

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT

GREENE COUNTY

AUDIT REPORT

For the Year Ended June 30, 2012

Charles E. Harris & Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Greene County Vocational School District, Greene County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2011 through June 30, 2012. 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 1, 2013

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**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greene County Vocational School District, Greene County, Ohio, (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Greene County Vocational School District, Greene County, Ohio, as of June 30, 2012, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The schedule of federal awards receipts and expenditures provides additional information as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of federal awards receipts and expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Charles E. Harris Associates

Charles E. Harris & Associates, Inc.

December 10, 2012

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

As management of the Greene County Vocational School District, we offer readers of the School District's financial statements this narrative overview and analysis of the School District's financial activities for the fiscal year ended June 30, 2012.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$20,384,142 (net assets). Of this amount, \$3,738,828 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The School District's net assets increased \$723,500 or 3.7%. Program revenues accounted for \$3,915,242 or 23% of total revenues, and general revenues accounted for \$13,116,908 or 77%.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$6,057,893, an increase of \$635,236 or 11.7%, in comparison with the prior year. Of this total amount, \$3,850,729 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,023,051 or 32.2% of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include regular, vocational and adult continuing instruction. The School District has no business-type activities. The government-wide financial statements can be found on pages 8-9 of this report.

Fund Financial Statements

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

Governmental Funds

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

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

The School District maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General and Permanent Improvement Funds which are considered major funds. Data from the other 10 governmental funds are combined into a single, aggregated presentation.

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. The basic governmental fund financial statements can be found on pages 10 - 14 of this report.

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. The basic fiduciary fund financial statement can be found on page 15 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 16 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the School District, assets exceeded liabilities by \$20,384,142 at the close of the most recent fiscal year.

A large portion of the School District's net assets (71.2%) reflects its investment in capital assets (e.g. land, buildings, equipment, etc.), less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the School District's net assets (10.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$3,738,828) may be used to meet the School District's ongoing obligations to students and creditors.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

Governmental Activities

	2011	2012
Current Assets	\$15,522,487	\$16,231,292
Capital Assets	14,627,626	14,625,177
Total Assets	<u>30,150,113</u>	<u>30,856,469</u>
Current Liabilities	9,780,757	9,846,937
Long-Term Liabilities	708,714	625,390
Total Liabilities	<u>10,489,471</u>	<u>10,472,327</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	14,477,624	14,508,508
Restricted	1,374,407	2,136,806
Unrestricted	3,808,611	3,738,828
Total Net Assets	<u>\$19,660,642</u>	<u>\$20,384,142</u>

The School District's net assets increased by \$723,500 or 3.7%, during the fiscal year. Key elements of this increase are as follows:

Governmental Activities

	2011	2012
Revenues:		
Program Revenues		
Charges for Services	\$1,149,926	\$1,173,418
Operating Grants	2,438,433	2,376,896
Capital Grants & Contributions	406,510	364,928
Total Program Revenues	<u>3,994,869</u>	<u>3,915,242</u>
General Revenues		
Property Taxes	9,254,915	9,228,321
Grants and Entitlements	4,050,129	3,668,544
Other Revenue	391,865	220,043
Total General Revenue	<u>13,696,909</u>	<u>13,116,908</u>
Total Revenues	<u>\$17,691,778</u>	<u>\$17,032,150</u>
Expenses:		
Program Expenses		
Instruction	\$8,783,628	\$9,557,370
Support Services	6,153,893	6,342,826
Non-Instructional	281,322	366,686
Extracurricular Activities	31,331	41,768
Total Expenses	<u>15,250,174</u>	<u>16,308,650</u>
Changes in Net Assets	2,441,604	723,500
Beginning Net Assets	17,219,038	19,660,642
Ending Net Assets	<u>\$19,660,642</u>	<u>\$20,384,142</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

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

	<u>Total Cost of Services 2011</u>	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2011</u>	<u>Net Cost of Services 2012</u>
Program Expenses				
Instruction				
Regular	\$851,730	\$846,979	\$882,037	\$846,979
Vocational	7,931,898	7,384,383	4,809,722	5,328,586
Adult Continuing		1,326,008		228,905
Support Services				
Pupils	1,025,380	1,049,287	786,853	811,704
Instructional Staff	1,917,090	1,760,331	1,926,813	1,618,837
Board of Education	164,700	315,058	164,114	315,058
Administration	812,764	776,925	813,673	758,390
Fiscal	536,194	520,080	533,457	506,271
Maintenance	1,461,149	1,653,484	1,318,096	1,585,313
Central	236,616	267,661	242,861	247,486
Noninstructional	281,322	321,904	58,209	91,802
Other		44,782		38,222
Extracurricular Activities	31,331	41,768	18,854	15,855
Total Expense	<u>\$15,250,174</u>	<u>\$16,308,650</u>	<u>\$11,554,689</u>	<u>\$12,393,408</u>

Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$6,057,893, an increase of (\$635,236) in comparison with the prior year. Approximately 63.6% of this amount (\$3,850,729) constitutes unassigned fund balance, which is available for spending at the School District's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders (\$2,137,264) or not spendable (\$69,900).

The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2011 and 2012.

	<u>Fund Balance June 30, 2011</u>	<u>Fund Balance June 30, 2012</u>	<u>Increase (Decrease)</u>
General	\$4,193,045	\$4,147,279	(\$45,766)
Permanent Improvement	1,236,864	2,000,503	763,639
Other Governmental	(7,252)	(89,889)	(82,637)
Total	<u>\$5,422,657</u>	<u>\$6,057,893</u>	<u>\$635,236</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,023,051, while total fund balance was \$4,147,279. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32.2% of total General Fund expenditures, while total fund balance represents 33.2% of that same amount.

General Fund Budget Information

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 below the final amended revenue estimate by \$39,181 or .31%, and the original appropriations were above the final appropriations by \$282,088 or 2.22%. The School District's actual receipts were below the final amended revenue estimate by \$13,142 or .10%. The School District's actual expenditures were less than the final amended expenditure budget by \$102,124 or .82%.

Capital Assets

The School District's investment in capital assets as of June 30, 2012, amounted to \$14,625,177 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment and vehicles. Total acquisitions for the current fiscal year were \$7,247,318 and depreciation was \$544,385. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 9).

Debt

At June 30, 2012, the School District had \$116,669 in outstanding loans payable. The School District paid \$33,333 in principal on loans outstanding during the fiscal year. Detailed information regarding long-term debt is included in the notes to the basic financial statements (Note 10).

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, 2012, the School District's general obligation debt was below the legal limit.

Restrictions and Other Limitations

Through House Bill 153, the state budget bill for fiscal years 2012 and 2013, a new state funding model will be developed. During the FY12 and FY13 biennium, Joint Vocational School District's (JVSD) funding was "flat" funded. With the development of a new state funding model, the School District is unable to determine what the financial impact will be on the School District.

Items Impacting the Financial Strength of the School District

The School District purchased a 50 acre farm which includes a 25,500 square foot horse stables and riding arena. The facility will be used for new Secondary Education programs including veterinarian and equine science as well as various Adult Education programs. These programs will be offered in the 2012-2013 school year.

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 Judy Geers, Treasurer, Greene County Career Center, 2960 West Enon Road, Xenia, Ohio 45385.

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

**STATEMENT OF NET ASSETS
JUNE 30, 2012**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$6,945,429
Materials and Supplies Inventory	69,900
Accrued Interest Receivable	116
Accounts Receivable	85,694
Intergovernmental Receivable	82,468
Property Taxes Receivable	9,047,685
Capital Assets:	
Non Depreciable Assets	491,011
Depreciable Assets	14,134,166
Total Assets	30,856,469
Liabilities:	
Accounts Payable	167,464
Accrued Wages	1,073,729
Contracts Payable	64,201
Intergovernmental Payable	206,094
Matured Compensated Absences Payable	68,814
Retainage Payable	288,026
Deferred Revenue	7,978,609
Long-Term Liabilities:	
Due Within One Year	136,047
Due in More Than One Year	489,343
Total Liabilities	10,472,327
Net Assets:	
Invested in Capital Assets, Net of Related Debt	\$14,508,508
Restricted for Debt Service	27,547
Restricted for Capital Outlay	2,051,000
Restricted for Other Purposes	58,259
Unrestricted	3,738,828
Total Net Assets	\$20,384,142

See accompanying notes to the basic financial statements.

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

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2012**

	Program Revenues			Net(Expense) Revenue and Changes in Net Assets
	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Expenses				Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$846,979			(\$846,979)
Vocational	7,384,383	\$114,751	\$1,767,590	\$173,456 (5,328,586)
Adult Continuing	1,326,008	874,912	151,606	70,585 (228,905)
Support Services:				
Pupils	1,049,287		237,583	(811,704)
Instructional Staff	1,760,331	35,420	68,159	37,915 (1,618,837)
Board of Education	315,058			(315,058)
Administration	776,925		18,266	269 (758,390)
Fiscal	520,080			13,809 (506,271)
Operation & Maintenance of Plant	1,653,484		1,758	66,413 (1,585,313)
Central	267,661	10,097	8,821	1,257 (247,486)
Operation of Non-Instructional Svcs.	366,686	112,325	123,113	1,224 (130,024)
Extracurricular Activities	41,768	25,913		(15,855)
Totals	\$16,308,650	\$1,173,418	\$2,376,896	\$364,928 (12,393,408)
General Revenues:				
Grants and Entitlements not Restricted to Specific Programs				3,668,544
Investment Earnings				8,095
Miscellaneous				211,948
Property Local Taxes				9,228,321
Total General Revenues				13,116,908
Change in Net Assets				723,500
Net Assets Beginning of Year				19,660,642
Net Assets End of Year				\$20,384,142

See accompanying notes to the basic financial statements.

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>General Fund</u>	<u>Permanent Improvement Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$4,662,782	\$2,207,941	\$74,706	\$6,945,429
Materials and Supplies Inventory	64,309		5,591	69,900
Accrued Interest Receivable	116			116
Accounts Receivable	50,256	382	35,056	85,694
Intergovernmental Receivable			82,468	82,468
Property Taxes Receivable	7,113,835	1,933,850		9,047,685
Total Assets	<u>11,891,298</u>	<u>4,142,173</u>	<u>197,821</u>	<u>16,231,292</u>
Liabilities:				
Accounts Payable	80,180	33,804	53,480	167,464
Accrued Wages	935,361		138,368	1,073,729
Contracts Payable		64,201		64,201
Intergovernmental Payable	171,154		34,940	206,094
Matured Compensated Absences Payable	68,814			68,814
Retainage Payable		288,026		288,026
Deferred Revenue	6,488,510	1,755,639	60,922	8,305,071
Total Liabilities	<u>7,744,019</u>	<u>2,141,670</u>	<u>287,710</u>	<u>10,173,399</u>
Fund Balances:				
Nonspendable	64,309		5,591	69,900
Restricted		2,000,503	76,842	2,077,345
Committed	41,667			41,667
Assigned	18,252			18,252
Unassigned (Deficit)	4,023,051		(172,322)	3,850,729
Total Fund Balances	<u>4,147,279</u>	<u>2,000,503</u>	<u>(89,889)</u>	<u>6,057,893</u>
Total Liabilities and Fund Balances	<u>\$11,891,298</u>	<u>\$4,142,173</u>	<u>\$197,821</u>	<u>\$16,231,292</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 ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2012**

Total Governmental Fund Balances \$6,057,893

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

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

Land	315,028	
Construction In Progress	175,983	
Land Improvements	1,613,553	
Buildings and Improvements	16,966,130	
Machinery and Equipment	1,947,593	
Vehicles	121,030	
Accumulated Depreciation	<u>(6,514,140)</u>	
		14,625,177

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

Property Taxes Receivable	243,886	
Accounts Receivable	52,789	
Intergovernmental Receivable	<u>29,787</u>	
		326,462

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

These liabilities consist of:

Loans Payable	(116,669)	
Compensated Absences Payable	<u>(508,721)</u>	
Total Liabilities		<u>(625,390)</u>

Net Assets of Governmental Activities \$20,384,142

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, 2012**

	<u>General Fund</u>	<u>Permanent Improvement Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property Taxes	\$7,269,948	\$1,948,614	\$33,333	\$9,251,895
Intergovernmental	5,327,093	364,928	722,413	6,414,434
Interest	7,961	134		8,095
Tuition and Fees	47,090		899,648	946,738
Extracurricular Activities			25,913	25,913
Customer Sales and Services	53,413		112,325	165,738
Miscellaneous	190,710	382	20,856	211,948
Total Revenues	<u>12,896,215</u>	<u>2,314,058</u>	<u>1,814,488</u>	<u>17,024,761</u>
Expenditures:				
Current:				
Instruction:				
Regular	875,204			875,204
Vocational	6,694,334	628,523	118,684	7,441,541
Adult Continuing		255,766	1,070,242	1,326,008
Support Services:				
Pupils	785,440		262,330	1,047,770
Instructional Staff	1,300,405	137,385	297,950	1,735,740
Board of Education	315,058			315,058
Administration	678,135	976	124,700	803,811
Fiscal	471,866	50,038		521,904
Operation and Maintenance of Plant	1,142,901	240,650	21,551	1,405,102
Central	222,122	4,554	40,985	267,661
Operation of Non-Instructional Services		4,436	297,316	301,752
Other			44,782	44,782
Extracurricular Activities	16,169		25,599	41,768
Capital Outlay		228,091		228,091
Debt Service:				
Principal			33,333	33,333
Total Expenditures	<u>12,501,634</u>	<u>1,550,419</u>	<u>2,337,472</u>	<u>16,389,525</u>
Excess of Revenues Over (Under) Expenditures	<u>394,581</u>	<u>763,639</u>	<u>(522,984)</u>	<u>635,236</u>
Other Financing Sources And Uses:				
Transfers In			440,347	440,347
Transfers Out	(440,347)			(440,347)
Total Other Financing Sources and Uses	<u>(440,347)</u>		<u>440,347</u>	
Net Change in Fund Balances	<u>(45,766)</u>	<u>763,639</u>	<u>(82,637)</u>	<u>635,236</u>
Fund Balance at Beginning of Year	4,193,045	1,236,864	(7,252)	5,422,657
Fund Balance at End of Year	<u><u>\$4,147,279</u></u>	<u><u>\$2,000,503</u></u>	<u><u>(\$89,889)</u></u>	<u><u>\$6,057,893</u></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, 2012**

Net Change in Fund Balances - Total Governmental Funds		\$635,236
<p>Amounts reported for governmental activities in the statement of activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:</p>		
Capital Outlay	7,247,318	
Current Year Depreciation Expense	<u>(544,385)</u>	
Excess of Capital Outlay under Depreciation Expense		6,702,933
<p>The cost of disposed capital assets is removed from the capital assets account, and the cost of construction in progress was reclassified as new assets on the statement of net assets resulting in a loss on disposal of capital assets on the statement of activities</p>		
Reclass of Capital Assets and Loss on Disposal of Capital Assets		(6,705,382)
<p>Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Loans Payable		33,333
<p>Some revenues that will not be collected for several months after the School District's fiscal year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by these amounts:</p>		
Property Taxes	(23,574)	
Intergovernmental Grants	10,443	
Tuition and Fees	<u>20,520</u>	
		7,389
<p>Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:</p>		
decrease in Compensated Absences		<u>49,991</u>
Change in Net Assets of Governmental Activities		<u><u>\$723,500</u></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 BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property and Other Local Taxes	\$7,236,135	\$7,241,041	\$7,241,045	\$4
Intergovernmental	5,325,082	5,328,687	5,328,687	0
Interest	13,048	13,048	7,859	(5,189)
Tuition and Fees	49,561	49,561	46,969	(2,592)
Miscellaneous	33,035	63,705	58,340	(5,365)
Total Revenues	<u>12,656,861</u>	<u>12,696,042</u>	<u>12,682,900</u>	<u>(13,142)</u>
Expenditures:				
Current:				
Instruction:				
Regular	808,226	891,188	890,531	657
Vocational	6,956,977	6,599,686	6,548,507	51,179
Support Services:				
Pupils	797,224	795,137	787,655	7,482
Instructional Staff	1,470,255	1,354,921	1,342,752	12,169
Board of Education	187,176	296,386	291,463	4,923
Administration	643,281	635,751	630,090	5,661
Fiscal	569,278	482,581	479,889	2,692
Operation and Maintenance of Plant	1,164,268	1,151,242	1,137,341	13,901
Central	121,444	228,113	224,720	3,393
Occupation Oriented Activities	15,200	16,236	16,169	67
Total Expenditures	<u>12,733,329</u>	<u>12,451,241</u>	<u>12,349,117</u>	<u>102,124</u>
Excess of Revenues Over (Under) Expenditures	<u>(76,468)</u>	<u>244,801</u>	<u>333,783</u>	<u>88,982</u>
OTHER FINANCING SOURCES AND USES:				
Transfers Out	(419,200)	(539,600)	(447,065)	92,535
Advances Out	(28,200)			0
Total Other Financing Sources and Uses	<u>(447,400)</u>	<u>(539,600)</u>	<u>(447,065)</u>	<u>92,535</u>
Net Change in Fund Balances	<u>(523,868)</u>	<u>(294,799)</u>	<u>(113,282)</u>	<u>181,517</u>
Fund Balance at Beginning of Year	4,624,906	4,624,906	4,624,906	
Prior Year Encumbrances Appropriated	15,313	15,313	15,313	
Fund Balance (Deficit) at End of Year	<u>\$4,116,351</u>	<u>\$4,345,420</u>	<u>\$4,526,937</u>	<u>\$181,517</u>

See accompanying notes to the basic financial statements.

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS:		
Equity in Pooled Cash and Cash Equivalents	<u>\$4,872</u>	<u>\$20,367</u>
Total Assets	<u>\$4,872</u>	<u>\$20,367</u>
LIABILITIES:		
Due to Students		<u>\$20,367</u>
Total Liabilities		<u>\$20,367</u>
NET ASSETS:		
Held in Trust for Scholarships	<u>\$4,872</u>	
Total Net Assets	<u>\$4,872</u>	

See accompanying notes to the basic financial statements.

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Private Purpose Trust Fund</u>
Additions:	
Contributions:	
Private Donations	\$500
Total Donations	<u>500</u>
Deductions:	
Community Gifts, Awards and Scholarships	<u>1,352</u>
Total Deductions	<u>1,352</u>
Changes in Net Assets	(852)
Net Assets at Beginning of Year	<u>5,724</u>
Net Assets at End of Year	<u><u>\$4,872</u></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, 2012**

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 121 employees. There are 75 certificated employees and 38 classified support staff including 8 administrators, who provide services to 2,814 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 16 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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements:

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

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

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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Fiduciary Funds:

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The 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 assets. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Fund Financial Statements:

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

D. Basis of Accounting

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Deferred Revenue:

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

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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 2012, 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, 2012.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 2012 amounted to \$7,961; \$2,050 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 / expended when used. Inventory consists of expendable supplies held for consumption and purchased and donated food held for resale.

G. Capital Assets

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

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

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

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

H. Accrued Liabilities and Long-term Obligations

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. 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.

J. Net Assets

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

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

K. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

L. 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.

M. 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.

N. 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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the certificate that was in effect at the time the final appropriations were passed by the Board of Education.

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

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2012, the Food Service and Adult Vocational Education funds had deficit fund balances of \$9,870 and \$156,861 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.

B. Change in Accounting Principles

For fiscal year 2012, the District has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans," and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53."

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other post-employment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the District.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty or swap counterparty's credit support provider is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the District.

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).

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

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.

Net Change in Fund Balance	
	General
GAAP Basis	(\$45,766)
Revenue Accruals	(23,986)
Expenditure Accruals	(90,074)
Transfers	(6,718)
Perspective Differences:	
Activity of Funds Reclassified For GAAP Reporting Purposes	75,072
Encumbrances	(21,810)
Budget Basis	(\$113,282)

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 one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
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.

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 yearend, \$385,393 of the School District's bank balance of \$4,145,819 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

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, 2012, the School District's only investment was in STAR Ohio.

Investment	Fair Value	Investment Maturities Less Than One Year
STAR Ohio	\$3,125,947	\$3,125,947

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

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.

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 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, 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 year 2012 represents collections of calendar year 2011 taxes. Public utility real and personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected in 2012 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2011 (other than public utility property tax) represents the collection of 2012 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

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, 2012 are available to finance fiscal year 2012 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, 2012, 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 revenue.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 6 – PROPERTY TAXES (continued)

The amount available as an advance at June 30, 2012 was \$659,266 in the General Fund and \$178,211 in the Permanent Improvement Fund. The amount available as an advance at June 30, 2011 was \$630,363 in the General Fund and \$166,070 in the Permanent Improvement Fund.

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

The Assessed Valuations upon which fiscal year 2012 taxes were collected are as follows:

	2011 2nd Half Collections	Percent	2012 1st Half Collections	Percent
Real Estate	\$3,870,844,830	97.8%	\$3,744,684,880	97.4%
Public Utility Personal	88,032,650	2.2%	100,792,044	2.6%
Total Assessed Valuation	<u>\$3,958,877,480</u>	<u>100.0%</u>	<u>\$3,845,476,924</u>	<u>100.0%</u>

NOTE 7 – RECEIVABLES

Receivables at June 30, 2012 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:

Governmental Funds:	Amount
Adult Education	\$25,150
Vocational Education	57,318
	<u>\$82,468</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 8 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned 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 constraints placed on fund balance for the major governmental funds and other governmental funds are presented below:

Fund Balances	General	Permanent Improvement Fund	Other Governmental Funds	Total
<i>Nonspendable</i>				
Inventory	\$64,309	\$0	\$5,591	\$69,900
<i>Restricted for</i>				
Youth Literacy/Numeracy Grant	0	0	24,937	24,937
District Managed Student Activity	0	0	15,502	15,502
Vocational Education Grant	0	0	8,856	8,856
Bond Retirement	0	0	27,547	27,547
Capital Improvements	0	2,000,503	0	2,000,503
<i>Total Restricted</i>	0	2,000,503	76,842	2,077,345
<i>Committed to</i>				
Termination Benefits	41,667	0	0	41,667
<i>Assigned to</i>				
Other Purposes	18,252	0	0	18,252
<i>Unassigned (Deficit)</i>				
	4,023,051	0	(172,322)	3,850,729
<i>Total Fund Balances</i>	\$4,147,279	\$2,000,503	(\$89,889)	\$6,057,893

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 9 – CAPITAL ASSETS

Changes in capital assets during the fiscal year ended June 30, 2012 were as follows:

<u>Asset Class</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not depreciated:				
Land	\$315,028	\$0	\$0	\$315,028
Construction in Progress	6,385,704	175,983	(6,385,704)	175,983
Total capital assets not depreciated	<u>6,700,732</u>	<u>175,983</u>	<u>(6,385,704)</u>	<u>491,011</u>
Capital assets depreciated:				
Land Improvements	429,513	1,184,040	0	1,613,553
Buildings	11,823,914	5,796,877	(654,661)	16,966,130
Machinery & Equipment	1,872,375	90,418	(15,200)	1,947,593
Vehicles	121,030	0	0	121,030
Total capital assets	<u>20,947,564</u>	<u>7,247,318</u>	<u>(7,055,565)</u>	<u>21,139,317</u>
Less accumulated depreciation:				
Land Improvements	(312,438)	(26,336)	0	(338,774)
Buildings	(4,484,458)	(431,322)	335,743	(4,580,037)
Machinery & Equipment	(1,411,303)	(83,505)	14,440	(1,480,368)
Vehicles	(111,739)	(3,222)	0	(114,961)
Total accumulated depreciation:	<u>(6,319,938)</u>	<u>(544,385)</u>	<u>350,183</u>	<u>(6,514,140)</u>
Total capital assets, net	<u>\$14,627,626</u>	<u>\$6,702,933</u>	<u>(\$6,705,382)</u>	<u>\$14,625,177</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$939
Vocational	34,127
Support Services:	
Instructional Staff	10,661
Administration	7,673
Operation and Maintenance of Plant	470,833
Operation of Non-Instructional Services	20,152
Total Depreciation Expense	<u>\$544,385</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 10 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2012 were as follows:

<u>Long Term Obligation</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>	<u>Than One Year</u>
State Loans, 0%	\$150,002	\$0	(\$33,333)	\$116,669	\$33,333	\$83,336
Compensated Absences	558,712	54,075	(104,066)	508,721	102,714	406,007
Total Long-Term Obligations	<u>\$708,714</u>	<u>\$54,075</u>	<u>(\$137,399)</u>	<u>\$625,390</u>	<u>\$136,047</u>	<u>\$489,343</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. Compensated absences will be paid from the General Fund.

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, 2012, the School District's general obligation debt was below the legal limit.

Principal requirements to retire the state loan outstanding at June 30, 2012 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>
2013	\$33,333
2014	33,333
2015	33,333
2016	16,670
Total	<u>\$116,669</u>

NOTE 11 – DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. 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 state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2012, the allocation to pension and death benefits is 12.70%. The remaining 1.30% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011, and 2010 were \$226,535, \$235,092, and \$252,389, respectively. For fiscal year 2012, 95.25 percent has been contributed with the balance being reported as intergovernmental payables. The full amount has been contributed for fiscal years 2011 and 2010.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (continued)

B. State Teachers Retirement System of Ohio

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy – For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2011, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010 were \$857,759, \$849,494, and \$894,253, respectively. For fiscal year 2012, 86.47 percent has been contributed with the balance being reported as intergovernmental payables. The full amount has been contributed for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$21,108 made by the School District and \$15,077 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2012, five members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 12 – POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2012, 1.3 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2012, this amount was \$28,032.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status. The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$37,843, \$58,454, and \$37,360, respectively. For fiscal year 2012, 95.25 percent has been contributed with the balance being reported as intergovernmental payables. The full amount has been contributed for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2012, this actuarially required allocation was .75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$13,378, \$15,129, and \$15,009, respectively. For fiscal year 2012, 95.25 percent has been contributed with the balance being reported as intergovernmental payables. The full amount has been contributed for fiscal years 2011 and 2010.

B. State Teachers Retirement System of Ohio

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 2012, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$65,981, \$65,346, and \$68,789, respectively. For fiscal year 2012, 86.47 percent has been contributed with the balance being reported as intergovernmental payables. The full amount has been contributed for fiscal years 2011 and 2010.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 13 – 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 2012, 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)	\$ 34,589,422
Inland Marine Coverage (\$500 deductible)	200,000
Blanket Employee Bond (\$250 deductible)	50,000
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 2012, 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 14 – 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 65 days for certified employees and classified employees.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 – OTHER BENEFITS (continued)

B. Insurance Benefits

The School District has elected to provide employee medical benefits through United Health Care. 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 provides life insurance through American United Life Insurance Company and dental insurance through Superior Dental to employees.

NOTE 15 – INTERFUND ASSETS/LIABILITIES

Individual fund interfund asset, liability and transfer balances at June 30, 2012 were as follows:

Interfund Transfers:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$440,347
Food Service	37,422	0
Adult Education	402,925	0
Total	\$440,347	\$440,347

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

NOTE 16 – 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 2012, the School District paid \$31,062 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.

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 Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs 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 Chief Administrator of the GRP serves as the coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS (continued)

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 2012, the School District paid \$55,182 for services and fees. Financial information can be obtained from Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

NOTE 17 – CONTINGENT LIABILITIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2012.

B. Litigation

The Greene County Vocational School District is the plaintiff in a legal proceeding. The district is of the opinion that the ultimate disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the Greene County Vocational School District.

NOTE 18 – SET ASIDE DISCLOSURE

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the 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, 2012, the School District's cash basis reserve activity was as follows:

	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2011	\$0
Current Fiscal Year Set-aside Requirement	123,607
Current Fiscal Year Offsets	(2,301,536)
Qualifying Disbursements	(592,095)
Ending Set-Aside Balance	(2,770,024)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0
Set-aside Reserve Balance as of June 30, 2012	\$0

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.

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY
Schedule of Federal Awards Receipts and Expenditures
For The Fiscal Year Ended June 30, 2012

Federal Grantor/Pass Through Grantor Program Title	CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE					
Child Nutrition Cluster:					
Pass Through Ohio Department of Education:					
School Breakfast Program	10.553	\$ 28,517		\$ 28,517	
National School Lunch Program	10.555	88,878		88,878	
Direct Program - Non-cash assistance:					
National School Lunch Program (Food Distribution)	10.555		\$ 4,470		\$ 2,952
Total U.S. Department of Agriculture		<u>117,395</u>	<u>4,470</u>	<u>117,395</u>	<u>2,952</u>
U.S. DEPARTMENT OF EDUCATION					
Direct Program:					
Student Financial Assistance Cluster:					
Federal Supplemental Educational Opportunity Grants	84.007	2,554		2,554	
Federal Pell Grant Program	84.063	266,458		266,458	
Federal Direct Student Loans	84.268	403,120		403,120	
Total Student Financial Assistance Cluster		<u>672,132</u>	<u>-</u>	<u>672,132</u>	<u>-</u>
Pass Through Ohio Department of Education					
Career and Technical Education - Basic Grants to States	84.048	396,679		392,576	
Resident Educator	84.395	1,050		1,050	
Improving Teacher Quality State Grants	84.367	3,932		3,932	
Total U.S. Department of Education		<u>1,073,793</u>	<u>-</u>	<u>1,069,690</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE		<u>\$ 1,191,188</u>	<u>\$ 4,470</u>	<u>\$ 1,187,085</u>	<u>\$ 2,952</u>

See Notes to the Schedule of Federal Awards Receipts and Expenditures

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (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 fair 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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614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greene County Vocational School District, Greene County, Ohio (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

We intend this report solely for the information and use of management, the audit committee, the Board of Education, federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Charles E. Harris" followed by a stylized flourish.

Charles E. Harris and Associates, Inc.

December 10, 2012

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

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Greene County Vocational School District, Greene County, Ohio's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's federal programs for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to 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 that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

In our opinion, the Greene County Vocational School District, Greene County, Ohio complied, in all material respects, with the requirements referred to above that directly and materially affect each of its major federal programs for the year ended June 30, 2012.

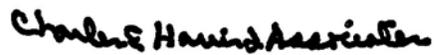
Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



CHARLES E. HARRIS & ASSOCIATES, INC.

December 10, 2012

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY
June 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(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>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	CFDA #84.048, Career and Technical Education
(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.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of June 30, 2011, reported no material citations or recommendations.



Dave Yost • Auditor of State

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 14, 2013**