



Mary Taylor, CPA
Auditor of State

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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Mary Taylor, CPA

Auditor of State

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, 2006, 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, 2006, 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 March 30, 2007, on our consideration of the Government'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.

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

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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

March 30, 2007

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006
(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, 2006.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$8.87 million (net assets). Of this amount, \$330,970 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's net assets increased \$782,305, or 9.7%. Program revenues accounted for \$4.0 million or 25.4% of total revenues, and general revenues accounted for \$11.7 million, or 74.6%.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2.1 million, an increase of \$69,183, or 3.4%, in comparison with the prior year. Of this total amount, \$1,642,627 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 \$699,079, or 6.2% 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 10-11 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 business-type funds.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006
(UNAUDITED)
(Continued)**

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, Bond Retirement, 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 12-14 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 17-18 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 19 of this report.

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 \$8.87 million at the close of the most recent fiscal year.

A large portion of the District's net assets (76.9%) 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.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006
(UNAUDITED)
(Continued)**

An additional portion of the District's net assets (19.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$330,970) may be used to meet the government's ongoing obligations to citizens and creditors.

	2005	2006
Governmental Activities		
Current Assets	\$11,092,614	\$11,509,137
Capital Assets	8,464,294	8,226,595
Total Assets	19,556,908	19,735,732
Current Liabilities	8,659,028	9,187,379
Long-Term Liabilities	2,807,918	1,676,086
Total Liabilities	11,466,946	10,863,465
Net Assets		
Invested in Capital Assets, net of related debt	5,993,488	6,824,225
Restricted	622,459	1,717,072
Unrestricted	1,474,015	330,970
Total Net Assets	\$8,089,962	\$8,872,267

The District's net assets increased by \$782,305 or 9.7%, during the fiscal year. Key elements of this increase are as follows:

	2005	2006
Changes in Net Assets Governmental Activities		
Revenues:		
Program Revenues		
Charges for Services	\$1,035,008	\$1,245,750
Operating Grants	631,205	2,532,202
Capital Grants & Contributions		200,758
Total Program Revenues	1,666,213	3,978,710
General Revenues		
Property Taxes	7,949,474	8,008,885
Grants and Entitlements	4,275,775	3,319,044
Other Revenue	1,256,344	371,457
Total General Revenue	13,481,493	11,699,386
Total Revenues	15,147,706	15,678,096

(Continued)

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006
(UNAUDITED)
(Continued)**

Changes in Net Assets Governmental Activities (Continued)		<u>2005</u>	<u>2006</u>
Expenses:			
Program Expenses			
Instruction		8,852,301	8,983,745
Support Services		5,983,299	5,543,114
Non-Instructional		338,701	293,988
Extracurricular Activities		36,128	32,920
Interest and Fiscal Charges		66,879	42,024
Miscellaneous		749,409	
Total Expenses		<u>16,026,717</u>	<u>14,895,791</u>
Changes in Net Assets		(879,011)	782,305
Beginning Net Assets		<u>8,968,973</u>	<u>8,089,962</u>
Ending Net Assets		<u><u>\$8,089,962</u></u>	<u><u>\$8,872,267</u></u>

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 2005</u>	<u>Total Cost of Services 2006</u>	<u>Net Cost of Services 2005</u>	<u>Net Cost of Services 2006</u>
Program Expenses				
Instruction				
Regular	\$434,372	\$700,285	\$434,372	\$700,285
Special	91,470		91,470	
Vocational	8,176,128	8,283,460	6,645,951	4,802,014
Other	150,331		150,331	
Support Services				
Pupils	989,748	871,343	989,748	737,223
Instructional Staff	1,812,882	1,675,900	1,812,882	1,569,386
Board of Education	121,755	197,627	121,755	197,627
Administration	1,086,006	727,480	1,086,006	712,611
Fiscal Services	384,733	539,831	384,733	534,831
Maintenance	1,285,673	1,192,337	1,285,673	1,192,337
Pupil Transportation		11,059		11,059
Central	302,501	327,537	302,501	298,605
Noninstructional	338,701	293,988	232,586	116,667
Extracurricular Activities	36,128	32,920	6,207	2,412
Interest and Fiscal Charges	66,879	42,024	66,879	42,024
Miscellaneous	749,409		749,409	
Total Expense	<u><u>\$16,026,716</u></u>	<u><u>\$14,895,791</u></u>	<u><u>\$14,360,503</u></u>	<u><u>\$10,917,081</u></u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006
(UNAUDITED)
(Continued)**

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 \$2,076,116, an increase of \$69,183 in comparison with the prior year. Approximately 79.1% of this amount (\$1.64 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 (\$145,441) or for a variety of other restricted purposes (\$288,048).

The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2006 and 2005.

	<u>Fund Balance June 30, 2005</u>	<u>Fund Balance June 30, 2006</u>	<u>Increase (Decrease)</u>
General	\$1,274,315	\$971,913	(\$302,402)
Bond Retirement	517,681	553,011	35,330
Permanent Improvement	614,366	600,782	(13,584)
Other Governmental	(399,429)	(49,590)	349,839
Total	<u>\$2,006,933</u>	<u>\$2,076,116</u>	<u>\$69,183</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 \$699,079, while total fund balance was \$971,913. 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 6.2% of total General Fund expenditures, while total fund balance represents 8.6% of that same amount.

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 149,742, or 1.3%, and the final appropriations were higher than the original resolution by \$262,020, or 2.3%. The District's actual receipts exceeded the final amended revenue estimate by \$199,900, or 1.7%. The District's actual expenditures were less than the final amended expenditure budget by \$179,918, or 1.5%.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006
(UNAUDITED)
(Continued)**

Capital Assets

The District's investment in capital assets as of June 30, 2006, amounted to \$8.2 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment and vehicles, and land improvements. Total acquisitions for the current fiscal year were \$152,053 and depreciation was \$389,752. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 8).

Debt

At June 30, 2006, the District had \$1.3 million in outstanding loans payable. The District paid \$1,055,094 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, 2006, 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 CAREER CENTER
GREENE COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2006**

	<u>Governmental Activities</u>
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$2,876,704
Materials and Supplies Inventory	82,778
Receivables:	
Accrued Interest Receivable	19,938
Accounts Receivable	50,861
Intergovernmental Receivable	98,782
Property Taxes Receivable	8,380,074
Capital Assets, Net	<u>8,226,595</u>
 Total Assets	 <u>19,735,732</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	116,473
Accrued Wages	896,290
Intergovernmental Payable	211,228
Accrued Interest Payable	13,519
Matured Compensated Absences Payable	19,424
Deferred Revenue	7,930,445
Long-Term Liabilities:	
Due Within One Year	1,140,632
Due in More Than One Year	<u>535,454</u>
 Total Liabilities	 <u>10,863,465</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	6,824,225
Restricted for:	
Debt Service	535,168
Capital Outlay	642,570
Other Purposes	539,334
Unrestricted	<u>330,970</u>
 Total Net Assets	 <u><u>\$8,872,267</u></u>

**GREENE COUNTY CAREER CENTER
GREENE COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Program Revenues			Net(Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$700,285			(\$700,285)
Vocational	8,283,460	\$1,084,169	\$2,196,519	\$200,758 (4,802,014)
Support Services:				
Pupils	871,343		134,120	(737,223)
Instructional Staff	1,675,900		106,514	(1,569,386)
Board of Education	197,627			(197,627)
Administration	727,480		14,869	(712,611)
Fiscal	539,831		5,000	(534,831)
Operation and Maintenance of Plant	1,192,337			(1,192,337)
Pupil Transportation	11,059			(11,059)
Central	327,537		28,932	(298,605)
Operation of Non-Instructional Services	293,988	131,073	46,248	(116,667)
Extracurricular Activities	32,920	30,508		(2,412)
Interest and Fiscal Charges	42,024			(42,024)
Total Governmental Activities	\$14,895,791	\$1,245,750	\$2,532,202	\$200,758 (\$10,917,081)
General Revenues:				
Grants and Entitlements not Restricted to Specific Programs				3,319,044
Gifts and Donations				2,250
Investment Earnings				168,785
Miscellaneous				200,422
Property Taxes Levied for:				
General Purposes				6,171,034
Debt Service				1,136,030
Capital Outlay				701,821
Total General Revenues and Transfers				11,699,386
Change in Net Assets				782,305
Net Assets Beginning of Year - Restated Note 20				8,089,962
Net Assets End of Year				\$8,872,267

See accompanying notes to the basic financial statements.

**GREENE COUNTY CAREER CENTER
GREENE COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006**

	<u>General Fund</u>	<u>Bond Retirement</u>	<u>Permanent Improvement Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Equity in Pooled Cash and Cash Equivalents	\$1,635,191	\$488,847	\$675,537	\$77,129	\$2,876,704
Materials and Supplies Inventory	73,331			9,447	82,778
Accrued Interest Receivable	19,938				19,938
Accounts Receivable	37,185		8,106	5,570	50,861
Interfund Receivable	10,000				10,000
Intergovernmental Receivable				98,782	98,782
Property Taxes Receivable	6,396,724	533,771	1,449,579		8,380,074
Total Assets	<u><u>\$8,172,369</u></u>	<u><u>\$1,022,618</u></u>	<u><u>\$2,133,222</u></u>	<u><u>\$190,928</u></u>	<u><u>\$11,519,137</u></u>
LIABILITIES:					
Accounts Payable	\$17,652		\$83,038	\$15,783	\$116,473
Accrued Wages	778,990			117,300	896,290
Interfund Payable				10,000	10,000
Intergovernmental Payable	181,936			29,292	211,228
Matured Compensated Absences Payable				19,424	19,424
Deferred Revenue	6,221,878	469,607	1,449,402	48,719	8,189,606
Total Liabilities	<u><u>7,200,456</u></u>	<u><u>469,607</u></u>	<u><u>1,532,440</u></u>	<u><u>240,518</u></u>	<u><u>9,443,021</u></u>
FUND BALANCES:					
Reserved for Encumbrances	49,127		83,941	12,373	145,441
Reserved for Property Taxes	223,707	64,164	177		288,048
Unreserved, Undesignated, (Deficit) Reported in:					
General Fund	699,079				699,079
Special Revenue Funds				(61,963)	(61,963)
Debt Service Funds		488,847			488,847
Capital Projects Funds			516,664		516,664
Total Fund Balances	<u><u>971,913</u></u>	<u><u>553,011</u></u>	<u><u>600,782</u></u>	<u><u>(49,590)</u></u>	<u><u>2,076,116</u></u>
Total Liabilities and Fund Balances	<u><u>\$8,172,369</u></u>	<u><u>\$1,022,618</u></u>	<u><u>\$2,133,222</u></u>	<u><u>\$190,928</u></u>	<u><u>\$11,519,137</u></u>

See accompanying notes to the basic financial statements.

**GREENE COUNTY CAREER CENTER
GREENE COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2006**

Total Governmental Fund Balances \$2,076,116

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$116,032	
Land Improvements	334,819	
Buildings and Improvements	11,061,496	
Furniture, Fixtures, and Equipment	2,065,729	
Vehicles	157,882	
Accumulated Depreciation	<u>(5,509,363)</u>	
		8,226,595

Long-term assets are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

Property Taxes Receivable	161,581	
Accrued Interest Receivable	12,938	
Accounts Receivable	35,923	
Intergovernmental Receivable	<u>48,719</u>	
		259,161

Some liabilities are not due and payable in the current period and therefore are not reported in the funds.

These liabilities consist of:

Accrued Interest Payable	(13,519)	
Loans Payable	(1,349,308)	
Capital Lease Payable	(53,062)	
Compensated Absences Payable	<u>(273,716)</u>	
Total Liabilities		<u>(1,689,605)</u>

Net Assets of Governmental Activities \$8,872,267

See accompanying notes to the basic financial statements.

**GREENE COUNTY CAREER CENTER
GREENE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>General Fund</u>	<u>Bond Retirement</u>	<u>Permanent Improvement Fund</u>	<u>All Other Governmenta I Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Property Taxes	\$6,046,917	\$1,140,354	\$660,033		\$7,847,304
Intergovernmental	4,808,960		200,758	\$1,415,749	6,425,467
Interest	155,847				155,847
Tuition and Fees				994,714	994,714
Extracurricular Activities				30,508	30,508
Gifts and Donations				2,250	2,250
Customer Sales and Services	53,532			131,073	184,605
Miscellaneous	102,810		34,296	63,316	200,422
Total Revenues	11,168,066	1,140,354	895,087	2,637,610	15,841,117
EXPENDITURES:					
Current:					
Instruction:					
Regular	684,464		231		684,695
Vocational	5,885,246		651,501	1,683,766	8,220,513
Support Services:					
Pupils	718,957		1,412	137,119	857,488
Instructional Staff	1,258,071		83,097	294,808	1,635,976
Board of Education	196,127		1,500		197,627
Administration	622,969		46,957	16,984	686,910
Fiscal	489,460		45,211	5,000	539,671
Operation and Maintenance of Plant	1,099,514		56,604		1,156,118
Pupil Transportation	11,059				11,059
Central	267,297			53,090	320,387
Operation of Non-Instructional Services				282,296	282,296
Extracurricular Activities				32,920	32,920
Capital Outlay			22,158		22,158
Debt Service:					
Principal	13,342	1,055,094			1,068,436
Interest and Fiscal Charges	5,750	49,930			55,680
Total Expenditures	11,252,256	1,105,024	908,671	2,505,983	15,771,934
Excess of Revenues Over (Under Expenditures)	(84,190)	35,330	(13,584)	131,627	69,183
OTHER FINANCING SOURCES AND USES:					
Transfers In				218,212	218,212
Transfers Out	(218,212)				(218,212)
Total Other Financing Sources and Uses	(218,212)			218,212	
Net Change in Fund Balances	(302,402)	35,330	(13,584)	349,839	69,183
Fund Balance (Deficit) at Beginning of Year (as restated)	1,274,315	517,681	614,366	(399,429)	2,006,933
Fund Balance (Deficit) at End of Year	\$971,913	\$553,011	\$600,782	(\$49,590)	\$2,076,116

See accompanying notes to the basic financial statements

**GREENE COUNTY CAREER CENTER
GREENE COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Net Change in Fund Balances - Total Governmental Funds \$69,183

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital Outlay	\$152,053	
Current Year Depreciation Expense	<u>(389,752)</u>	
Excess of Capital Outlay over Depreciation Expense		(237,699)
Loans Payable	1,055,094	
Capital Lease Payable	<u>13,342</u>	
		1,068,436

Some revenues that will not be collected for several months after the School District's fiscal year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by these amounts:

Property Taxes	161,581	
Intergovernmental Grants	(373,463)	
Interest	12,938	
Tuition and Fees	<u>35,923</u>	
		(163,021)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in Accrued Interest Payable	13,656	
Decrease in Compensated Absences	<u>31,750</u>	
		<u>45,406</u>

Change in Net Assets of Governmental Activities \$782,305

See accompanying notes to the basic financial statements.

**GREENE COUNTY CAREER CENTER
GREENE COUNTY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property Taxes	\$5,821,453	\$6,024,605	\$6,190,032	\$165,427
Intergovernmental	5,079,873	4,697,665	4,808,960	111,295
Interest	180,000	156,274	153,186	(3,088)
Customer Sales and Services	59,800	54,702	53,532	(1,170)
Miscellaneous	45,000	74,585	101,548	26,963
Total Revenues	<u>11,186,126</u>	<u>11,007,831</u>	<u>11,307,258</u>	<u>299,427</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	612,406	647,618	642,895	4,723
Vocational	5,507,877	6,097,274	6,079,352	17,922
Support Services:				
Pupils	717,840	721,199	729,814	(8,615)
Instructional Staff	1,248,110	1,304,989	1,308,391	(3,402)
Board of Education	182,521	190,671	190,569	102
Administration	607,282	649,960	642,797	7,163
Fiscal	628,608	488,998	485,413	3,585
Operation and Maintenance of Plant	1,029,284	1,131,715	1,094,084	37,631
Pupil Transportation	10,865	11,490	11,485	5
Central	263,004	272,967	269,088	3,879
Total Expenditures	<u>10,807,797</u>	<u>11,516,881</u>	<u>11,453,888</u>	<u>62,993</u>
Excess of Revenues Over (Under) Expenditures	<u>378,329</u>	<u>(509,050)</u>	<u>(146,630)</u>	<u>362,420</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	0	3,525	0	(3,525)
Advances In	513,874	538,902	442,900	(96,002)
Transfers Out	(675,000)	(261,509)	(218,212)	43,297
Advances Out	(117,201)	(83,628)	(10,000)	73,628
Total Other Financing Sources and Uses	<u>(278,327)</u>	<u>197,290</u>	<u>214,688</u>	<u>17,398</u>
Net Change in Fund Balances	100,002	(311,760)	68,058	379,818
Fund Balance at Beginning of Year	1,553,213	1,553,213	1,441,918	(111,295)
Prior Year Encumbrances Appropriated	54,332	54,332	54,332	0
Fund Balance at End of Year	<u>\$1,707,547</u>	<u>\$1,295,785</u>	<u>\$1,564,308</u>	<u>\$268,523</u>

See accompanying notes to the basic financial statements.

**GREENE COUNTY CAREER CENTER
GREENE COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006**

	Investment Trust Fund	Agency Fund
ASSETS:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$794,842	\$91,267
Total Assets	794,842	91,267
 LIABILITIES:		
Due to Students	0	91,267
Total Liabilities	0	91,267
 NET ASSETS:		
Held in Trust for Pool Participants	794,842	
Total Net Assets	\$794,842	

**GREENE COUNTY CAREER CENTER
GREENE COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>Investment Trust Fund</u>
ADDITIONS:	
Interest	\$ 24,196
Miscellaneous	<u>2,296,486</u>
Total Additions	<u>2,320,682</u>
DEDUCTIONS:	
Payments in Accordance with Trust Agreements	<u>2,288,599</u>
Total Deductions	<u>2,288,599</u>
Change in Net Assets	32,083
Net Assets Beginning of Year	<u>762,759</u>
Net Assets End of Year	<u><u>\$ 794,842</u></u>

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**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District operates under a locally-elected seven-member Board form of government and provides educational services as authorized by its charter and further mandated by state and/or federal agencies. This Board controls the district's instructional/support facilities staffed by a full-time staff of 142 employees. There are 89 certificated employees and 58 classified support staff including 2 administrators, who provide services to 742 students and other community members.

A. Reporting Entity

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

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

The 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 16 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Government-wide Financial Statements:

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District, however, has no activities which are reported as business-type.

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

2. Fund Financial Statements:

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

B. Fund Accounting

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

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following are the School District's 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.

Bond Retirement Fund – The Bond Retirement 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.

Permanent Improvement 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.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. 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. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Measurement Focus

1. Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The investment trust fund is reported using the economic resources measurement focus.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

1. Revenues - Exchange and Non-exchange Transactions:

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income 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 (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from 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, tuition, student fees, grants, and interest.

2. Deferred Revenue:

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

Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2006, the School District invested in Federal National Mortgage Association Notes, Federal Home Loan Mortgage Company Notes, and STAROhio. Investments are reported at fair value which is based on quoted market prices except for mutual funds which are based on current share price.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2006.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2006 amounted to \$155,847.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash and cash equivalents.

F. Interfund Balances

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

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption and purchased and donated food held for resale.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets specifically related to governmental activities. General capital assets usually result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement costs back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<u>Description</u>	<u>Useful Life</u>
Buildings	50
Building Improvements	20 - 25
Land Improvements	5 - 7
Machinery and Equipment	4 - 15
Vehicles	3 - 10

I. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Long-term loans and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

J. Compensated Absences

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

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employees are paid.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include resources for food service operations, music and athletic programs, and federal and state grants restricted to expenditures for specified purposes.

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

The government-wide statement of net assets reports \$1,717,072 of restricted net assets, of which \$0 is restricted by enabling legislation.

L. Fund Balance Reserves

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

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

M. Interfund Transactions

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

N. Estimates

The preparation of the 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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level only. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Advances-in and advances-out are not required to be budgeted since they represent a cash flow resource and are intended to be repaid.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the certificate that was in effect at the time the final appropriations were passed by the Board of Education.

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

3. ACCOUNTABILITY

At June 30, 2006, the Adult Vocational Education and Vocational Education funds had deficit fund balance of \$545,608 and \$22,163, respectively. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balance - 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:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Advances are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. The change in the fair value of investments is not included on the budget basis operating statement. This amount is included as revenue on the GAAP basis operating statement.

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

Net Change in Fund Balance	
	General
GAAP Basis	(\$302,402)
Revenue Accruals	123,203
Expenditure Accruals	(139,975)
Encumbrances	(61,657)
Advances	442,900
Change in Fair Value of Investment - FY05	15,216
Change in Fair Value of Investment - FY06	(9,227)
Budget Basis	\$68,058

5. DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 five 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 held by the School District 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;

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or any 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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$698,992 of the School District's bank balance of \$798,992 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

B. Investments

As of June 30, 2006, the School District has the following investments. All investments are in an internal investment pool.

<u>Investment</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than One Year</u>
Federal National Mortgage Association (FNMA) Notes	\$299,017	\$299,017
Federal Home Loan Mortgage Corporation (FHLMC) Notes	594,210	594,210
Certificates of Deposits	900,000	900,000
STAROhio	1,267,852	1,267,852
	<u>\$3,061,079</u>	<u>\$3,061,079</u>

Interest Rate Risk – The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

Credit Risk – The Federal National Mortgage Association Notes and the Federal Home Loan Mortgage Corporation Notes, carry a rating of Aaa by Moody's. The School District's investment policy limits investments to those authorized by State statute. STAROhio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. Investments in commercial paper are limited to notes rated at the time of purchase to have the highest classification established by two nationally recognized standard rating services.

Concentration of Credit Risk – The School District places no limit on the amount it may invest in any one issuer. The School District's investments in Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, and STAR Ohio represents 9.8 percent, 19.4 percent and 41.4 percent, respectively, of the School District's total investments.

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2006 (other than public utility property tax) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value listed as of December 31, 2005. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments 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. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

6. PROPERTY TAXES (Continued)

The School District receives property taxes from Clark, Clinton, Fayette, Greene, Montgomery and Warren Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2006 was \$223,707 in the General Fund; \$64,164 in the Bond Retirement Fund; and \$177 in the Permanent Improvement Fund. The amount available as an advance at June 30, 2005 was \$366,822 in the General Fund and \$194,214 in the Permanent Improvement Fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The Assessed Valuations upon which fiscal year 2006 taxes were collected are as follows:

	2005 2nd Half Collections	Percent	2006 1st Half Collections	Percent
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	168,491,538	5.2%	166,745,668	4.7%
Total Assessed Valuation	<u>\$ 3,270,755,278</u>	<u>100.0%</u>	<u>\$ 3,532,442,398</u>	<u>100.0%</u>

7. RECEIVABLES

Receivables at June 30, 2006, consisted of accrued interest, accounts (tuition and student fees), interfund, intergovernmental grants and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. A summary of the intergovernmental receivables follows:

	Amount
Other Governmental Funds:	
Food Service	\$6,042
Adult Education	68,390
Vocational Education	24,350
	<u>\$98,782</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

8. CAPITAL ASSETS

Changes in capital assets during the fiscal year ended June 30, 2006 were as follows:

<u>Asset Class</u>	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not depreciated:				
Land	\$116,032			\$116,032
Capital assets depreciated:				
Land improvements	334,819			334,819
Buildings	11,017,148	\$44,348		11,061,496
Machinery and Equipment	1,963,224	107,705	(\$5,200)	2,065,729
Vehicles	157,882			157,882
Total capital assets	<u>13,589,105</u>	<u>152,053</u>	<u>(5,200)</u>	<u>13,735,958</u>
Less accumulated depreciation:				
Land improvements	(330,260)			(330,260)
Buildings	(3,288,512)	(1,377)		(3,289,889)
Machinery and Equipment	(1,356,711)	(222,560)	5,200	(1,574,071)
Vehicles	(149,328)	(165,815)		(315,143)
Total accumulated depreciation:	<u>(5,124,811)</u>	<u>(389,752)</u>	<u>5,200</u>	<u>(5,509,363)</u>
Total capital assets, net	<u>\$8,464,294</u>	<u>(\$237,699)</u>	<u>\$0</u>	<u>\$8,226,595</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$15,590
Vocational	229,954
Support Services:	
Pupils	27,283
Instructional Staff	38,975
Administration	23,385
Fiscal	11,693
Operation & Maintenance of Plant	23,385
Central	7,795
Operation of Non-Instructional Services	11,692
Total Depreciation Expense	<u>\$389,752</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

9. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2006 were as follows:

<u>Long Term Obligation</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>	<u>Due More Than One Year</u>
State Loans, 0%	\$504,402	\$0	(\$105,094)	\$399,308	\$88,427	\$310,881
Construction Loan, 2.65%	1,900,000	0	(950,000)	950,000	950,000	
Total Loans	<u>2,404,402</u>	<u>0</u>	<u>(1,055,094)</u>	<u>1,349,308</u>	<u>1,038,427</u>	<u>310,881</u>
Capital Leases	66,404	0	(13,342)	53,062	14,634	38,428
Compensated Absences	337,112	0	(63,396)	273,716	87,571	186,145
Total Long-Term Obligations	<u>\$2,807,918</u>	<u>\$0</u>	<u>(\$1,131,832)</u>	<u>\$1,676,086</u>	<u>\$1,140,632</u>	<u>\$535,454</u>

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. 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.

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, 2006, the District's general obligation debt was below the legal limit.

Principal requirements to retire the state and construction loans outstanding at June 30, 2006 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2007	\$1,038,427	\$25,175
2008	60,881	0
2009	33,333	0
2010	33,333	0
2011-2015	166,667	0
2016	16,667	0
Total	<u>\$1,349,308</u>	<u>\$25,175</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

10. CAPITALISED LEASE – LESSEE DISCLOSURE

In prior years, the School District entered into a capital lease for equipment. Each lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases"*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Basic Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

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. A corresponding liability was recorded on the statement of net assets for governmental activities. Principal payments in fiscal year 2006 totaled \$13,342.

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, 2006.

Fiscal Year Ending June 30,	Total Payments
2007	\$19,092
2008	19,092
2009	19,092
2010	4,773
Less: Amount Representing Interest	(8,987)
Present Value of Minimum Lease Payments	\$53,062

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853 or by visiting the SERS website at ohsers.org.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$239,178, \$328,546 and \$341,535, respectively; 91.43 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio

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

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

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

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2006, 2005, and 2004, were \$830,937, \$860,147, and \$872,642 respectively; 88.93 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2006, three members of the Board of Education have elected Social Security. The remaining Board members contribute to SERS. The Board's liability is 6.2 percent of wages paid.

12. POSTEMPLOYMENT BENEFITS

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

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the 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. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$63,918 for fiscal year 2006.

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

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. 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 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$112,227.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has 58,123 participants eligible to receive health care benefits.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

13. 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 2006, 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)	\$ 300,000,000
Inland Marine Coverage (\$2,500 deductible)	50,000,000
Crime Insurance (\$1,000 deductible)	500,000
Automobile Liability	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.

14. OTHER BENEFITS

A. 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.

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.

B. Insurance Benefits

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 through Medical Life Insurance Company and dental insurance through Anthem to employees.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

15. INTERFUND ASSETS/LIABILITIES

Individual fund interfund asset, liability and transfer balances at June 30, 2006 were as follows:

DueTo/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Vocational Education	\$10,000
		<u>\$10,000</u>

Interfund Transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$0	\$218,212
Other Governmental Funds	134,290	0
Adult Education	79,368	0
Food Service	4,554	0
Student Activities	<u>\$218,212</u>	<u>\$218,212</u>
Total		

16. 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.

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. During fiscal year 2006, the District paid \$99,340 for services and fees. Financial information can be obtained from Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

17. CONTINGENT LIABILITIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally 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, 2006.

B. 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.

18. SET ASIDE DISCLOSURE

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

During the fiscal year ended June 30, 2006, the District's cash basis reserve activity was as follows:

	<u>Textbook Acquisition</u>	<u>Capital Acquisition</u>	<u>Total Memorandum Only</u>
Beginning Set-Aside Balance	(\$3,322,597)	(\$826,027)	(\$4,148,624)
Current Year Set-Aside	121,221	121,221	242,442
Current Year Offsets	0	(2,095,260)	(2,095,260)
Qualifying Disbursements	<u>(631,218)</u>	<u>(21,887)</u>	<u>(653,105)</u>
Ending Set-Aside Balance	<u>(3,832,594)</u>	<u>(2,821,953)</u>	<u>(6,654,547)</u>
Carryover to Fiscal Year 2007	<u><u>(\$3,832,594)</u></u>	<u><u>(\$2,821,953)</u></u>	<u><u>(\$6,654,547)</u></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.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

19. 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, 2006**

Assets:	
Cash	\$3,762,813
Total Assets	3,762,813
 Liabilities:	
Net Assets Held in Trust for Pool Participants	
Internal Portion	2,967,971
External Portion - MVECA	794,842
Total Net Assets Held in Trust for Pool Participants	\$3,762,813

**Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2006**

Revenues:	
Interest	\$192,981
Expenses:	
Operating Expenses	192,981
Net Increase (Decrease) in Assets Resulting from Operations	102,013
Capital Transactions	294,994
Increase (Decrease) in Net Assets	294,994
Net Assets, Beginning of Year	3,467,819
Net Assets, End of Year	\$3,762,813

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)**

20. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR NET ASSETS

A. Change of Accounting Principles

For fiscal year 2006, the School District has implemented *GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries,"* and *GASB Statement No. 47, "Accounting for Termination Benefits."*

GASB Statement No. 42 establishes accounting and financial reporting standards for the impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries. The implementation of this statement had no effect on the School District's financial statements for fiscal year 2006.

GASB Statement No. 47 establishes accounting standards for termination benefits. The implementation of this statement had no effect on the School District's financial statements for fiscal year 2006.

B. Restatement of Prior Year Net Assets

Net assets of governmental funds were restated do to errors in the calculation of capital assets. Net assets decreased by \$269,903 from \$8,359,865 to \$8,089,962.

C. Correction of Prior Year Ending Balances

The prior year ending fund balances were corrected due to a posting error of Homestead and Rollback receipts and for transactions erroneously entered as advances.

	General Fund	Permanent Improvement Fund	Other Governmental Fund
Fund Balance - June 30, 2005	\$1,877,424	\$503,071	(\$891,243)
Correction of Prior Period Homestead and Rollback	(111,295)	111,295	0
Correction of Prior Period Advances	(491,814)	0	491,814
Adjusted Fund Balance - June 30, 2005	<u>\$1,274,315</u>	<u>\$614,366</u>	<u>(\$399,429)</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

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:						
National School Breakfast Program	05-PU-2006	10.553	\$1,894		\$1,894	
National School Lunch Program	LL-P4-2005	10.555	11,071		11,071	
	LL-P4-2006		27,194		27,194	
Total National School Lunch Program			<u>38,265</u>		<u>38,265</u>	
Food Donation Program		10.550		\$9,507		\$6,924
Total U.S. Department of Agriculture			<u>40,159</u>	<u>9,507</u>	<u>40,159</u>	<u>6,924</u>
U.S. DEPARTMENT OF EDUCATION						
Student Financial Assistance Cluster:						
Pell Grant	Direct	84.063	187,170		187,170	
(SEOG) Supplemental Education Opportunity Grants	Direct	84.007	12,956		12,956	
Total Student Financial Assistance Cluster			<u>200,126</u>		<u>200,126</u>	
<i>Passed Through Ohio Department of Education:</i>						
Adult Education Basic Grant (C)	AB-S1-2004	84.002	(12,479)			
	AB-S1-2005		51,616		4,097	
	AB-S1-2006		175,385		170,571	
			<u>214,522</u>		<u>174,668</u>	
Vocational Education Basic Grants to States	20A0-2005	84.048	10,000		17,616	
	20C1-2005		268,666			
	20C1-2006		301,810		283,687	
	20C2-2005		53,094			
	20C2-2006		59,615		56,683	
Total Vocational Education Basic Grants to States			<u>693,185</u>		<u>357,986</u>	
Safe and Drug-Free Schools and Communities State Grant	DR-S1-2004	84.186			2,417	
	DR-S1-2005		1,792		311	
	DR-S1-2006		5,554		4,978	
			<u>7,346</u>		<u>7,706</u>	
State Grants for Innovative Program Strategies	C2-S1-2005	84.298			167	
	C2-S1-2006		6,181		5,397	
			<u>6,181</u>		<u>5,564</u>	
Improving Teacher Quality State Grant	TR-S1-2005	84.367	(144)		448	
	TR-S1-2006		11,624		11,624	
			<u>11,480</u>		<u>12,072</u>	
Total U.S. Department of Education			<u>1,132,840</u>		<u>758,122</u>	
Total Federal Assistance			<u>\$1,172,999</u>	<u>\$9,507</u>	<u>\$798,281</u>	<u>\$6,924</u>

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2006**

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

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.



Mary Taylor, CPA

Auditor of State

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 (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 30, 2007. 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 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 March 30, 2007, 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 no instances of noncompliance or other matters that we must report under *Government Auditing Standards*. In a separate letter to the District's management dated March 30, 2007, we reported other matters related to noncompliance we deemed immaterial.

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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

March 30, 2007



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS 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 (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 its major federal program for the year ended June 30, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. 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 its major federal program for the year ended June 30, 2006.

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

**Internal Control Over Compliance
(Continued)**

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.

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



Betty Montgomery
Auditor of State

March 30, 2007

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2006**

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 noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were 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 Program (list):	Vocational Education – Basic Grants to States CFDA # 84.048
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

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, 2006**

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



Mary Taylor, CPA
Auditor of State

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
MAY 10, 2007