

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT

GREENE COUNTY

AUDIT REPORT

For the Year Ended June 30, 2015



Dave Yost • Auditor of State

Board of Education
Greene County Vocational School District
2960 West Enon Rd
Xenia, OH 45385

We have reviewed the *Independent Auditor's Report* of the Greene County Vocational School District, Greene County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2014 through June 30, 2015. 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 Greene County Vocational School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

February 16, 2016

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**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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INDEPENDENT AUDITORS' REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greene County Vocational School District, Greene County, (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

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 Greene County Vocational School District, Greene County, Ohio, as of June 30, 2015, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the financial statements, during the year ended June 30, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Receipts and Expenditures of Federal Awards presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
December 23, 2015

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

The discussion and analysis of the Greene County Vocational School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. 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 financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

The key financial highlights for fiscal year 2015 are as follows:

- Total net position increased by 436.8 percent from restated beginning balance during fiscal year 2014 as the positive change associated with the increase in current assets and the decrease in the net pension liability was larger than the negative change associated with the increase in deferred inflows of resources for the fiscal year. The nearly \$6.5 million lawsuit settlement the District reached late in fiscal year 2015, which is reported as a special item, contributed significantly to the increase of net position for the year.
- Total assets of governmental activities increased by nearly \$8.9 million, predominately due to an increase in pooled cash and investments and the \$5.2 million receivable recorded associated with lawsuit settlement.
- Total liabilities decreased by approximately \$3.7 million in total or 15.5 percent. This is due to the decrease in the net pension liability reported at June 30, 2015 compared the liability reported one year prior.
- General revenues accounted for \$15.0 million or 93.5 percent of total revenue. Program specific revenues in the form of charges for services and sales and operating grants and contributions account for \$1.0 million or 6.5 percent of total revenues of \$16.1 million. The special item reported also increased net position during the year by \$6.5 million.
- The general fund of the School District ended fiscal year 2015 with a fund balance of nearly \$5.7 million, an increase of nearly \$1.9 million when compared to that reported for the prior fiscal year; of which \$1.3 million is from the lawsuit settlement discussed above. The remaining increase is directly attributable to management's efforts to control expenditures.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Greene County Vocational School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregated view of the School District's finances and a longer-term view of those statements. 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 what remains 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. Major funds for the

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

School District include; the general fund (the School District's operating fund) and the permanent improvement fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2015?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting which takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in that net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Most of the School District's activities are reported as governmental activities. These include, but are not limited to, instruction, support services, operation of non-instructional services, and extracurricular activities. The School District does not have any business-type activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the General and Permanent Improvement Funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds, and therefore only the major funds are presented separate from the other governmental funds.

Governmental Funds

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 an accounting method called modified accrual, which measures cash and all other financial assets that can readily be 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

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

Fiduciary Funds

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

Notes to the Financial Statements

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2015 compared to one year prior:

TABLE 1
NET POSITION

	<u>2015</u>	<u>Revised 2014</u>
<i>Assets</i>		
Current and Other Assets	\$ 27,632,458	\$ 18,354,843
Capital Assets	<u>14,174,007</u>	<u>14,575,176</u>
Total Assets	<u>41,806,465</u>	<u>32,930,019</u>
<i>Deferred Outflows of Resources:</i>		
Pension	<u>1,210,167</u>	<u>1,156,130</u>
Total Deferred Inflows of Resources:	<u>1,210,167</u>	<u>1,156,130</u>
<i>Liabilities:</i>		
Current Liabilities	1,471,409	1,662,703
Long-Term Liabilities:		
Net Pension Liability	18,512,432	22,001,304
Other Long-Term Liabilities	<u>352,119</u>	<u>403,583</u>
Total Liabilities	<u>20,335,960</u>	<u>24,067,590</u>
<i>Deferred Inflows of Resources:</i>		
Property Taxes not Levied to Finance		
Current Year Operations	8,374,278	7,978,391
Pension	<u>3,353,898</u>	<u>-</u>
Total Deferred Inflows of Resources:	<u>11,728,176</u>	<u>7,978,391</u>
<i>Net Position:</i>		
Net investment in capital assets	14,157,337	14,525,173
Restricted	11,984,815	4,843,555
Unrestricted	<u>(15,189,656)</u>	<u>(17,328,560)</u>
Total Net Position	<u>\$ 10,952,496</u>	<u>\$ 2,040,168</u>

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

During 2015, the School District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation (and the School District's restatement of accumulated depreciation) also had the effect of restating net position at June 30, 2014, from \$22,885,342 to \$2,040,168 (see note 18 for additional information).

The amount by which the School District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources is called net position. As of June 30, 2015, the School District's total net position was \$11.0 million. Of that amount, approximately \$14.1 million was the net investment in capital assets. Nearly \$12.0 million was subject to external restrictions upon its use. The remaining deficit of nearly \$15.2 million resulted from the School District's recognition of GASB 68. Prior to the implementation of GASB 68, the School District reported a positive unrestricted net position of \$5.5 million. Although the revenues remained relatively consistent from prior year, the District reduced their expenditures by \$1.8 million from total expenses reported in the prior year, which would indicate the unrestricted net position would have increased further at the end of fiscal year 2015 if the effects of implementing GASB 68 are eliminated. The increase in restricted net position is due to the accumulation of cash in the School District's permanent improvement fund as well as the litigation settlement receivable recorded within that fund during the year. Net position invested in net capital assets decreased slightly as current year depreciation expense and disposals exceeded capital asset additions.

Total assets increased by nearly \$8.9 million at June 30, 2015 compared to one year prior as the increase in cash and cash equivalents (\$4.1 million) and litigation receivable (\$5.2 million) was greater than the decrease reported in net capital assets for the fiscal year. The \$3.7 million decrease in total liabilities resulted almost exclusively to the decrease in the net pension liability reported at June 30, 2015 compared to the liability amount reported on year prior. The increase in deferred inflows of resources was the result of implement the requirements of GASB 68 during the year.

Table 2 shows the changes in net position for fiscal years 2015 and 2014.

TABLE 2
CHANGES IN NET POSITION

	<u>2015</u>	<u>Revised 2014</u>
<i>Revenues:</i>		
Program Revenues:		
Charges in Services	\$ 552,523	\$ 869,567
Operating Grants & Contributions	486,641	634,999
General Revenues:		
Property taxes	9,227,959	9,458,316
Grants & Entitlements	5,625,061	5,669,055
Investment Earnings	14,152	12,360
Miscellaneous	165,100	198,623
Total Revenues	16,071,436	16,842,920

(Continued)

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

TABLE 2
CHANGES IN NET POSITION
(Continued)

	<u>2015</u>	Revised <u>2014</u>
<i>Program Expenses:</i>		
Instruction	7,553,199	8,921,015
Support Services:		
Pupils and Instructional Staff	1,743,030	2,074,433
Board of Education, Administration, and Fiscal	2,119,607	2,070,541
Plant Operation and Maintenance	1,573,344	1,647,711
Pupil Transportation	17,449	7,214
Central	295,877	414,430
Operation of Non-Instructional Services	270,074	260,002
Extracurricular Activities	49,862	69,943
Total Expenses	<u>13,622,442</u>	<u>15,465,289</u>
<i>Special Item</i>		
Settlement of Litigation	6,463,334	-
<i>Change in Net Position</i>	8,912,328	1,377,631
<i>Beginning Net Position</i>	2,040,168	21,507,711
Restatement to Implement GASB 68	-	(20,845,174)
<i>Ending Net Position</i>	<u>\$ 10,952,496</u>	<u>\$ 2,040,168</u>

(Concluded)

The information necessary to restate the fiscal year 2014 beginning balances and the fiscal year 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, the functional expenses reported for fiscal year 2014, which amounted to \$15,465,289, was reported using the guidance of GASB Statement No. 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the pension plans. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows and outflows of resources. The required contribution is no longer a component of pension expense under GASB 68. Using the guidance provided by GASB 68, the fiscal year 2015 statements report pension expense totaling \$846,422. Consequently, in order to compare fiscal year 2015 total program expenses to those of fiscal year 2014, the following adjustments are needed:

Total FY2015 program expenses under GASB 68	\$ 13,622,442
Pension expense under GASB 68	(846,422)
FY2015 contractually required contributions	<u>1,035,434</u>
Adjusted FY2015 program expenses	13,811,454
Total FY2014 program expenses under GASB 27	15,465,289
Decrease in program expenses not related to pension	<u>\$ (1,653,835)</u>

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

As shown in Table 2, \$15.0 million, or 93.5 percent, of the School District's total revenue is derived from general revenues, essentially property taxes and state entitlement programs. Overall, total revenue decreased \$772,484, or 4.6 percent, compared with fiscal year 2014 amounts. Decrease in charges for services resulted from less adult education tuition revenue received compared to one year prior and the decrease in operating grants and contributions resulted from less grant funding allocated for fiscal year 2015 related to the Adult Education and Perkins Grants compared with the prior year.

Total expenses of the School District reported for fiscal year 2015 decreased by \$1.8 million from those reported for the prior year. The most significant decrease can be seen in instructional services that totaled nearly \$7.6 in 2015, a \$1.4 million decrease from prior fiscal year due to the decrease in adult education grants expenditures in fiscal year 2015 which resulted from less funding received for the year.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the net cost of services for fiscal years 2015 and 2014.

TABLE 3
NET (EXPENSE) REVENUE OF SERVICE

	<u>2015</u>	<u>2014</u>
Instruction	\$ (6,942,803)	\$ (8,023,074)
Support Services:		
Pupils and Instructional Staff	(1,447,849)	(1,662,787)
Board of Education, Administration, and Fiscal	(2,119,607)	(2,032,497)
Plant Operation and Maintenance	(1,573,344)	(1,647,711)
Pupil Transportation	(17,449)	(7,214)
Central	(295,877)	(414,430)
Operation of Non-Instructional Services	(160,792)	(136,210)
Extracurricular Activities	<u>(25,557)</u>	<u>(36,800)</u>
Total Net Cost of Service	<u>\$ (12,583,278)</u>	<u>\$ (13,960,723)</u>

The majority of the services offered by the School District are classified as instructional services, therefore a significant portion of the charges for services (tuition and fees) charged to member districts are reported as program revenue associated with these particular functions of expenses. It should be noted, that while some programs are classified as vocational education, the majority of the expenses related to these program (primarily personnel costs) are instructional support personnel and are therefore reported in the support services categories. Intergovernmental grants restricted to educational programs also provide revenue which can be directly related to these expense categories.

The remaining expense categories are used to capture costs related to the general operation and management of the School District. As there are very few revenue sources which are directly related to these expense categories, they are almost entirely financed through general revenues (property taxes, state foundation funding, interest earnings and other miscellaneous revenue). Depreciation expense is charged to the function utilizing the corresponding capital asset.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

In general, Table 3 indicates approximately 7.6 percent of the School District's expenses are funded through charges for services (primarily tuition) and operating grants and contributions; the remaining 92.4 percent is funded through general revenues, including tax revenue, state foundation and interest earnings.

The School District's Funds

The School District reports two major funds, the General Fund and the Permanent Improvement Fund. All funds are classified as governmental funds and are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$16.0 million and expenditures of \$13.6 million. The net increase in fund balance, including the other financing sources and special item, totaled \$9.0 million and resulted in an overall fund balance of \$17.5 million for all governmental funds, of which nearly \$5.7 million was reported in the General Fund. Included in the General Fund's ending fund balance, \$67,634 pertained to inventory and prepaid items and therefore classified as non-spendable. Another \$4,354 has been assigned for specific purposes. The remaining \$5.6 million of the General Fund's ending fund balance was unassigned and is available for future appropriations as deemed appropriate by the Governing Board. The ending unassigned fund balance reported for the General Fund at year-end represents 46.7 percent of the total General Fund expenditures reported for the year.

The School District's other major fund, the Permanent Improvement Fund, reported revenues of \$2.3 million, expenditures of approximately \$565,498, and \$5.2 million in special item transaction resulting in an ending fund balance of \$11.8 million at June 30, 2015. For the year, fund balance increased by \$7.1 million compared with nearly \$1.8 million increase in fund balance reported for the prior year, attributed primarily to the lawsuit settlement reached in June 2015. This fund is used to accumulate resources for significant repairs to and acquisition of capital assets used by the School District.

General Fund Budgeting Highlights

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

Differences between the original budget and the final amended budget were relatively minor. The original revenue estimate was \$1,344,280 less than the final revenue estimate. The School District's actual budgeted expenditures and other financing uses (includes encumbrances) equaled the final appropriations at fiscal year-end as well as the actual revenue equaling the final estimated revenue at fiscal year-end.

Capital Assets

The School District's investment in capital assets as of June 30, 2015, amounted to nearly \$14.2 million, net of accumulated depreciation. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, and vehicles. During fiscal year 2015, the School District reported capital asset additions of \$342,188, disposals of \$198,992 and depreciation expense totaling \$576,021.

See Note 8 of the notes to the basic financial statements for additional information on the School District's capital assets.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

Debt Administration

At June 30, 2015, the long-term obligations of the School District consisted solely of a state loan that had a balance of \$16,670, all of which is due to mature within the subsequent fiscal year. During fiscal year 2015 the School District's principal payments on the state loan totaled \$33,333. See Note 9 to the notes to the basic financial statements for additional information regarding debt obligations of the School District.

Under current State statutes, the School District's general obligation bonded debt issues are subject to a legal limitation based on 9 percent of the total assessed value of real and personal property. At June 30, 2015, the School District's general obligation debt was below the legal limit.

Contacting the School District's Financial Management

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

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO

Statement of Net Position
June 30, 2015

	Governmental Activities
ASSETS:	
Equity in Pooled Cash and Investments	\$ 13,039,871
Materials and Supplies Inventory	61,033
Property Taxes Receivable	9,183,721
Accounts Receivable	28,209
Intergovernmental Receivable	113,023
Litigation Settlement Receivable	5,200,000
Prepaid Items	6,601
Capital Assets:	
Non Depreciable Assets	315,028
Depreciable Assets	<u>13,858,979</u>
Total Assets	<u>41,806,465</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension	<u>1,210,167</u>
Total Deferred Outflows of Resources	<u>1,210,167</u>
LIABILITIES:	
Accounts Payable	11,977
Accrued Wages and Benefits	1,168,407
Intergovernmental Payable	210,117
Matured Compensated Absences	80,908
Noncurrent Liabilities:	
Due Within One Year	85,636
Due In More Than One Year	
Net Pension Liability	18,512,432
Other Amounts Due in More than One Year	<u>266,483</u>
Total Liabilities	<u>20,335,960</u>
DEFERRED INFLOWS OF RESOURCES:	
Property Taxes not Levied to Finance Current Year Operations	8,374,278
Pension	<u>3,353,898</u>
Total Deferred Inflows of Resources	<u>11,728,176</u>
NET POSITION:	
Net investment in capital assets	14,157,337
Restricted for:	
Debt Service	27,547
Capital Outlay	11,861,234
Other purposes	96,034
Unrestricted	<u>(15,189,656)</u>
Total Net Position	<u>\$ 10,952,496</u>

See accompanying notes to the basic financial statements.

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO

Statement of Activities
For the Fiscal Year Ended June 30, 2015

Functions/Programs:	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 982,350	\$ -	\$ -	\$ (982,350)
Vocational	6,283,214	134,986	140,855	(6,007,373)
Adult	287,635	227,948	106,607	46,920
Support Services:				
Pupils	807,561	-	207,713	(599,848)
Instructional Staff	935,469	56,002	31,466	(848,001)
Board of Education	900,657	-	-	(900,657)
Administration	742,223	-	-	(742,223)
Fiscal	476,727	-	-	(476,727)
Operation and Maintenance of Plant				
	1,573,344	-	-	(1,573,344)
Pupil Transportation				
Central	17,449	-	-	(17,449)
Non-instructional Services	295,877	-	-	(295,877)
Extracurricular Activities	270,074	109,282	-	(160,792)
	49,862	24,305	-	(25,557)
Total	\$ 13,622,442	\$ 552,523	\$ 486,641	(12,583,278)
General Revenues:				
Property Taxes Levied for:				9,227,959
Grants, Entitlements and Contributions not Restricted to Specific Programs				5,625,061
Investment Earnings				14,152
Miscellaneous				165,100
			Total General Revenues	15,032,272
Special Item:				
Settlement of Litigation				6,463,334
Change in Net Position				8,912,328
Net Position, Beginning of Year (restated)				2,040,168
Net Position, End of Year				\$ 10,952,496

See accompanying notes to the basic financial statements.

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

Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:				
Equity in Pooled Cash and Investments	\$ 6,501,847	\$ 6,488,186	\$ 49,838	\$ 13,039,871
Receivables:				
Property Taxes	7,270,744	1,912,977	-	9,183,721
Accounts	27,615	-	594	28,209
Intergovernmental	-	-	113,023	113,023
Litigation Settlement	-	5,200,000	-	5,200,000
Materials and Supplies Inventory	61,033	-	-	61,033
Prepaid Items	6,601	-	-	6,601
	<u>6,601</u>	<u>-</u>	<u>-</u>	<u>6,601</u>
Total Assets	<u>\$ 13,867,840</u>	<u>\$ 13,601,163</u>	<u>\$ 163,455</u>	<u>\$ 27,632,458</u>
LIABILITIES:				
Accounts Payable	\$ 11,977	\$ -	\$ -	\$ 11,977
Accrued Wages and Benefits	1,108,608	-	59,799	1,168,407
Intergovernmental Payable	192,666	-	17,451	210,117
Matured Compensated Absences	80,908	-	-	80,908
	<u>80,908</u>	<u>-</u>	<u>-</u>	<u>80,908</u>
Total Liabilities	<u>1,394,159</u>	<u>-</u>	<u>77,250</u>	<u>1,471,409</u>
DEFERRED INFLOWS OF RESOURCES:				
Property Taxes not Levied to Finance Current Year Operations	6,634,349	1,739,929	-	8,374,278
Unavailable Revenue	153,610	36,026	58,179	247,815
	<u>153,610</u>	<u>36,026</u>	<u>58,179</u>	<u>247,815</u>
Total Deferred Inflows of Resources	<u>6,787,959</u>	<u>1,775,955</u>	<u>58,179</u>	<u>8,622,093</u>
FUND BALANCES:				
Nonspendable:				
Inventory	61,033	-	-	61,033
Prepaid Items	6,601	-	-	6,601
Restricted for:				
Capital Improvements	-	11,825,208	-	11,825,208
Debt	-	-	27,547	27,547
State and Local Grants	-	-	2,513	2,513
District Managed Activities	-	-	44,698	44,698
Assigned for:				
Subsequent Expenditures	4,354	-	-	4,354
Unassigned	5,613,734	-	(46,732)	5,567,002
	<u>5,613,734</u>	<u>-</u>	<u>(46,732)</u>	<u>5,567,002</u>
Total Fund Balances	<u>5,685,722</u>	<u>11,825,208</u>	<u>28,026</u>	<u>17,538,956</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,867,840</u>	<u>\$ 13,601,163</u>	<u>\$ 163,455</u>	<u>\$ 27,632,458</u>

See accompanying notes to the basic financial statements.

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2015

Total Governmental Fund Balances	\$ 17,538,956
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	14,174,007
Certain other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
Accounts Receivable	22,415
Intergovernmental grants receivable	58,179
Property Taxes Receivable	167,221
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:	
Deferred Outflows - Pension	1,210,167
Deferred Inflows - Pension	(3,353,898)
Net Pension Liability	(18,512,432)
Long-term liabilities which are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences payable	(335,449)
Loans Payable	<u>(16,670)</u>
Net Position of Governmental Activities	\$ <u>10,952,496</u>

See accompanying notes to the basic financial statements.

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General Fund	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Property Taxes	\$ 7,209,793	\$ 1,967,696	\$ 33,333	\$ 9,210,822
Intergovernmental	5,206,616	335,237	558,748	6,100,601
Tuition and Fees	56,303	-	280,009	336,312
Charges for Services	-	-	12,065	12,065
Interest	14,011	141	-	14,152
Extracurricular Activities	-	-	24,305	24,305
Customer Services and Sales	56,268	-	97,217	153,485
Miscellaneous	155,090	1,268	8,742	165,100
Total Revenues	12,698,081	2,304,342	1,014,419	16,016,842
EXPENDITURES:				
Current:				
Instruction:				
Regular	978,764	-	68	978,832
Vocational	6,130,199	76,524	121,781	6,328,504
Adult	-	11,278	283,043	294,321
Support Services:				
Pupils	624,100	-	214,449	838,549
Instructional Staff	853,441	9,590	77,015	940,046
Board of Education	898,066	-	-	898,066
Administration	725,615	-	11,464	737,079
Fiscal	455,185	51,136	-	506,321
Operation and Maintenance of Plant	1,024,259	72,857	-	1,097,116
Pupil Transportation	507	-	-	507
Central	319,643	-	-	319,643
Operation of Non-Instructional Services	-	1,924	262,138	264,062
Extracurricular Activities	14,385	-	35,476	49,861
Capital Outlay	-	342,189	-	342,189
Debt Service:				
Principal	-	-	33,333	33,333
Total Expenditures	12,024,164	565,498	1,038,767	13,628,429
Revenues Over/(Under) Expenditures	673,917	1,738,844	(24,348)	2,388,413
OTHER FINANCING SOURCES (USES):				
Proceeds from Sale of Capital Assets	-	166,681	-	166,681
Transfers In	-	-	69,586	69,586
Transfers Out	(69,586)	-	-	(69,586)
Total Other Financing Sources (Uses)	(69,586)	166,681	69,586	166,681
SPECIAL ITEM:				
Settlement of Litigation	1,263,334	5,200,000	-	6,463,334
Net Change in Fund Balances	1,867,665	7,105,525	45,238	9,018,428
Fund Balance, Beginning of Year	3,818,057	4,719,683	(17,212)	8,520,528
Fund Balance, End of Year	<u>\$ 5,685,722</u>	<u>\$ 11,825,208</u>	<u>\$ 28,026</u>	<u>\$ 17,538,956</u>

See accompanying notes to the basic financial statements.

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO

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, 2015

Total Net Change in Fund Balances - Total Governmental Funds	\$	9,018,428
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense and report a gain or loss on the disposal of capital assets. In the current period, these amounts are:		
Current Year Depreciation		(576,021)
Capital Asset Additions		342,188
Carrying Value of Capital Assets Disposed of During Year		(167,336)
Revenue reported in the statement of activities that does not provide current financial resources are not reported as revenue in the funds.		
Property Taxes		17,138
Intergovernmental		36,927
Tuition and Fees		529
Repayment of long-term obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position.		
Loans Payable		33,333
Long-term compensated absences are reported as expenses in the statement of activities; however, as these long-term obligations payable do not require the use of current financial resources, they are not reported as expenditures in the governmental funds.		
		18,131
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities report these amounts as deferred outflows.		
		1,035,434
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		<u>(846,423)</u>
Change in Net Position of Governmental Activities	\$	<u>8,912,328</u>

See accompanying notes to the basic financial statements.

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Property Taxes	\$ 7,364,345	\$ 7,410,576	\$ 7,410,576	\$ -
Intergovernmental	5,204,598	5,237,271	5,237,271	-
Tuition and Fees	57,355	57,715	57,715	-
Interest	13,924	14,011	14,011	-
Miscellaneous	<u>43,532</u>	<u>1,307,139</u>	<u>1,307,139</u>	<u>-</u>
<i>Total Revenues</i>	<u>12,683,754</u>	<u>14,026,712</u>	<u>14,026,712</u>	<u>-</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular Instruction	1,029,360	985,056	985,056	-
Vocational Instruction	6,234,349	5,966,023	5,966,023	-
Support Services:				
Pupils	659,954	631,550	631,550	-
Instructional Staff	903,361	864,480	864,480	-
Board of Education	1,041,249	996,434	996,434	-
Administration	727,931	696,601	696,601	-
Fiscal	472,881	452,528	452,528	-
Operation and Maintenance of Plant	1,074,178	1,027,945	1,027,945	-
Pupil Transportation	2,883	2,759	2,759	-
Central	335,094	320,672	320,672	-
Extracurricular Activities	<u>15,032</u>	<u>14,385</u>	<u>14,385</u>	<u>-</u>
<i>Total Expenditures</i>	<u>12,496,272</u>	<u>11,958,433</u>	<u>11,958,433</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	187,482	2,068,279	2,068,279	-
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Receipts	(1,045)	(1,000)	(1,000)	-
Refund of Prior Year Expenditures	-	1,320	1,320	-
Transfers Out	<u>(72,716)</u>	<u>(69,586)</u>	<u>(69,586)</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(73,761)</u>	<u>(69,266)</u>	<u>(69,266)</u>	<u>-</u>
Net Change in Fund Balance	113,721	1,999,013	1,999,013	-
Fund Balance, Beginning of Year	4,218,450	4,218,450	4,218,450	-
Prior Year Encumbrances Appropriated	<u>159,389</u>	<u>159,389</u>	<u>159,389</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 4,491,560</u>	<u>\$ 6,376,852</u>	<u>\$ 6,376,852</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO

Statement of Fiduciary Net Position
June 30, 2015

	Private Purpose Trust Fund	Agency Fund
ASSETS:		
Equity in Pooled Cash and Cash Equivalents	\$ 3,013	\$ 41,639
Total Assets	<u>3,013</u>	<u>41,639</u>
LIABILITIES:		
Due to Students	<u>-</u>	<u>41,639</u>
Total Liabilities	<u>-</u>	<u>\$ 41,639</u>
NET POSITION:		
Held in Trust for Scholarships	<u>3,013</u>	
Total Net Position	<u>\$ 3,013</u>	

See accompanying notes to the basic financial statements.

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO

Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2015

	<u>Private Purpose Trust Fund</u>
Additions:	
Gifts and Donations	<u>\$ 1,000</u>
Total Additions	<u> 1,000</u>
Deductions:	
Community Gifts, Awards and Scholarships	<u> 1,260</u>
Total Deductions	<u> 1,260</u>
Changes in Net Position	<u> (260)</u>
Net Position at Beginning of Year	<u> 3,273</u>
Net Position at End of Year	<u>\$ 3,013</u>

See accompanying notes to the basic financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District operates under a locally-elected seven-member Board form of government and provides educational services as authorized by its charter and further mandated by state and/or federal agencies. This Board controls the School District's instructional/support facilities staffed by 101 employees. There are 69 certificated employees and 24 classified support staff and 8 administrators, who provide services to 1,565 secondary and adult education students and other community members.

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 Greene County Vocational School District, this includes general operations, food service, and student related activities of the School District.

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

The School District is associated with two organizations that are defined as jointly governed. These organizations are the Miami Valley Educational Computer Association and the Southwestern Ohio Educational Purchasing Council. These organizations are described in Note 15 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Greene County Vocational School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

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

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

Fund Financial Statements:

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

B. Fund Accounting

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds:

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

The following are the School District's major governmental funds:

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

Permanent Improvement Fund – The Permanent Improvement Fund is used to account for restricted financial resources to be used for purpose of repairing, renovating, remodeling, constructing and improving school buildings, furnishing and equipping school buildings, and improving school grounds.

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

Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District fiduciary funds are Private Purpose Trust Funds and Agency Funds. The Private Purpose Trust Fund accounts for scholarship programs for students. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The School District's agency fund accounts for pre-paid lunch fees, student loans, as well as, student activities which consist of a student body, student president, student treasurer, and faculty advisor.

C. Measurement Focus

Government-wide Financial Statements:

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

D. Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statements of the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned 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 are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension components, which are explained further in Note 10.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, student fees and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position and are further explained in Note 10.

Expenses/Expenditures:

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2015, the School District invested in STAR Ohio. Investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2015.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2015 amounted to \$14,011; \$161 was assigned from other School District funds.

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

F. Inventory

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

H. Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets specifically related to governmental activities. General capital assets usually result from expenditures in the governmental funds.

These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets less salvage value. The salvage value is calculated at 5% of the cost or estimated historical cost.

I. Accrued Liabilities and Long-term Obligations

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

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

J. Compensated Absences

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

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

K. Pensions

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

L. Net Position

Net position represents the difference between assets and liabilities. The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position 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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

or laws or regulations of other governments. Net position restricted for other purposes include resources for food service operations, and federal and state grants restricted to expenditures for specified purposes.

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

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned

Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses 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/expenses to the funds that initially paid for them are not presented on the financial statements.

O. Estimates

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

P. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level only. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Advances-in and advances-out are not required to be budgeted since they represent a cash flow resource and are intended to be repaid. The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the certificate that was in effect at the time the final appropriations were passed by the Board of Education.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

NOTE 3 – ACCOUNTABILITY

At June 30, 2015, the Food Service, the Adult Vocational Education and the Vocational Education funds had deficit fund balances of \$2,597, \$34,776 and \$9,360, respectively. The deficits in these funds are due to adjustments for accrued liabilities which generate expenditures that are greater than those recognized on a cash basis. The General Fund is liable for the deficits and provides operating transfers when cash is required, not when accruals occur.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget (non-GAAP basis) and actual for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balance (GAAP).
4. Advances are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

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

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GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

<u>Net Change in Fund Balance</u>	
<u>General Fund</u>	
GAAP Basis	\$ 1,867,665
Revenue Accruals	232,812
Expenditure Accruals	(168,855)
Encumbrances	(16,331)
Net Other Sources (Uses)	(5,000)
Budget Perspective Difference	<u>88,722</u>
Budget Basis	<u>\$ 1,999,013</u>

NOTE 5 – DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State statute into three categories. Active monies are public monies determined to be necessary to meet current demands upon the School District treasury.

Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

Interim monies held by the School District may be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

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);
7. The State Treasurer’s investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

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.

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, the carrying amount of the School District’s deposits was \$2,476,004 and the bank balance was \$2,681,521. Of the bank balance \$250,000 was covered by federal deposit insurance and the remaining \$2,431,521 was not exposed to custodial credit risk.

The 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 and deposited either with the 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 pledge to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

B. Investments

As of June 30, 2015, the School District’s only investment was in STAR Ohio. As of June 30, 2015 the fair value of the investments totaled \$10,608,519.

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

Credit Risk – The School District’s investment policy limits investments to those authorized by State statute. STAR Ohio carries a rating of AAAM by Standard and Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk – The School District places no limit on the amount it may invest in any one issuer. However, State statute limits investments in commercial paper and bankers' acceptance to 25 percent of the interim monies available for investment at any one time.

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 (used in business) located in the school district. Real property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien December 31, 2013, were levied after April 1, 2014 and are collected in 2015 with real property taxes. Public utility real property is assessed at thirty-five percent of true value.

The School District receives property taxes from Clark, Clinton, Fayette, Greene, Montgomery and Warren 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, 2015 are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2015, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

The amount available as an advance at June 30, 2015 was \$505,200 in the General Fund and \$137,022 in the Permanent Improvement Fund. The amount available as an advance at June 30, 2014 was \$705,983 in the General Fund and \$185,982 in the Permanent Improvement Fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 6 – PROPERTY TAXES (continued)

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

The assessed valuations upon which fiscal year 2015 taxes were collected are as follows:

	<u>2014 2nd Half Collections</u>	<u>Percent</u>	<u>2015 1st Half Collections</u>	<u>Percent</u>
Real Estate	\$ 3,897,132,280	97.20%	\$ 3,809,227,030	97.07%
Public Utility Personal	<u>111,615,590</u>	2.80%	<u>114,906,790</u>	2.93%
Total Assessed Valuation	<u>\$ 4,008,747,870</u>		<u>\$ 3,924,133,820</u>	

NOTE 7 – RECEIVABLES

Receivables at June 30, 2015 consisted of accrued interest, accounts (tuition and student fees), interfund, intergovernmental grants and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the intergovernmental receivables follows:

	<u>Receivable</u>
Nonmajor Governmental Funds:	
Title II-A	\$ 2,262
Carl Perkins Grant	72,621
Agriculture Education Grant	<u>38,140</u>
Total Intergovernmental Receivable	<u>\$ 113,023</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 8 – CAPITAL ASSETS

Changes in capital assets during the fiscal year ended June 30, 2015 were as follows:

	Balance 7/1/2014	Increase	Decrease	Balance 6/30/2015
<u>Capital Assets, not depreciated:</u>				
Land	\$ 315,028	\$ -	\$ -	\$ 315,028
Total Capital Assets, not depreciated:	<u>315,028</u>	<u>-</u>	<u>-</u>	<u>315,028</u>
 <u>Capital Assets, being depreciated</u>				
Land Improvements	1,640,553	25,493		1,666,046
Buildings	17,906,032	63,985		17,970,017
Machinery and Equipment	2,128,541	74,366	(20,648)	2,182,259
Vehicles	176,744	178,344	(178,344)	176,744
	<u>21,851,870</u>	<u>342,188</u>	<u>(198,992)</u>	<u>21,995,066</u>
 <u>Less: Accumulated Depreciation</u>				
Land Improvements	(396,906)	(32,679)	-	(429,585)
Buildings	(5,475,314)	(448,634)		(5,923,948)
Machinery and Equipment	(1,603,121)	(67,670)	14,714	(1,656,077)
Vehicles	(116,381)	(27,038)	16,942	(126,477)
	<u>(7,591,722)</u>	<u>(576,021) *</u>	<u>31,656</u>	<u>(8,136,087)</u>
 Depreciable Capital Assets, Net	 <u>14,260,148</u>	 <u>(233,833)</u>	 <u>(167,336)</u>	 <u>13,858,979</u>
 Total Capital Assets, Net	 <u>\$ 14,575,176</u>	 <u>\$ (233,833)</u>	 <u>\$ (167,336)</u>	 <u>\$ 14,174,007</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$ 28,266
Support Services:	
Instructional Support	11,412
Board of Education	3,958
Administration	6,574
Operation & Maintenance of Plant	502,857
Pupil Transportation	16,942
Non-instructional Services	6,012
Total Depreciation Expense	<u>\$ 576,021</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 9 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2015 were as follows:

	Revised Balance <u>7/1/2014</u>	Increase	Decrease	Balance <u>6/30/2015</u>	Due within <u>One Year</u>
Net Pension Liability:					
STRS	\$ 18,327,743	\$ -	\$ 2,941,709	\$ 15,386,034	\$ -
SERS	<u>3,673,561</u>	<u>-</u>	<u>547,163</u>	<u>3,126,398</u>	<u>-</u>
	22,001,304	-	3,488,872	18,512,432	-
State Loans, 0%	50,003	-	33,333	16,670	16,670
Compensated Absences	<u>353,580</u>	<u>31,493</u>	<u>49,624</u>	<u>335,449</u>	<u>68,966</u>
Total Long-Term Obligations	<u>\$ 22,404,887</u>	<u>\$ 31,493</u>	<u>\$ 3,571,829</u>	<u>\$ 18,864,551</u>	<u>\$ 85,636</u>

The School District received a State Construction loan to finance permanent improvement projects. The loan is being repaid with tax monies collected in the Debt Service Fund. The School District pays obligations related to employee compensation (pension contributions and compensated absences) from the fund benefitting from their service.

Under current state statutes, the School District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total value of real and personal property. At June 30, 2015, the School District's general obligation debt was below the legal limit.

Principal requirements to retire the state loan outstanding at June 30, 2015 are as follows:

	Fiscal Year <u>Ending June 30,</u>
2016	<u>\$ 16,670</u>
Total	<u>\$ 16,670</u>

NOTE 10 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 **	Eligible to retire on or after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or age 60 with 25 years of service credit

** - Members with 25 years of service credit as of August 1, 2017 will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$233,023 for fiscal year 2015; \$39,587 of contributions is reported within intergovernmental payable at June 30, 2015.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District’s contractually required contribution to STRS was \$802,411 for fiscal year 2015; \$146,649 of contributions is reported within intergovernmental payable at June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate share of the net pension liability	\$ 3,126,398	\$ 15,386,034	\$ 18,512,432
Proportion of the net pension liability	0.061775%	0.06325594%	
Pension expense	\$ 173,941	\$ 672,481	\$ 846,422

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 26,609	\$ 148,124	\$ 174,733
School District contributions subsequent to the measurement date	233,023	802,411	1,035,434
Total	\$ 259,632	\$ 950,535	\$ 1,210,167

(Continued)

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

	SERS	STRS	Total
<u>Deferred Inflows of Resources:</u>			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 507,423</u>	<u>\$ 2,846,475</u>	<u>\$ 3,353,898</u>

\$1,035,434 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	\$ (120,204)	\$ (674,588)	\$ (794,792)
2017	(120,203)	(674,588)	(794,791)
2018	(120,204)	(674,588)	(794,792)
2019	(120,203)	(674,587)	(794,790)
	<u>\$ (480,814)</u>	<u>\$ (2,698,351)</u>	<u>\$ (3,179,165)</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage inflation	3.25 percent
Future salary increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment rate of return	7.75 percent of net investments expense, including inflation
Actuarial cost method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00%	0.00%
US stocks	22.50%	5.00%
Non-US stocks	22.50%	5.00%
Fixed income	19.00%	1.50%
Private equity	10.00%	10.00%
Real assets	10.00%	5.00%
Multi-asset strategies	<u>15.00%</u>	7.50%
Total	<u>100.00%</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$ 4,460,440	\$ 3,126,398	\$ 2,004,352

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Future salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment rate of return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	31.00%	8.00%
International equity	26.00%	7.85%
Alternatives	14.00%	8.00%
Fixed income	18.00%	3.75%
Real estate	10.00%	6.75%
Liquidity reserves	<u>1.00%</u>	3.00%
Total	<u>100.00%</u>	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	\$ 9,131,371	\$ 6,378,397	\$ 4,050,308

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 11 – POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – In addition to a cost sharing multiple employer defined benefit pension plan, SERS administers a postemployment benefit plan. Sections 3309.375 and 3309.69 of the Ohio Revised Code (ORC) permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS offers several types of health plans from various vendors including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health care coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plan.

Fund Policy – The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required pension and benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund to be used to subsidize the cost of health care coverage. For the year ended June 30, 2015, the health care allocation is 0.82%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service was earned. By statute no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for health care surcharge. For fiscal year 2015, the minimum compensation level was established at \$20,450. The School District's allocated contributions to the health care fund for the years ended June 30, 2015, 2014 and 2013 were \$20,104, \$9,903, and \$9,123 respectively; which equaled the required contributions for each year.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves, dependents, or surviving beneficiaries. Premiums vary depending on plan selected, qualified years of service, Medicare eligibility, and retirement status. The financial reports of the health care plan are included in SERS' CAFR which can be obtained at www.ohsers.org under employers/audit resources.

B. State Teachers Retirement System

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio did not allocated any portion of the employer contributions to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$67,250, and \$65,031 respectively; which equaled the required contributions for each year.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 12 – RISK MANAGEMENT

A. Property and Liability

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 2015, the School District contracted with Governmental Underwriters of America, Inc. (GUA) for property, general liability and automobile insurance.

Coverage provided by GUA is as follows:

Buildings and Contents – replacement costs (\$1,000 deductible)	\$37,331,586
Automobile Liability	1,000,000
School Errors and Omissions Liability (\$2,500 deductible)	
Per Occurrence	1,000,000
Total Per Year	3,000,000
General Liability:	
Per Occurrence	1,000,000
Total Per Year	3,000,000
Umbrella Liability	5,000,000

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

B. Workers Compensation

For fiscal year 2015, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping its representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Hunter Consulting Company provides administrative, cost control and actuarial services to the GRP.

NOTE 13 – OTHER BENEFITS

A. Compensated Absences

Accumulated Unpaid Vacation - School District classified employees earn vacation leave at varying rates based upon negotiated agreements and State laws. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave.

Accumulated Unpaid Sick Leave - Sick leave may be accumulated by School District employees. Upon retirement, payment is made for one-fourth of the total unused sick leave balance up to a maximum of 70 days for certified employees and 65 days for classified employees.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 13 – OTHER BENEFITS (Continued)

B. Insurance Benefits

The School District has elected to provide employee medical benefits using United Health Care and Delta Dental coverage obtained through Southwestern Ohio Educational Purchasing Council's (SOEPC) employees benefit program. Employees share the cost of the monthly premium with the Board. The Board pays ninety percent of a single plan premium and eighty-five percent of a family plan premium. The School District's responsibility for payment of claims is limited to the monthly premium contribution made to the program.

In addition, the Board pays seventy five percent of single or family plan premiums for vision insurance through VSP and provides life insurance to employees through American United Life Insurance Company.

NOTE 14 – INTERFUND TRANSFERS

Individual fund interfund transfer balances at June 30, 2015 were as follows:

	<u>Transfer-In</u>	<u>Transfer-Out</u>
General Fund	\$ -	\$ 69,586
Food Service	37,246	-
Adult Education	32,340	-
	<u>\$ 69,586</u>	<u>\$ 69,586</u>

Interfund transfers are used to move General Fund revenue to subsidize various programs in other funds.

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Educational Computer Association

The School District is a member of the Miami Valley Educational Computer Association (MVECA), which is a computer consortium of area School Districts sharing computer resources. MVECA is an association of public school districts in a geographical area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member School Districts. The Board of MVECA consists of one representative from each of the participating members. Each member pays an annual membership fee plus any other fees for services performed by the consortium. During fiscal year 2015, the School District paid \$43,035 for services and fees. Financial information can be obtained from Thor Sage, who serves as Director, at 330 East Enon Road, Yellow Springs, Ohio 45387.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

Southwestern Ohio Educational Purchasing Council

The School District is a member of the Southwestern Ohio Educational Purchasing Council (SOEPC). The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools within geographical boundaries as defined by the SOEPC and to serve as a resource to member school districts on matters related to business operations.

The School District participates in the Council's Employees Benefit Program (EBP), a public entity risk pool, and Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The business and affairs of the EBP and GRP are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The benefits administrator of SOEPC serves as the coordinator for both programs. EBP contributions are limited to monthly "premium" contributions. Contributions to the GRP include annual enrollment fee to cover the costs of administering the program.

The SOEPC elects one of its members as Chairperson and another as Vice-Chairperson. An Executive Committee is comprised of eleven members who include the Chairperson and Vice-Chairperson and a representative from the Fiscal Agent. Each new member pays an initiation fee in addition to the annual membership fee and other appropriate assessments. During fiscal year 2015, the School District paid \$660 for membership fees. Financial information can be obtained from Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

NOTE 16 – CONTINGENT LIABILITIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2015.

B. Full-Time Equivalency Review

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school district, which can extend past the fiscal year. As of the date of this report, ODE has not finalized the impact of the of enrollment adjustments to the June 30, 2015 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 16 – CONTINGENT LIABILITIES (Continued)

C. Litigation

The School District is not a party to any legal proceedings in which the ultimate disposition of will materially affect its financial position.

NOTE 17 – SET ASIDE DISCLOSURE

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

During the fiscal year ended June 30, 2015, the School District’s cash basis reserve activity was as follows:

	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2014	\$ -
Current Fiscal Year Set-aside Requirement	115,800
Current Fiscal Year Offsets	(2,351,893)
Qualifying Disbursements	(637,207)
Ending Set-aside Balance	(2,873,300)
Set-aside Balance Carried	
Forward to Future Fiscal Years	\$ -
Set-aside Reserve Balance as of June 30, 2015	\$ -

The School District had qualifying disbursements during the fiscal year that reduced the capital acquisition set-aside amounts below zero. However; due to statutory requirements, the balance is not permitted to be carried forward to future fiscal years.

NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the School District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure.

The implementation of GASB 68 and GASB 71 noted above had the following effect on net position as reported June 30, 2014:

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION (Continued)

	Governmental Activities
Net Postion at June 30, 2014 as previously reported	\$ 22,885,342
Adjustments:	
Net Pension Liability at June 30, 2014	(22,001,304)
Deferred Outflows - Payments Subsequent to Measurement Date	1,156,130
Net Postion at June 30, 2014 as restated	\$ 2,040,168

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources related to pension as the information needed to generate these restatements was not available.

NOTE 19 – SPECIAL ITEM

In June 2015, the School District reached a settlement with various defendants regarding litigation which has been ongoing for the past three and half years. The litigation was initiated by the School District claiming flaws in the design and installation of a large geothermal heat pump and HVAC system installed several years ago. As a result of this settlement, the School District would receive settlement proceeds amounting to \$6,463,334; \$1,263,334 from the design phase defendants and \$5,200,000 from the installation and construction phase defendants.

As of June 30, 2015, the School District received the settlement proceeds from the design phase defendants. In July 2015, the School District received the remaining settlement proceeds from the installation and construction phase defendants. On the budgetary basis of accounting the settlement receipts were recorded as miscellaneous revenue in the general fund (design phase) and the permanent improvement fund (installation phase) in the period received. As such, a litigation settlement receivable was recorded in the permanent improvement fund for the portion received after the end of the fiscal year. The entire settlement transaction was classified as a special item on both the modified accrual fund statements as well as the full accrual statement of net activities.

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of the District's Proportionate Share of the Net Pension Liability
Last Two Fiscal Years (1)

	2014	2013
<u>School Employees Retirement System of Ohio:</u>		
District's Proportion of the Net Pension Liability	0.061775%	0.061775%
District's Proportionate Share of the Net Pension Liability	\$ 3,126,398	\$ 3,673,561
District's Covered-Employee Payroll	\$ 1,813,196	\$ 1,625,434
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll.	172.42%	226.00%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	71.70%	65.52%
 <u>State Teachers Retirement System of Ohio:</u>		
District's Proportion of the Net Pension Liability	0.06325594%	0.06325594%
District's Proportionate Share of the Net Pension Liability	\$ 15,386,034	\$ 18,327,743
District's Covered-Employee Payroll	\$ 6,960,162	\$ 6,503,100
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll.	221.06%	281.83%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) - Information prior to 2013 is not available. The District will continue to present information for years available until a full ten-year trend is presented.

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

Schedule of the District's Contributions
Last Five Fiscal Years (1)

	2015	2014	2013	2012	2011
<u>School Employees Retirement System of Ohio:</u>					
Contractually Required Contribution	\$ 233,023	\$ 251,309	\$ 224,960	\$ 226,535	\$ 235,092
Contributions in Relation to the Contractually Required Contributions	<u>(233,023)</u>	<u>(251,309)</u>	<u>(224,960)</u>	<u>(226,535)</u>	<u>(235,092)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
District Covered-Employee Payroll	\$ 1,768,005	\$ 1,813,196	\$ 1,625,434	\$ 1,684,275	\$ 1,870,263
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%	12.57%
<u>State Teachers Retirement System of Ohio:</u>					
Contractually Required Contribution	\$ 802,441	\$ 904,821	\$ 845,403	\$ 857,759	\$ 849,494
Contributions in Relation to the Contractually Required Contributions	<u>(802,441)</u>	<u>(904,821)</u>	<u>(845,403)</u>	<u>(857,759)</u>	<u>(849,494)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
District Covered-Employee Payroll	\$ 5,731,721	\$ 6,960,162	\$ 6,503,100	\$ 6,598,146	\$ 6,534,569
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%	13.00%

(1) - Information prior to 2013 is not available. The District will continue to present information for years available until a full ten-year trend is presented.

SUPPLEMENTARY INFORMATION

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**Schedule of Receipts and Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Award Year</u>	<u>Award Receipts</u>	<u>Award Disbursements</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education</i>				
<i>Child Nutrition Cluster</i>				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2015	\$ 12,944	\$ 13,301
Cash Assistance				
National School Breakfast Program	10.553	2015	27,157	27,157
National School Lunch Program	10.555	2015	<u>81,472</u>	<u>81,472</u>
<i>Total Child Nutrition Cluster</i>			<u>121,573</u>	<u>121,930</u>
Total U.S. Department of Agriculture			<u>121,573</u>	<u>121,930</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Direct Program				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063	2015	87,884	87,884
Federal Direct Student Loans	84.268	2015	<u>180,694</u>	<u>180,694</u>
Total Student Financial Assistance Cluster			<u>268,578</u>	<u>268,578</u>
<i>Passed Through Ohio Department of Education</i>				
Career and Technical Education - Basic Grants to States	84.048	2015	226,435	248,848
		2014	<u>62,166</u>	<u>62,522</u>
Total Career and Technical Education			<u>288,601</u>	<u>311,370</u>
Total U.S. Department of Education			<u>557,179</u>	<u>579,948</u>
TOTAL FEDERAL AWARD RECEIPTS AND EXPENDITURES			\$ <u>678,752</u>	\$ <u>701,878</u>

See accompanying notes to the Schedule of Receipts and Expenditures of Federal Awards.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**Notes to the Schedule of Receipts and Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015**

NOTE A – Significant Accounting Policies

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) reports the Greene County Vocational School District's (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – Child Nutrition Cluster

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – Food Donation Program

The District reports commodities consumed on the Schedule at entitlement value. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

NOTE D – Matching Requirements

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greene County Vocational School District, Greene County, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 23, 2015. We noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
December 23, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Greene County Vocational School District
Greene County
1107 West Enon Road
Xenia, Ohio 45385

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Greene County Vocational School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the Greene County Vocational School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect the major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
December 23, 2015

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY
June 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unmodified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Career and Technical Education - Basic Grants to States CFDA #84.048
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: All Others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY
For the Year Ended June 30, 2015

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, as of June 30, 2014, reported no material citations or recommendations.

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Dave Yost • Auditor of State

GREENE COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

GREENE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 1, 2016**