P4-2004	10.555	\$15,440		\$15,440	
	LL-P4-2005		37,018		37,018	
Total National School Lunch Program			<u>52,458</u>		<u>52,458</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>52,458</u>	<u>8,802</u>	<u>52,458</u>	<u>8,802</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Student Financial Assistance Cluster:</i>						
Pell Grant	Direct	84.063	258,321		258,321	
(SEOG) Supplemental Education Opportunity Grants	Direct	84.007	18,629		18,629	
			<u>276,950</u>		<u>276,950</u>	
<i>Passed Through Ohio Department of Education:</i>						
Adult Education Basic Grant	AB-S1-2003	84.002			8,118	
	AB-S1-2004		54,542		57,717	
	AB-S1-2005		68,981		171,288	
			<u>123,523</u>		<u>237,123</u>	
Vocational Education Basic Grants to States	20-C1-2005	84.048	29,852		298,518	
	20-C2-2005		5,899		58,993	
Total Vocational Education Basic Grants to States			<u>35,751</u>		<u>357,511</u>	
Drug-Free Schools Grant	DR-S1-2004	84.186	(314)			
	DR-S1-2005		625			
			<u>311</u>			
Innovative Educational Program Strategies	C2-S1-2004	84.298	3,365		4,119	
	C2-S1-2005		559		392	
			<u>3,924</u>		<u>4,511</u>	
Title IIA Improving Teacher Quality	TR-S1-2004	84.367	5,466		6,243	
	TR-S1-2005		592			
			<u>6,058</u>		<u>6,243</u>	
Total U.S. Department of Education			<u>446,517</u>		<u>882,338</u>	
U.S. Department of Labor						
<i>(Passed through Ohio Department of Job and Family Services)</i>						
Trade Adjustment Assistance_Workers		17.245	25,669		25,669	
Workforce Investment Act - Dislocated Workers		17.260	92,493		92,493	
Total Department of Labor			<u>118,162</u>		<u>118,162</u>	
Total Federal Assistance			<u>\$617,137</u>	<u>\$8,802</u>	<u>\$1,052,958</u>	<u>\$8,802</u>

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2005**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

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

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 the governmental activities, each major fund, and the aggregate remaining fund information of Greene County Vocational School District, Greene County, (the District), as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 3, 2006. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated February 3, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 through 2005-003. In a separate letter to the District's management dated February 3, 2006, we reported other matters related to noncompliance we deemed immaterial.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Greene County Vocational School District
Greene County
Independent Accountants' Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 3, 2006



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON 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 apply to each of its major federal programs for the year ended June 30, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 Greene County Vocational School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The District's management 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 directly and materially affect a major federal program 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.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated February 3, 2006.

We intend this report solely for the information and use of management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 3, 2006

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

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):	Pell Grant/ SEOG (Supplemental Education Opportunity Grants) – CFDA # 84.063/84.007
(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 2005-001

Noncompliance Citation

Appropriations Exceeding Estimated Revenue

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. As of June 30, 20054 appropriations exceeded total estimated resources for the following funds:

<u>Fund</u>	<u>Total Appropriations</u>	<u>Total Estimated Resources</u>	<u>Variance</u>
Career Education (409)	\$ 96,963	\$ 4,514	(\$92,449)
Adult Education (413)	1,350,000	1,000,000	(350,000)
Adult Basic (501)	214,522	186,678	(27,844)
Vocational Education (524)	621,760	300,000	(321,760)
Food Service (006)	395,000	300,000	(95,000)

The District should implement policies and procedures to prevent appropriations from exceeding the amounts certified as available.

FINDING NUMBER 2005-002

Noncompliance Citation

Amending Appropriations

Ohio Rev. Code Section 5705.40 states that any appropriation measure may be amended or supplemented, provided, the entity complies with the same provisions of the law as are used in making the original appropriation. At the June 15, 2005 regular meeting, the Board authorized the Treasurer to balance appropriations through the 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:

<u>Fund</u>	<u>Total Appropriations</u>	<u>Total Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$10,401,846	\$11,979,994	\$(1,578,148)
Adult Education (413)	1,350,000	1,491,939	(141,939)
Tech Prep/Misc State (416/499)	32,986	169,752	(136,766)
Adult Basic (501)	217,697	237,746	(20,049)
Special Ed Grant (516)	-	42,026	(42,026)
Improving Teacher Quality (590)	-	10,362	(10,362)
Pell/Perkins Loan (022)	220,000	276,950	(56,950)

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 2005-003

Noncompliance Citation

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:

<u>Fund</u>	<u>Amount</u>
300-District Managed Activity	\$4,080
413-Stafford	\$2,722
461-Career Ed	\$5,384

Additionally, advances must be approved by a formal resolution of the taxing authority of the subdivision (Refer to Auditor of State Bulletin 97-003). The Treasurer advanced funds from the general fund without the approval of the Board of Education:

<u>Fund</u>	<u>Amount</u>
From General Fund to:	
413-Stafford	\$58,993
419-Adult Voc Educ	\$6,942
461-Career Ed Equipment	\$16,931
499-Misc State Grants	\$10,447
501-ABLE Grant	\$58,559

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2004-001	Ohio Rev. Code Section 5705.39 - Appropriations Exceeding Estimated Resources	No	Repeated as finding 2005-001
2004-002	Ohio Rev. Code Section 5705.40 - Amending Appropriations	No	Repeated as finding 2005-002
2004-003	Ohio Rev. Code Section 5705.14 - Transfer of Funds	No	Repeated as finding 2005-003



**Auditor of State
Betty Montgomery**

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
APRIL 4, 2006**