

Greenfield Exempted Village Schools  
Highland County, Ohio  
Single Audit  
July 1, 2005 through June 30, 2006  
Fiscal Year Audited Under GAGAS: 2006

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Mary Taylor, CPA  
Auditor of State

Board of Education  
Greenfield Exempted Village School District  
200 Fifth Street  
Greenfield, Ohio 45123

We have reviewed the *Independent Auditor's Report* of the Greenfield Exempted Village School District, Highland County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2005 through June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Greenfield Exempted Village School District is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 27, 2007

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**Greenfield Exempted Village School District**  
*Highland County, Ohio*

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board  
Greenfield Exempted Village School District  
200 North Fifth Street  
Greenfield, Ohio 45123

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenfield Exempted Village School District (the School District), Highland County, as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 the School District, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

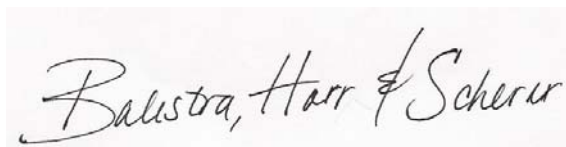
In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2007, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members of the Board  
Greenfield Exempted Village School District  
Independent Auditor's Report  
Page 2

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The schedule of federal awards expenditures is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of federal awards expenditures has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 3 to the basic financial statements, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, and GASB Statement No. 47, *Accounting for Termination Benefits*.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer CPAs, Inc.  
March 23, 2007



**Greenfield Exempted Village Schools**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2006*  
*(Unaudited)*

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Greenfield Exempted Village Schools (the "School District") discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

- The School District's assets exceeded its liabilities at June 30, 2006 by \$28,193,120.
- The School District's net assets of governmental activities increased \$1,052,102.
- General revenues accounted for \$16,222,198 in revenue or 82 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$3,637,492 or 18 percent of total revenues of \$19,859,690.
- The School District had \$18,807,588 in expenses related to governmental activities; \$3,637,492 of these expenses was offset by program specific charges for services and sales, operating grants and contributions and capital grants and contributions.

**USING THIS ANNUAL FINANCIAL REPORT**

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Greenfield Exempted Village Schools' financial situation as a whole and also give a detailed view of the School District's financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

**REPORTING THE SCHOOL DISTRICT AS A WHOLE**

The analysis of the School District as a whole begins with the Statement of Net Assets and the Statement of Activities. These reports provide information that will help the reader to determine whether the School District is financially improving or declining as a result of the year's financial activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net assets and changes to those assets. This change informs the reader whether the School District's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the School District's financial well-being. Some of these factors include the condition of capital assets, and required educational support services to be provided.

In the Statement of Net Assets and the Statement of Activities, the School District has only one kind of activity.

- Governmental Activities. Most of the School District's programs and services are reported here including instruction and support services.

**Greenfield Exempted Village Schools**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2006*  
*(Unaudited)*

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**REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

The analysis of the School District's funds begins on page 7. Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The School District's major funds are the General Fund and the Permanent Fund.

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

**Proprietary Funds.** The School District's only proprietary fund is an internal service fund. Since the internal service fund operates on a break-even, cost-reimbursement basis, the School District reports it as a proprietary fund using the full accrual basis of accounting. Since the internal fund exclusively benefits governmental functions, it has been included with governmental activities in the government-wide financial statements.

**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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

The School District's fiduciary funds are agency funds which are used to maintain financial activity of the School District's Student Managed Activities, and private purpose trust funds which are used to maintain the financial activity of the School District's Scholarship Funds.

**Greenfield Exempted Village Schools**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2006*  
*(Unaudited)*

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**THE SCHOOL DISTRICT AS A WHOLE**

As stated previously, the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2006 compared to 2005.

Table 1  
Net Assets

	Governmental Activities	
	2006	2005*
Assets:		
Current Assets	\$ 12,363,514	\$ 10,123,461
Capital Assets, Net	27,216,103	28,212,796
Total Assets	39,579,617	38,336,257
Liabilities:		
Current and Other Liabilities	7,032,448	6,839,989
Long-Term Liabilities	4,354,049	4,355,250
Total Liabilities	11,386,497	11,195,239
Net Assets:		
Invested in Capital Assets, Net of Related Debt	24,231,103	24,412,796
Restricted	3,464,359	3,256,717
Unrestricted	497,658	(528,495)
Total Net Assets	\$ 28,193,120	\$ 27,141,018

\* As restated. See Note 3 of the notes to the basic financial statements.

Total net assets of the School District as a whole increased \$1,052,102. The increase in current assets was primarily due to the increase in cash and cash equivalents and taxes receivable, which resulted from the School District instituting a new School District tax.

**Greenfield Exempted Village Schools**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2006  
(Unaudited)

Table 2 shows the changes in net assets for 2006 compared to 2005.

Table 2  
Change in Net Assets

	Governmental Activities	
	2006	2005*
<b>Revenue</b>		
Program Revenues:		
Charges for Services and Sales	\$ 907,646	\$ 739,081
Operating Grants and Contributions	2,703,094	2,685,057
Capital Grants and Contributions	26,752	-
Total Program Revenues	<u>3,637,492</u>	<u>3,424,138</u>
General Revenue:		
Income Taxes	1,749,382	1,160,484
Grants and Entitlements, Not Restricted for Specific Programs	10,781,063	10,620,735
Gifts and Donations, Not Restricted for Specific Programs	16,015	67,900
Investment Earnings	101,407	70,424
Miscellaneous	457,463	323,082
Property Taxes	2,987,318	3,491,847
Gain on Sale of Capital Assets	55,605	-
Increase in Fair Value of Investments	73,945	-
Total General Revenues	<u>16,222,198</u>	<u>15,734,472</u>
Total Revenues	<u>19,859,690</u>	<u>19,158,610</u>
<b>Program Expenses</b>		
Instruction		
Regular	8,577,937	8,975,605
Special	1,750,386	1,596,797
Vocational	531,700	458,626
Adult/Continuing	1,023	3,801
Other	656,571	446,091
Support Services		
Pupils	922,666	1,129,725
Instructional Staff	379,190	550,461
Board of Education	77,757	91,494
Administration	1,528,665	1,468,876
Fiscal	351,868	328,760
Operation and Maintenance of Plant	1,847,308	1,905,591
Pupil Transportation	1,061,641	1,287,849
Operation of Non-Instructional Services	623,150	668,638
Extracurricular Activities	325,737	313,805
Interest and Fiscal Charges	171,989	175,501
Total Expenses	<u>18,807,588</u>	<u>19,401,620</u>
Net Assets at Beginning of Year	27,141,018	27,384,028
Increase (Decrease) in Net Assets	1,052,102	(243,010)
Net Assets at End of Year	<u>\$ 28,193,120</u>	<u>\$ 27,141,018</u>

\* As restated. See Note 3 of the notes to the basic financial statements.

Significant changes in income tax revenue resulted from the School District instituting a School District tax in 2005 and this was the first full year of collections of these taxes.

**Greenfield Exempted Village Schools**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2006  
(Unaudited)

**Governmental Activities**

Charges for services and sales comprised 4 percent of revenue for governmental activities, while operating grants and contributions comprised 14 percent of revenue for governmental activities of the School District for fiscal year 2006. Income tax revenue comprised 9 percent of revenue for governmental activities due to the passing of the school district income tax in the prior year. Property tax revenue comprised 15 percent of revenue for governmental activities for fiscal year 2006. Grants and Entitlements, not restricted for specific programs, comprised 54 percent of revenue for governmental activities. Gifts and donations, investment earnings, miscellaneous, gain on sale of capital assets, and increase in fair value of investments comprised the remaining 4 percent of total revenues.

As indicated by governmental program expenses, instruction is emphasized. Regular Instruction comprised 46 percent of governmental program expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted State entitlements and other general revenues.

Table 3  
Governmental Activities

	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>	Total Cost of Services <u>2005*</u>	Net Cost of Services <u>2005*</u>
Program Expenses				
Instruction:				
Regular	\$8,577,937	\$8,012,549	8,975,605	8,496,784
Special	1,750,386	827,383	1,596,797	693,566
Vocational	531,700	515,901	458,626	448,294
Adult(Continuing	1,023	873	3,801	2,493
Other	656,571	636,990	446,091	436,020
Support Services:				
Pupils	922,666	759,409	1,129,725	1,026,010
Instructional Staff	379,190	296,721	550,461	416,218
Board of Education	77,757	75,438	91,494	89,428
Administration	1,528,665	1,467,082	1,468,876	1,412,028
Fiscal	351,868	340,438	328,760	318,651
Operation and Maintenance of Plant	1,847,308	1,563,661	1,905,591	1,858,429
Pupil Transportation	1,061,641	426,767	1,287,849	653,447
Operation of Non-Instructional Services	623,150	(6,366)	668,638	(95,961)
Extracurricular Activities	325,737	83,552	313,805	74,266
Interest and Fiscal Charges	171,989	169,698	175,501	147,809
<b>Total</b>	<u><u>\$18,807,588</u></u>	<u><u>\$15,170,096</u></u>	<u><u>\$19,401,620</u></u>	<u><u>\$15,977,482</u></u>

\*As restated. See Note 3 of the notes to the basic financial statements.

**THE SCHOOL DISTRICT'S FUNDS**

Major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$20,063,724 and expenditures and other financing uses of \$18,497,949. The net change in fund balance for the year was most significant in the General Fund.

**Greenfield Exempted Village Schools**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2006*  
*(Unaudited)*

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The fund balance of the General Fund increased by \$1,510,627. This increase was primarily due to increases in income tax revenue. The fund balance of the Permanent Fund increased \$73,945.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2006, the School District amended its General Fund budget.

During 2006, there were several revisions to the General Fund budget. In part, these revisions increased estimated resources by \$1,594,600 and increased appropriations by \$714,828. The General fund's ending unobligated cash balance was \$1,123,466. The increase in estimated resources was due to anticipating greater than expected property and income taxes. The increase in expenditures relates directly to increases in expected costs in support services.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2006, the School District had \$27,216,103 invested in its capital assets. Table 4 shows the fiscal year 2006 balances compared to 2005.

Table 4  
 Capital Assets  
 (Net of Depreciation)

	Governmental Activities	
	2006	2005
Land	\$42,231	\$42,231
Land Improvements	205,131	229,414
Buildings and Improvements	25,783,659	26,579,463
Furniture and Equipment	694,671	850,066
Vehicles	490,411	511,622
Totals	\$27,216,103	\$28,212,796

Changes in capital assets from the prior year resulted from the addition of furniture and equipment and vehicles, the disposal of various capital assets, and depreciation expense. See Note 7 to the basic financial statements for more detailed information related to capital assets.

**Debt**

At June 30, 2006, the School District had one outstanding General Obligation Bond in the amount of \$2,985,000. This bond was issued for the purpose of improvements. See Note 13 to the basic financial statements for more detailed information relating to debt.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's financial condition and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Joe Smith, Treasurer, Greenfield Exempted Village Schools, 200 North Fifth Street, Greenfield, Ohio 45123.

**Greenfield Exempted Village Schools**  
*Statement of Net Assets*  
**June 30, 2006**

	<b>Governmental Activities</b>
<b>ASSETS:</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 5,377,299
Investments	816,181
Intergovernmental Receivable	16,630
Taxes Receivable	6,153,404
Noncurrent Assets:	
Non-Depreciable Capital Assets	42,231
Depreciable Capital Assets, net	27,173,872
<i>Total Assets</i>	39,579,617
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	111,614
Accrued Wages and Benefits	945,089
Intergovernmental Payable	408,461
Accrued Interest Payable	12,317
Matured Compensated Absences Payable	37,037
Deferred Revenue	5,311,027
Claims Payable	206,903
Noncurrent Liabilities:	
Long-Term Liabilities:	
Due Within One Year	158,518
Due in More Than One Year	4,195,531
<i>Total Liabilities</i>	11,386,497
<b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt	24,231,103
Restricted for Debt Service	724,449
Restricted for Capital Outlay	896,211
Restricted for Other Purposes	457,065
Permanent Fund	
Expendable	1,305,975
Nonexpendable	80,659
Unrestricted	497,658
<i>Total Net Assets</i>	\$ 28,193,120

The notes to the basic financial statements are an integral part of this statement.

**Greenfield Exempted Village Schools**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2006**

	<u>Program Revenues</u>				<b>Net (Expense)</b>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	<b>Revenue and</b>
		<u>Services and Sales</u>	<u>and Contributions</u>	<u>and Contributions</u>	<b>Changes in</b>
					<b>Net Assets</b>
					<b>Governmental</b>
					<b>Activities</b>
Governmental Activities:					
Instruction:					
Regular	\$ 8,577,937	\$ 263,351	\$ 275,977	\$ 26,060	\$ (8,012,549)
Special	1,750,386	38,693	884,310	-	(827,383)
Vocational	531,700	15,799	-	-	(515,901)
Adult/Continuing	1,023	25	125	-	(873)
Other	656,571	19,581	-	-	(636,990)
Support Services:					
Pupils	922,666	26,820	136,437	-	(759,409)
Instructional Staff	379,190	7,905	74,564	-	(296,721)
Board of Education	77,757	2,319	-	-	(75,438)
Administration	1,528,665	44,770	16,813	-	(1,467,082)
Fiscal	351,868	10,202	1,228	-	(340,438)
Operation and Maintenance of Plant	1,847,308	49,465	233,490	692	(1,563,661)
Pupil Transportation	1,061,641	31,257	603,617	-	(426,767)
Operation of Non-Instructional Services	623,150	254,195	375,321	-	6,366
Extracurricular Activities	325,737	143,264	98,921	-	(83,552)
Interest and Fiscal Charges	171,989	-	2,291	-	(169,698)
<b>Total Governmental Activities</b>	<b>\$ 18,807,588</b>	<b>\$ 907,646</b>	<b>\$ 2,703,094</b>	<b>\$ 26,752</b>	<b>(15,170,096)</b>
General Revenues:					
Taxes Levied for:					
General Purposes					2,644,013
Debt Service					282,386
Classroom Facilities					60,919
Income Taxes					1,749,382
Grants and Entitlements, Not Restricted to Specific Programs					10,781,063
Gifts and Donations, Not Restricted to Specific Programs					16,015
Increase in Fair Value of Investments					73,945
Gain on Sale of Capital Assets					55,605
Investment Earnings					101,407
Miscellaneous					457,463
<b>Total General Revenues</b>					<b>16,222,198</b>
<b>Change in Net Assets</b>					<b>1,052,102</b>
<b>Net Assets Beginning of Year, As Restated - See Note 3</b>					<b>27,141,018</b>
<b>Net Assets End of Year</b>					<b>\$ 28,193,120</b>

The notes to the basic financial statements are an integral part of this statement.



**Greenfield Exempted Village Schools**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2006**

	<u>General</u>	<u>Permanent</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,859,235	\$ 570,453	\$ 2,290,888	\$ 4,720,576
Investments	-	816,181	-	816,181
Interfund Receivable	434,547	-	130,000	564,547
Intergovernmental Receivable	-	-	16,630	16,630
Taxes Receivable	5,767,142	-	386,262	6,153,404
<i>Total Assets</i>	<u>\$ 8,060,924</u>	<u>\$ 1,386,634</u>	<u>\$ 2,823,780</u>	<u>\$ 12,271,338</u>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 83,667	\$ -	\$ 27,947	\$ 111,614
Accrued Wages and Benefits	883,838	-	61,251	945,089
Interfund Payable	130,000	-	434,547	564,547
Intergovernmental Payable	391,020	-	17,441	408,461
Matured Compensated Absences Payable	37,037	-	-	37,037
Deferred Revenue	5,034,754	-	371,132	5,405,886
<i>Total Liabilities</i>	<u>6,560,316</u>	<u>-</u>	<u>912,318</u>	<u>7,472,634</u>
<b>FUND BALANCES:</b>				
Reserved:				
Reserved for Encumbrances	704,241	-	368,758	1,072,999
Reserved for Property Taxes	113,654	-	15,130	128,784
Reserved for Endowment	-	80,659	-	80,659
Unreserved, Undesignated, Reported in:				
General Fund	682,713	-	-	682,713
Special Revenue Funds	-	-	322,216	322,216
Debt Service Funds	-	-	702,601	702,601
Capital Projects Funds	-	-	502,757	502,757
Permanent Funds	-	1,305,975	-	1,305,975
<i>Total Fund Balances</i>	<u>1,500,608</u>	<u>1,386,634</u>	<u>1,911,462</u>	<u>4,798,704</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 8,060,924</u>	<u>\$ 1,386,634</u>	<u>\$ 2,823,780</u>	<u>\$ 12,271,338</u>

The notes to the basic financial statements are an integral part of this statement.

**Greenfield Exempted Village Schools**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2006*

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<b>Total Governmental Fund Balances</b>		\$ 4,798,704
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.		27,216,103
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	94,859	
Total		94,859
An internal service fund is used by management to charge the cost of insurance to individuals. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		449,820
Interest payable is not recorded in the governmental funds, but is recorded in the statement of net assets.		(12,317)
Long-Term Liabilities, including bonds and the long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(1,369,049)	
General Obligation Bonds	(2,985,000)	
Total		(4,354,049)
<b>Net Assets of Governmental Activities</b>		<b>\$ 28,193,120</b>

The notes to the basic financial statements are an integral part of this statement.

**Greenfield Exempted Village Schools**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2006**

	<u>General</u>	<u>Permanent</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>				
Property Taxes	\$ 2,641,786	\$ -	\$ 343,040	\$ 2,984,826
Income Tax	1,749,382	-	-	1,749,382
Intergovernmental	11,972,556	-	1,538,882	13,511,438
Interest	95,734	-	5,673	101,407
Increase in Fair Value of Investments	-	73,945	-	73,945
Tuition and Fees	438,403	-	554	438,957
Rent	1,778	-	-	1,778
Extracurricular Activities	4,918	-	138,054	142,972
Gifts and Donations	1,950	-	14,065	16,015
Customer Sales and Services	70,341	-	253,599	323,940
Miscellaneous	329,014	-	128,449	457,463
<i>Total Revenues</i>	<u>17,305,862</u>	<u>73,945</u>	<u>2,422,316</u>	<u>19,802,123</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	7,408,062	-	691,465	8,099,527
Special	1,269,635	-	456,289	1,725,924
Vocational	523,770	-	-	523,770
Adult/Continuing	831	-	192	1,023
Other	656,571	-	-	656,571
<b>Support Services:</b>				
Pupils	695,201	-	210,012	905,213
Instructional Staff	261,927	-	114,774	376,701
Board of Education	77,757	-	-	77,757
Administration	1,497,067	-	25,880	1,522,947
Fiscal	336,035	-	9,788	345,823
Operation and Maintenance of Plant	1,649,829	-	125,617	1,775,446
Pupil Transportation	1,049,437	-	-	1,049,437
Operation of Non-Instructional Services	-	-	577,717	577,717
Extracurricular Activities	173,471	-	152,266	325,737
Capital Outlay	-	-	33,507	33,507
<b>Debt Service:</b>				
Principal	-	-	135,000	135,000
Interest	-	-	170,207	170,207
<i>Total Expenditures</i>	<u>15,599,593</u>	<u>-</u>	<u>2,702,714</u>	<u>18,302,307</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,706,269</u>	<u>73,945</u>	<u>(280,398)</u>	<u>1,499,816</u>
<b>OTHER FINANCING SOURCES AND USES:</b>				
Transfers In	-	-	195,642	195,642
Proceeds from Sale of Capital Assets	-	-	65,959	65,959
Transfers Out	(195,642)	-	-	(195,642)
<i>Total Other Financing Sources and Uses</i>	<u>(195,642)</u>	<u>-</u>	<u>261,601</u>	<u>65,959</u>
<i>Net Change in Fund Balances</i>	1,510,627	73,945	(18,797)	1,565,775
<i>Fund Balance at Beginning of Year, As Restated - See Note 3</i>	<u>(10,019)</u>	<u>1,312,689</u>	<u>1,930,259</u>	<u>3,232,929</u>
<i>Fund Balance at End of Year</i>	<u>\$ 1,500,608</u>	<u>\$ 1,386,634</u>	<u>\$ 1,911,462</u>	<u>\$ 4,798,704</u>

The notes to the basic financial statements are an integral part of this statement.

**Greenfield Exempted Village Schools**  
*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*

<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$ 1,565,775
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital Asset Additions	65,064	
Current Year Depreciation	<u>(1,051,403)</u>	
Total		(986,339)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. These are the amounts of the proceeds from the sale of capital assets and the gain on the disposal of fixed assets.		
Proceeds from Sale of Capital Assets	(65,959)	
Gain on Disposal of Capital Assets	<u>55,605</u>	
Total		(10,354)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	2,492	
Intergovernmental	<u>(530)</u>	
Total		1,962
Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.		
		135,000
Some expenses 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.		
Increase in Compensated Absences	(133,799)	
Increase in Interest Payable	<u>(1,782)</u>	
Total		(135,581)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>481,639</u>
<b>Net Change in Net Assets of Governmental Activities</b>		<u>\$ 1,052,102</u>

The notes to the basic financial statements are an integral part of this statement.

**Greenfield Exempted Village Schools**  
*Statement of Revenues, Expenditures and Changes*  
**In Fund Balance - Budget and Actual (Budgetary Basis)**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget: Positive (Negative)</b>
	<u>Original Budget</u>	<u>Final Budget</u>		
Total Revenues and Other Sources	\$ 16,580,562	\$ 18,175,162	\$ 18,215,160	\$ 39,998
Total Expenditures and Other Uses	<u>17,298,009</u>	<u>18,012,837</u>	<u>17,893,809</u>	<u>119,028</u>
Net Change in Fund Balance	(717,447)	162,325	321,351	159,026
Fund Balance, July 1, 2005	508,855	508,855	508,855	-
Prior Year Encumbrances Appropriated	<u>293,260</u>	<u>293,260</u>	<u>293,260</u>	<u>-</u>
Fund Balance, June 30, 2006	<u>\$ 84,668</u>	<u>\$ 964,440</u>	<u>\$ 1,123,466</u>	<u>\$ 159,026</u>

The notes to the basic financial statements are an integral part of this statement.

**Greenfield Exempted Village Schools**  
*Statement of Fund Net Assets*  
**Governmental Activities - Internal Service Fund**  
**June 30, 2006**

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	<u>Internal Service</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 656,723
<i>Total Assets</i>	<u>656,723</u>
LIABILITIES:	
Claims Payable	<u>206,903</u>
<i>Total Liabilities</i>	<u>206,903</u>
NET ASSETS:	
Unrestricted	<u>449,820</u>
<i>Total Net Assets</i>	<u>\$ 449,820</u>

The notes to the basic financial statements are an integral part of this statement.

**Greenfield Exempted Village Schools**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Governmental Activities - Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2006**

	<b>Internal Service</b>
<b>OPERATING REVENUES:</b>	
Charges for Services	\$ 1,081,692
Other Revenues	184,850
	<u>1,266,542</u>
<i>Total Operating Revenues</i>	<i>1,266,542</i>
<b>OPERATING EXPENSES:</b>	
Purchased Services	255,756
Claims	515,550
Other	20,593
	<u>791,899</u>
<i>Total Operating Expenses</i>	<i>791,899</i>
<i>Operating Income</i>	<i>474,643</i>
<b>NON-OPERATING REVENUES:</b>	
Interest	6,996
	<u>6,996</u>
<i>Total Non-Operating Revenues</i>	<i>6,996</i>
<i>Net Change in Net Assets</i>	<i>481,639</i>
<i>Net Assets(Deficit) at Beginning of Year</i>	<i>(31,819)</i>
	<u>(31,819)</u>
<i>Net Assets at End of Year</i>	<i>\$ 449,820</i>
	<u>\$ 449,820</u>

The notes to the basic financial statements are an integral part of this statement.

**Greenfield Exempted Village Schools**  
**Statement of Cash Flows**  
**Governmental Activities - Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2006**

	<b>Internal Service Fund</b>
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>	
<i>Cash Flows from Operating Activities:</i>	
Cash Received from Customers	\$1,081,692
Cash Received from Other Operating Sources	\$184,850
Cash Payments for Claims	(765,863)
Cash Payments for Purchased Services	(255,756)
Cash Payments for Other Operating Uses	(20,593)
<i>Net Cash Provided by Operating Activities</i>	224,330
<i>Cash Flows from Investing Activities</i>	
Interest on Investments	6,996
<i>Net Increase in Cash and Cash Equivalents</i>	231,326
Cash and Cash Equivalents at Beginning of Year	425,397
Cash and Cash Equivalents at End of Year	\$656,723
<b><i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i></b>	
Operating Income	\$474,643
<i>Changes in Assets and Liabilities:</i>	
Decrease in Claims Payable	(250,313)
<i>Net Cash Provided by Operating Activities</i>	\$224,330

The notes to the basic financial statements are an integral part of this statement.



**Greenfield Exempted Village Schools**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2006**

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	<b>Private Purpose Trust Fund</b>	<b>Agency Fund</b>
ASSETS:		
Equity in Pooled Cash and Cash Equivalents	<u>\$ 164,728</u>	<u>\$ 113,201</u>
LIABILITIES:		
Undistributed Monies		<u>\$ 113,201</u>
NET ASSETS:		
Restricted for Other Purposes	\$ 143,554	
Held in Trust for Scholarships	<u>21,174</u>	
Total Net Assets	<u>\$ 164,728</u>	

The notes to the basic financial statements are an integral part of this statement.

**Greenfield Exempted Village Schools**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Funds*  
**June 30, 2006**

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	<b>Private Purpose Trust Fund</b>
ADDITIONS:	
Gifts and Contributions	\$ 48,413
Investment Earnings	<u>43,136</u>
<i>Total Additions</i>	91,549
DEDUCTIONS:	
Payments in Accordance with Trust Agreements	<u>70,375</u>
Change in Net Assets	21,174
Net Assets Beginning of Year - Restated - See Note 3	<u>143,554</u>
Net Assets End of Year	<u><u>\$ 164,728</u></u>

The notes to the basic financial statements are an integral part of this statement.

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Greenfield Exempted Village Schools (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The School District was established in 1966 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 76 square miles. It is located in Highland, Ross and Fayette Counties, and includes the village of Greenfield, South Salem and Rainsboro. It is staffed by 102 non-certificated employees, 155 certificated full-time teaching personnel and 11 administrative employees who provide services to 2,288 students and other community members. The School District currently operates seven instructional buildings, one administrative/instructional building, four modular/administrative instructional buildings and one garage.

*Reporting Entity:*

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure 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 Greenfield Exempted Village Schools, 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 following organizations which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these organizations nor are they fiscally dependent on the School District:

- \* Boosters Clubs
- \* Parent Teacher Organizations

The School District is associated with three organizations which are defined as jointly governed organizations. These organizations are the South Central Ohio Computer Association, Hopewell Special Education Regional Resource Center, and the Great Oaks Institute of Technology. These organizations are presented in Note 16 to the basic financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Greenfield Exempted Village Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (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 most significant of the School District's accounting policies are described below.

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**A. Basis of Presentation - Fund Accounting**

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.

*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 statement of net assets presents the financial condition of governmental activities of the School District at 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 therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

*Fund Financial Statements:*

During the year, the School District segregates transactions related to certain School District functions or activities in 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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

**B. Fund Accounting**

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District's functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

**Governmental Funds**

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

**General Fund**

The General Fund is the general 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 is available to the School District for any purpose provided it is expended or transferred according to the school laws of Ohio.

**Greenfield Exempted Village Schools**  
*Notes to the Basic Financial Statements*  
**For the Fiscal Year Ended June 30, 2006**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Fund Accounting** (continued)

**Permanent Fund**

The Permanent fund is a fund provided to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs - that is, for the benefit of the government or its citizenry.

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

**Proprietary Funds**

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

**Internal Service Fund**

The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the self-insurance program for employee medical/surgical and prescription insurance.

**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. The School District's fiduciary funds are agency funds and private purpose trust 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

The School District's agency funds are used to maintain financial activity of the School District's Student Managed Activities, and private purpose trust funds are used to maintain the financial activity of the School District's Scholarship Funds.

**Measurement Focus**

*Government-wide Financial Statements* - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

*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.

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Fund Accounting** (continued)

**Measurement Focus** (continued)

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

**Basis of Accounting**

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

**Revenues – Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (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 expenditures 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 year-end: property taxes available as an advance, tuition, grants, and fees.

**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.

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Fund Accounting** (continued)

**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, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due, (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities as payments come due each period upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**C. 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 set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

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 statement are based on estimates in place when the first permanent appropriations were passed. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2006.

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 year.

**Encumbrances**

Encumbrance accounting is utilized by the School District for all funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. On the fund financial statements encumbrances outstanding at fiscal year-end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds. A reserve for encumbrance is not reported on the government-wide financial statements. Encumbrances are reported as part of expenditures on a Non-GAAP budgetary basis in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund.

**D. Cash, Cash Equivalents, and Investments**

To improve cash management, all cash received by the School District is pooled. Monies for all funds, except for a portion of the Permanent Fund, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as Equity in Pooled Cash and Cash Equivalents on the balance sheet.

During fiscal year 2006, the School District's investments were limited to funds invested in stocks.

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Cash and Cash Equivalents** (continued)

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 equivalents.

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 \$95,734 and \$5,673 for all other governmental funds.

**E. Capital Assets and Depreciation**

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets 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) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,000. 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. The District does not capitalize interest for capital asset purchases.

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>Estimated Lives</u>
Land Improvements	10-25 years
Buildings and Improvements	20-50 years
Furniture and Equipment	5-15 years
Vehicles	3-15 years

**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. Compensated Absences**

Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. The liability includes the employees who are currently eligible to receive severance benefits and those the School District has identified as probable of receiving payment in the future. The accrual amount is based upon accumulated sick leave and accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the School District's severance policy.



**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**G. Compensated Absences** (continued)

The entire compensated absence liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as 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 fund from which the employee will be paid.

**H. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and proprietary fund 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, claims and judgments, compensated absences, and special termination benefits 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 in the current year. Bonds, long-term loans, and capital leases are recognized as a liability on the government-wide financial statements when due.

**I. Fund Balance Reserves**

The School District records reservations for portions of fund balance which are legally segregated for a specific future use or which are not available for appropriation. Unreserved undesignated fund balance represents that portion of fund balance reflected for Governmental Funds, which is available for use within the specific purpose of those funds. Fund balance reserves are established for encumbrances, endowments, and property taxes.

**J. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**K. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements 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 represent balances in special revenue funds for grants received which are restricted to their use by grantees.

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

Of the School District's \$3,464,359 restricted net assets, \$0 is restricted for enabling legislation.

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**L. 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. Interfund transfers within governmental activities are eliminated in the statement of activities.

**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES**

For the fiscal year 2006, the School District implemented GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, and GASB Statement No. 47, *Accounting for Termination Benefits*. GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets. GASB Statement No. 46 requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. GASB Statement No. 47 establishes accounting standards for termination benefits. The application of these new standards did not have an effect on the financial statements, nor did their implementation require a restatement of prior year balances.

The restated fund balance amount for governmental funds and the restated net asset amount for governmental activities and fiduciary funds reflects the change in net assets for governmental funds at June 30, 2005 and were due to the reclassification of funds from a special revenue fund to a private purpose trust fund, and reclassification of a special revenue fund to a general fund equivalent.

	<u>General Fund</u>	<u>Permanent</u>	<u>All Other Governmental Funds</u>	<u>Total</u>
Fund Balances, June 30, 2005	\$ (12,200)	\$ 1,312,689	\$ 2,075,994	\$ 3,376,483
Fund Reclassification	2,181	-	(145,735)	(143,554)
Restated Fund Balances, June 30, 2005	<u>\$ (10,019)</u>	<u>\$ 1,312,689</u>	<u>\$ 1,930,259</u>	<u>\$ 3,232,929</u>

		<u>Fiduciary Funds</u>	
		<u>Private Purpose</u>	<u>Trust Fund</u>
Net Assets, June 30, 2005	\$	-	
Net Asset Reclassification		143,554	
Restated Net Assets, June 30, 2005	<u>\$</u>	<u>143,554</u>	

		<u>Governmental Activities</u>	
Net Assets, June 30, 2005	\$	27,284,572	
Fund Reclassification		(143,554)	
Restated Net Assets, June 30, 2005	<u>\$</u>	<u>27,141,018</u>	

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

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**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (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 and Actual (Budgetary Basis) presented 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 basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis);

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

Net Change in Fund Balance	
GAAP Basis	\$ 1,510,627
Revenue Accruals	1,062,057
Expenditure Accruals	(1,464,037)
Encumbrances	<u>(787,296)</u>
Budget Basis	<u><u>\$ 321,351</u></u>

**NOTE 5 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the School District into three categories.

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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 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 accounts, including passbook accounts.

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, its political subdivisions, or other units or agencies of this State or its political subdivisions;
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, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the District lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the District's total average portfolio; and
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the District's average portfolio.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

**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. As of June 30, 2006, \$488,501 of the School District's bank balance of \$5,992,361 was insured by the FDIC. The remaining balance was covered by a 105% public depository pool, which was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least on hundred five percent of the deposits being secured.

**Investments** At fiscal year end, the School District had the following investments and maturities:

	Carrying/Fair Value	Weighted Average Maturity (Years)
Common Stocks	\$ 816,181	0
Total Investment	\$ 816,181	0

**Interest rate risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

**Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District limits their investments to stock and Certificates of Deposit. Investments in preferred stock should be rated "A" or better by Moody's or S&P at the time of purchase. The School District's investment policy does not address credit risk.

**Concentration of credit risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. 100% of the School District's investments are in common stocks. The School District's investment policy does not address concentration of credit risk.

**Custodial credit risk** - Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District. The School District's investment policy does not address custodial credit risk.

**NOTE 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 located in the School District. Property tax revenue received during calendar year 2006 for real and public utility property taxes represents collections of calendar year 2005 taxes. Property tax payments received during calendar year 2006 for tangible personal property (other than public utility property) is for calendar year 2005 taxes.

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

**NOTE 6 - PROPERTY TAXES** (continued)

2006 real property taxes are levied after April 1, 2005, on the assessed value as of January 1, 2005, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

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

2006 tangible personal property taxes are levied after April 1, 2005, on the value as of December 31, 2004. Collections are made in 2006. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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.

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

The assessed values upon which fiscal year 2006 taxes were collected are:

	2005 Second- Half Collections		2006 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$96,912,710	88.68%	\$130,999,386	87.36%
Public Utility	4,935,060	4.52%	7,911,900	5.28%
Tangible Personal Property	7,427,101	6.80%	11,049,346	7.36%
Total Assessed Value	<u>\$109,274,871</u>	<u>100.00%</u>	<u>\$149,960,632</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$28.10		\$28.10	

The School District receives property taxes from Fayette, Highland and Ross Counties. The County Auditor periodically advances 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 represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became 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 amounts available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue.

The amount available as an advance at June 30, 2006, was \$113,654 in the General Fund, \$2,636 in the Classroom Facilities Non-major Special Revenue Fund, and \$12,494 in the Debt Service Non-major Debt Service Fund.

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

**NOTE 7 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2006, was as follows:

	Ending Balance 6/30/2005	Additions	Deletions	Ending Balance 6/30/2006
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$42,231	\$0	\$0	\$42,231
Total Capital Assets, Not Being Depreciated	42,231	0	0	42,231
Capital Assets Being Depreciated				
Land Improvements	562,030	0	(5,412)	556,618
Buildings and Improvements	33,687,039	0	(99,301)	33,587,738
Furniture and Equipment	3,707,614	6,575	(55,971)	3,658,218
Vehicles	1,545,181	58,489	(10,160)	1,593,510
Total Capital Assets Being Depreciated	39,501,864	65,064	(170,844)	39,396,084
Less: Accumulated Depreciation:				
Land Improvements	(332,616)	(24,283)	5,412	(351,487)
Buildings and Improvements	(7,107,576)	(790,927)	94,424	(7,804,079)
Furniture and Equipment	(2,857,548)	(157,509)	51,510	(2,963,547)
Vehicles	(1,033,559)	(78,684)	9,144	(1,103,099)
Total Accumulated Depreciation	(11,331,299)	(1,051,403)	160,490	(12,222,212)
Total Capital Assets Being Depreciated, Net	28,170,565	(986,339)	(10,354)	27,173,872
Governmental Capital Assets, Net	\$28,212,796	(\$986,339)	(\$10,354)	\$27,216,103

Depreciation expense was charged to government functions as follows:

Instruction:	
Regular	\$937,340
Special Instruction	353
Vocational Instruction	1,951
Support Services:	
Instructional Staff	260
Administration	1,841
Operation and Maintenance of Plant	66,001
Pupil Transportation	13,575
Operation of Non-Instructional Services	30,082
Total Depreciation Expense	<u>\$1,051,403</u>

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

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**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2006, consisted of taxes, and intergovernmental grants. 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 fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Non-Major Special Revenue Funds:	<u>Amount</u>
Ohio Reads	\$ 908
Title VI	7,463
Title I	7,995
Federal Programs	<u>264</u>
Total Non-Major Special Revenue Funds	<u>16,630</u>
Total All Funds	<u><u>\$ 16,630</u></u>

**NOTE 9 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2006, the School District contracted with the Indiana Insurance Company for property, fleet, professional liability insurance and inland marine coverage. Coverages provided were as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$20,000,000
Inland Marine Coverage (\$1,000 deductible)	2,000,000
Boiler & Machinery (\$1,000 deductible)	No Limit
Automobile Liability	1,000,000
Uninsured Motorists	250,000
General Liability	
Per occurrence	1,000,000
Total per year	5,000,000

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

Through September 2005, medical/surgical and prescription insurance is offered to employees through a self-insurance internal service fund. BAC administered claims for the District. The claims liability of \$206,903 reported in the Internal Service fund at June 30, 2006 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of cost relating to incurred but not reported claims, be reported.

As of October 2005, the School District contracted with United Healthcare to provide medical/surgical and prescription insurance coverage to its employees and their families. The School District continued to self-insure employee excess costs not covered by United Healthcare.



**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

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**NOTE 9 - RISK MANAGEMENT** (continued)

Changes in claims activity for the past three fiscal years are as follows:

		<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2004	\$	478,004	\$ 2,251,086	\$ 2,341,522	\$ 387,568
2005		387,568	2,951,693	2,882,045	457,216
2006		457,216	515,550	765,863	206,903

**NOTE 10 - 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 43215-3476 or by calling (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

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 statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005 and 2004 were \$148,589, \$351,304 and \$147,985; 44 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. \$147,871 represents the unpaid contribution for fiscal year 2006 and is recorded as a liability within the respective funds.

*B. State Teachers Retirement System*

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 is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. 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 (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

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

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

*B. State Teachers Retirement System* (continued)

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

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

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

Eligible faculty of Ohio’s public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

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

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

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

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

*B. State Teachers Retirement System* (continued)

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

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

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.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2006, 2005, and 2004 were \$1,031,039, \$934,221 and \$1,058,892; 83 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. \$178,442 represents the unpaid contribution for fiscal year 2006 and is recorded as a liability within the respective funds.

**NOTE 11-POSTEMPLOYMENT BENEFITS**

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

STRS retirees who participated in the DB or Combined plans and their dependents are eligible for health care coverage. The STRS 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 health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$77,781 for fiscal year 2006.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 the balance in the Fund was \$3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. 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. 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. For the 2006 fiscal year, School District paid \$77,538 to fund health care benefits, including the surcharge.

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

**NOTE 11-POSTEMPLOYMENT BENEFITS** (continued)

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. As of June 30, 2006, the value of the health care fund was \$295.6 million, which is about 221% of next year's projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claims costs. The number of participants eligible to receive benefits was 59,492.

**NOTE 12 - EMPLOYEE BENEFITS**

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 30 days for all personnel.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Sun Life Financial.

C. Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

**NOTE 13 - LONG-TERM LIABILITIES**

The changes in the School Districts long-term liabilities during fiscal year 2006 were as follows:

	Principal Outstanding 6/30/2005	Additions	Deletions	Principal Outstanding 6/30/2006	Due in One Year
General Obligation Bonds:					
1998 School Improvement 4.99%	\$ 3,120,000	\$ -	\$ 135,000	\$ 2,985,000	\$ 140,000
Compensated Absences	<u>1,235,250</u>	<u>1,369,049</u>	<u>1,235,250</u>	<u>1,369,049</u>	<u>18,518</u>
Total Long-Term Liabilities	<u>\$ 4,355,250</u>	<u>\$ 1,369,049</u>	<u>\$ 1,370,250</u>	<u>\$ 4,354,049</u>	<u>\$ 158,518</u>

On July 27, 1998, the School District issued long-term general obligation bonds in the amount of \$3,999,100, as a result of the School District being approved for a \$19,699,000 school facilities loan through the State Department of Education for the construction of an education complex. The 4.99% bonds will be retired in December, 2020. As a requirement of the loans, the School District was required to pass a 3.02 mill levy. The 3.02 mill levy, of which .5 mill was to be used for the retirement of the loan, with the balance of 2.52 mills to be used for the retirement of the long-term bonds issued, will be in effect for twenty-three years.

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

**NOTE 13 - LONG-TERM LIABILITIES** (continued)

The School District has been notified by the Ohio School Facilities Commission that they will not be responsible for repaying the \$19,699,000 classroom facilities loan to the State because the School District's adjusted valuation per pupil was less than the state-wide median adjusted valuation per pupil. In lieu of the repayment, the School District must set aside the funds that would have been used for repayment for facilities maintenance. As part of this process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the School District's adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three year period, the School District may become responsible for repayment of a portion of the State's contribution.

Compensated absences will be paid from the fund from which the employees' salaries are paid. The School District's overall legal debt margin was \$10,511,457 with an unvoted debt margin of \$149,961 at June 30, 2006. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2006, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2007	\$ 140,000	\$ 147,220	\$ 287,220
2008	145,000	140,985	285,985
2009	150,000	134,420	284,420
2010	160,000	127,405	287,405
2011	165,000	119,269	284,269
2012-2016	975,000	446,799	1,421,799
2017-2021	1,250,000	162,250	1,412,250
Totals	<u>\$ 2,985,000</u>	<u>\$ 1,278,348</u>	<u>\$ 4,263,348</u>

**NOTE 14 – NOTES PAYABLE**

Debt outstanding on June 30, 2006 consisted of the following:

Date of Issue	Interest Rate	Maturity Date	Balance 06/30/05	Additions	Deletions	Balance 06/30/06
12/30/03	3.65%	12/01/08	\$ 680,000	\$0	\$680,000	\$0

Tax Anticipation Notes were issued for general operations. Tax Anticipation Notes are direct obligations of the District for which its full faith, credit and resources are pledged and are payable from income tax collections.

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

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**NOTE 15 - INTERFUND ACTIVITY**

**Interfund Payables/Receivables**

As of June 30, 2006, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Fund:		
General Fund	\$ 434,547	\$ 130,000
Debt Service Funds, Non-Major:		
Debt Service	130,000	
Special Revenue Funds, Non-Major:		
Food Service	-	185,366
Adult Education	-	100
Termination of Benefits		50,000
Elementary Ohio Reads		908
Title VI	-	7,463
Title I	-	22,420
Improving Teacher Quality	-	8,026
Federal Programs	-	264
Total Special Revenue Funds	<u>-</u>	<u>274,547</u>
Capital Projects Funds, Non-Major:		
Permanent Improvement	-	60,000
Swimming Pool Repair Fund		100,000
Total Capital Projects Funds	<u>-</u>	<u>160,000</u>
Totals	<u><u>\$ 564,547</u></u>	<u><u>\$ 564,547</u></u>

During the year, the School District's General fund made advances to other funds in anticipation of intergovernmental grant revenue and for debt service requirements. The interfund receivable to the Debt Service fund is due to a tax anticipation note that was paid on behalf of the General fund.

**Interfund Transfers**

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

As of June 30, 2006, transfers that resulted from various interfund transactions were as follows:

	<u>Transfer From</u>	<u>Transfer To</u>
Major Fund:		
General Fund	\$ 195,642	\$ -
Non-Major Capital Projects Fund		
Swimming Pool Repair Fund	-	100,000
Permanent Improvement Fund	-	95,642
Total	<u><u>\$ 195,642</u></u>	<u><u>\$ 195,642</u></u>

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

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**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

*South Central Ohio Computer Association* - The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county, elected by majority vote of all charter member school districts within each county, two treasurers elected by majority vote of all charter school districts, and one representative from the fiscal agent. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, at P. O. Box 577, 23365 St. Rt. 124, Piketon, Ohio 45661.

*Hopewell Special Education Regional Resource Center* - The Hopewell Special Education Regional Resource Center (Hopewell) is a jointly governed organization created by the Ohio Department of Education at the request of the participating school districts to offer direct and related services to low incidence handicapped students of the region. Seventeen local, city, and exempted village school districts receive services from Hopewell. Hopewell is operated under regulations and policies established by the Ohio Department of Education, and its own governing board. The governing board is made up of superintendents from the seventeen school districts, plus a representative from the county board of education, a representative from the board of mental retardation and developmental disabilities, two joint vocational school superintendents and five parents of handicapped children living in the region. The Clinton-Fayette-Highland Educational Service District acts as fiscal agent. Hopewell receives funding from the contracts with each of the member school districts and Federal and State grants. To obtain financial information write to Hopewell at the Clinton-Fayette-Highland Educational Service District, 62 Laurel Dr., Wilmington, Ohio 45177.

*Great Oaks Institute of Technology* - The Great Oaks Institute of Technology is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts elected boards, which possesses its own budgetary and taxing authority. To obtain financial information write to the Great Oaks Institute of Technology, at 3254 East Kemper Road, Cincinnati, Ohio 45241-1581.

**NOTE 17 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

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 or construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in restricted cash at year-end and carried forward to be used for the same purposes in future years.

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

	Textbooks	Capital Acquisition
Set-aside Cash Balance as of June 30, 2005	\$0	\$0
Current year set-aside requirement	339,544	339,544
Offsets and Prior Year Carryover	(626,838)	(12,195,606)
Qualifying disbursements	(307,765)	(94,341)
Set-aside Reserve Balance Carried Forward to Future Fiscal Years	(\$595,059)	(\$11,950,403)
Set-aside Reserve Balance as of June 30, 2006	\$0	\$0

**Greenfield Exempted Village Schools**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

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**NOTE 17 - SET-ASIDE CALCULATIONS AND FUND RESERVES** (continued)

The School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero in the Textbooks and Capital Acquisition Reserves. These extra amounts may be carried forward and used to reduce the set-aside requirements of future years.

**NOTE 18 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires 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 is party to legal proceedings. However, management of the School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the School District's financial condition.

**NOTE 19 – ACCOUNTABILITY**

**Accountability - Fund Balance Deficits**

At June 30, 2006, the Food Service, Student Intervention, Chapter 1, Preschool, and Improving Teacher Quality Special Revenue Funds had fund balance deficits of \$113,972, \$75, \$14,043, \$187 and \$11,835, respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTE 20 – INCOME TAX**

The School District levies a voted tax of one and one-quarter percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2004, and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.



Greenfield Exempted Village Schools  
Highland County

Schedule of Federal Awards Expenditures  
For the Fiscal 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
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through Ohio Department of Education:</i>						
Nutrition Cluster						
School Breakfast Program	05PU	10.553	\$ 68,120	\$ -	\$ 68,120	\$ -
National School Lunch Program	LLP4	10.555	286,964	-	286,964	-
Total Nutrition Cluster			355,084	-	355,084	-
Food Donation	NA	10.550	0	80,575	0	80,575
<b>Total United States Department of Agriculture</b>			355,084	80,575	355,084	80,575
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed through Ohio Department of Education</i>						
Special Education Cluster:						
Special Education- Grants to States	6B-SF	84.027	516,453	-	501,921	-
Special Education- Preschool Grants	PGS1	84.173	8,829	-	8,299	-
<i>Passed through Southern Ohio Educational Service Center</i>						
Special Education - Grants to States	NA	84.027	73,997	-	74,904	-
Total Special Education Cluster			599,279	-	585,124	-
<i>Passed through Ohio Department of Education</i>						
Title I Grants to Local Educational Agencies	C1S1	84.010	304,315	-	320,762	-
Safe and Drug Free Schools and Communities - State Grants	DRS1	84.186	11,380	-	11,070	-
State Grants for Innovative Programs	C2S1	84.298	7,603	-	6,553	-
Education Technology State Grants	TJS1	84.318	6,081	-	7,418	-
Improving Teacher Quality State Grants	TRS1	84.367	113,074	-	111,793	-
<i>Passed through the Great Oaks Institute of Technology and Career Development</i>						
Vocational Education-Basic Grants to States	NA	84.048	5,735	-	4,301	-
<b>Total United States Department of Education</b>			1,047,467	-	1,047,021	-
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
State Children's Insurance Program	NA	93.767	3,570	-	3,570	-
Medical Assistance Program	NA	93.778	26,582	-	26,582	-
<b>Total United States Department of Health and Human Services</b>			30,152	-	30,152	-
<b>Total Federal Financial Assistance</b>			<u>\$ 1,432,703</u>	<u>\$ 80,575</u>	<u>\$ 1,432,257</u>	<u>\$ 80,575</u>

NA = Pass through entity number could not be located.  
See Notes to the Schedule of Federal Awards Receipts and Expenditures.

**GREENFIELD EXEMPTED VILLAGE SCHOOLS**  
*Notes to Schedule of Federal Awards Expenditures*  
*For the Fiscal Year Ended June 30, 2006*

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B -FOOD DONATION**

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

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

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board  
Greenfield Exempted Village School District  
200 North Fifth Street  
Greenfield, Ohio 45123

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenfield Exempted Village School District (the School District), as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 23, 2007, in which we indicated that the School District implemented GASB Statements No. 42, 46 and 47. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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 that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

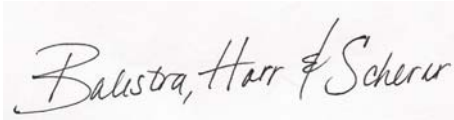
### **Compliance and Other Matters**

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

We also noted certain matters that we reported to management of the School District in a separate letter dated March 23, 2007.

Members of the Board  
Greenfield Exempted Village School District  
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*  
Page 2

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored, slightly textured background.

Balestra, Harr & Scherer CPAs, Inc.  
March 23, 2007

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## **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Members of the Board  
Greenfield Exempted Village School District  
200 North Fifth Street  
Greenfield, Ohio 45123

### **Compliance**

We have audited the compliance of Greenfield Exempted Village School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

### **Internal Control Over Compliance**

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



Balestra, Harr & Scherer CPAs, Inc.  
March 23, 2007

**GREENFIELD EXEMPTED VILLAGE SCHOOLS  
HIGHLAND COUNTY, OHIO  
JUNE 30, 2006**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under section .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	CFDA #84.010, Title I Grants to Local Educational Agencies CFDA #84.027 & 84.173, Special Education Cluster
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

**GREENFIELD EXEMPTED VILLAGE SCHOOLS  
HIGHLAND COUNTY, OHIO  
JUNE 30, 2006**

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

**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





Mary Taylor, CPA  
Auditor of State

**GREENFIELD EXEMPTED VILLAGE SCHOOL DISTRICT**  
**HIGHLAND 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**