



**Auditor of State
Betty Montgomery**

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Greene County Vocational School District, Greene County, (the District) as of and for the year ended June 30, 2003, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 Greene County Vocational School District, Greene County, as of June 30, 2003, and the respective changes in financial position, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2003, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 21, during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

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

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

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

Betty Montgomery
Auditor of State

December 19, 2003

Greene County Vocational School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2003

As management of the Greene County Vocational School District, we offer readers of the District's financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2003.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$ 8.8 million (net assets). Of this amount, \$ 1.9 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's net assets increased by \$.1 million, or 1%. Program revenues accounted for \$ 1.3 million or 10% of total revenues, and general revenues accounted for \$ 12.1 million, or 90%.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$ 6.3 million, an increase of \$ 2.1 million in comparison with the prior year. Of this total amount, \$ 2.3 million is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$ 1.7 million, or 17% of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

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

Greene County Vocational School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2003

Fund Financial Statements

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

Governmental Funds

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

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

The District maintains 22 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 20 governmental funds are combined into a single, aggregated presentation.

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

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

Fiduciary Funds

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

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23 of this report.

Greene County Vocational School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2003

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$ 8.8 million at the close of the most recent fiscal year.

A large portion of the District's net assets (30 percent) reflects its investment in capital assets (e.g. land, buildings, equipment, etc.); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (47 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$ 1.9 million) may be used to meet the government's ongoing obligations to citizens and creditors.

	District Net Assets	
	2002	2003
Current Assets	\$ 11,722,492	\$ 14,548,668
Capital Assets	5,531,302	7,271,457
Total Assets	17,253,794	21,820,125
Current Liabilities	7,542,801	8,239,353
Long-Term Liabilities	1,053,385	4,792,465
Total Liabilities	8,596,186	13,031,818
Net Assets:		
Invested in Capital Assets, net of related debt	4,477,917	2,789,021
Restricted	1,827,550	4,127,087
Unrestricted	2,352,141	1,872,199
Total Net Assets	\$ 8,657,608	\$ 8,788,307

Greene County Vocational School District
 Management's Discussion & Analysis
 For the Fiscal Year Ended June 30, 2003

Governmental Activities

Governmental activities increased the District's net assets increased by \$.1 million, or 1%. Key elements of this increase are as follows:

**Changes in Net Assets
 Governmental Activities 2003**

	2003
Revenues:	
Program Revenues	
Charges for Services	\$ 499,875
Operating Grants	<u>836,034</u>
Total Program Revenues	1,335,909
General Revenues	
Property Taxes	7,004,235
Grants and Entitlements	3,877,147
Other Revenue	<u>1,266,689</u>
Total General Revenue	<u>12,148,071</u>
Total Revenues	<u>13,483,980</u>
Expenses:	
Program Expenses	
Instruction	7,617,600
Support Services	5,336,123
Non-Instructional	308,054
Extra Curricular Activities	53,554
Interest and Fiscal Charges	<u>37,950</u>
Total Expenses	<u>13,353,281</u>
Changes in Net Assets	<u>\$ 130,699</u>

In future years, when prior year information is available, a comparative analysis of government wide data will be presented.

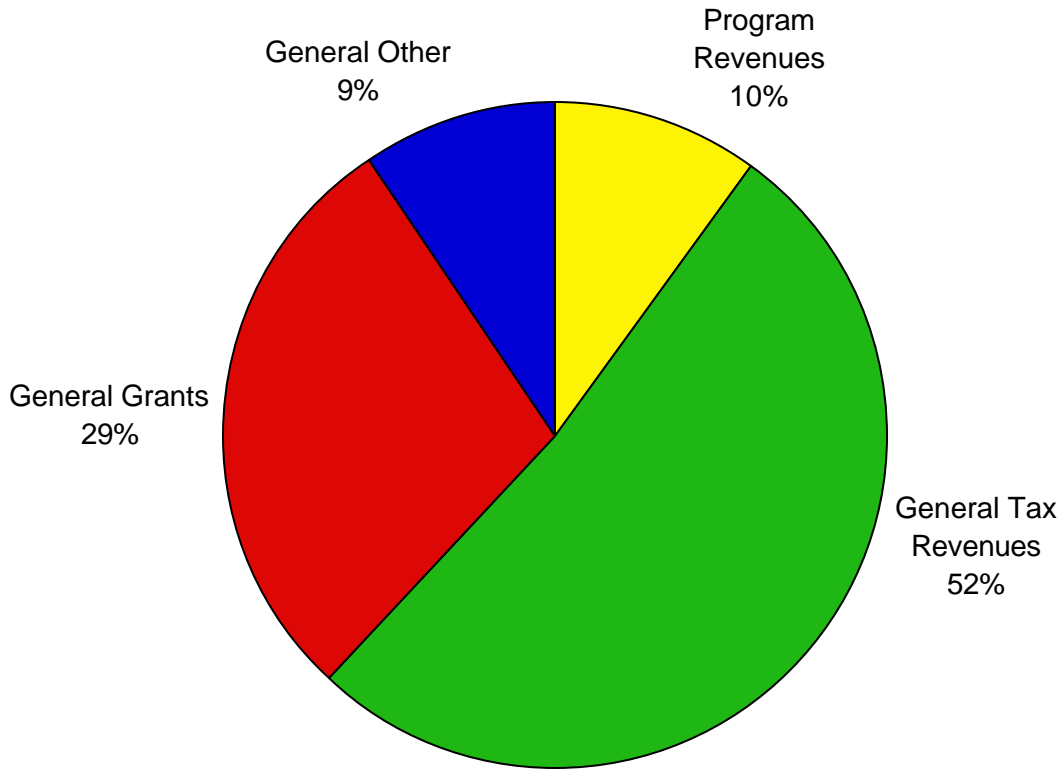
Greene County Vocational School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2003

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.

	Total Cost of Services 2003	Net Cost of Services 2003
Program Expenses		
Instruction		
Regular	\$ 355,089	\$ 355,089
Special	103,457	103,457
Vocational	7,025,601	5,913,401
Adult/Continuing Inst	44,916	44,916
Other	88,537	88,537
Support Services		
Pupil	855,307	813,222
Instructional Staff	1,339,104	1,323,933
Board of Education	324,021	324,021
Administration	885,932	885,932
Fiscal Services	357,856	352,855
Maintenance	1,303,826	1,303,826
Central	270,077	270,077
Noninstructional Activities	308,054	179,563
Extracurricular Activities	53,554	20,593
Interest and Fiscal Charges	<u>37,950</u>	<u>37,950</u>
Total Expense	<u>\$ 13,353,281</u>	<u>\$ 12,017,372</u>

In future years, when prior year information is available, a comparative analysis of government wide data will be presented.

Greene County Vocational School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2003



The District's reliance upon tax revenues is demonstrated by the graph above indicating 52% of total revenues from local taxes. The reliance on general revenues is indicated by the net cost of services column on the preceding page reflecting the need for \$12 million of support, as well as the graph above, indicating general revenues comprise 90% of total revenues.

Greene County Vocational School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2003

Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$6.3 million, an increase of \$2.1 million in comparison with the prior year. Approximately 37% of this amount (\$2.3 million) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$3.5 million) or for a variety of other restricted purposes (\$450,000).

The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2003 and 2002.

	Fund Balance	Fund Balance	Increase
	<u>June 30, 2003</u>	<u>June 30, 2002</u>	<u>(Decrease)</u>
General	\$ 2,161,816	\$ 2,352,141	\$ (190,325)
Permanent Improvement	4,122,075	1,692,483	2,429,592
Other Governmental	<u>8,894</u>	<u>135,067</u>	<u>(126,173)</u>
Total	<u>\$ 6,292,785</u>	<u>\$ 4,179,691</u>	<u>\$ 2,113,094</u>

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1.7 million, while total fund balance reached \$2.1 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 17% of total general fund expenditures, while total fund balance represents 22% of that same amount.

The fund balance of the District's general fund decreased by \$147,025 during the current fiscal year. The tables and graphs that follow assist in illustrating the financial activities and balance of the general fund.

Greene County Vocational School District
 Management's Discussion & Analysis
 For the Fiscal Year Ended June 30, 2003

General Fund Revenue Comparative Analysis

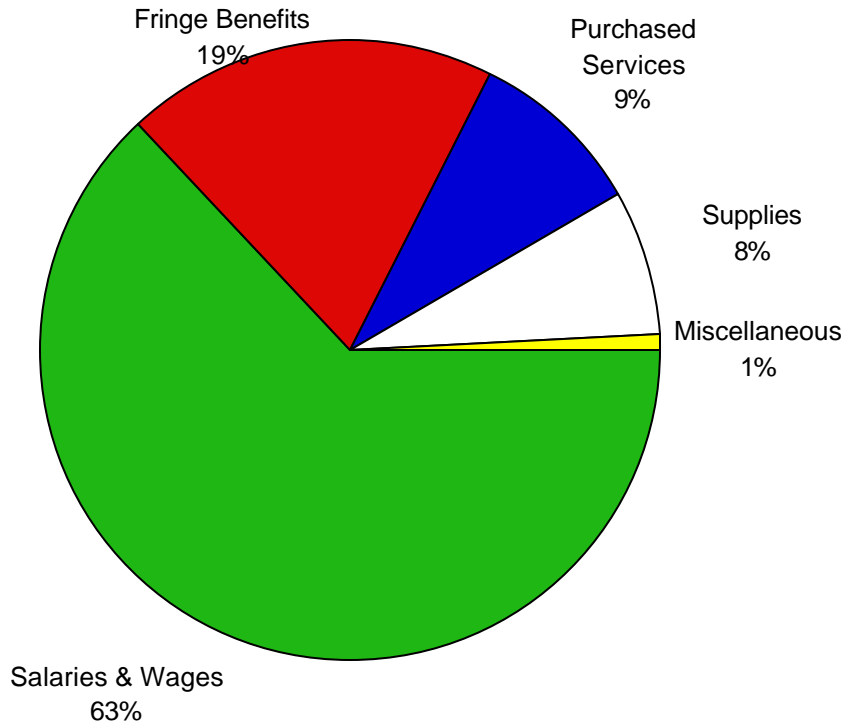
<i>Revenues</i>	<i>2003 Amount</i>	<i>2002 Amount</i>	<i>Percentage Change</i>
Taxes	\$5,306,174	\$5,462,503	-2.86%
Intergovernmental	4,601,753	4,458,096	3.22%
Interest	81,521	97,501	-16.39%
Other	<u>217,823</u>	<u>721,679</u>	-69.82%
Total	<u>\$10,207,271</u>	<u>\$10,739,779</u>	-4.96%

As shown in the chart above, property taxes and intergovernmental revenues constitute the District's most significant sources of revenue. These revenues varied only slightly from fiscal year 2002 to fiscal year 2003.

Other revenues of the general fund decreased .5 million, or 70%. This decrease is the result of the demutualization of the District's insurance company, Anthem Blue Cross and Blue Shield, in the previous fiscal year. The District received \$511,079 in stock proceeds as a result of the demutualization, which was recorded as Other revenue.

Greene County Vocational School District
 Management's Discussion & Analysis
 For the Fiscal Year Ended June 30, 2003

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



	<i>2003</i>	<i>2002</i>	<i>Change</i>	<i>Percent</i>
	<i>Amount</i>	<i>Amount</i>		<i>Change</i>
Expenditures by Object:				
Salaries and Wages	\$ 6,203,050	\$ 6,044,314	\$ 158,736	2.63%
Fringe Benefits	1,941,181	1,630,415	310,766	19.06%
Purchased Services	929,570	815,687	113,883	13.96%
Supplies	895,715	942,270	(46,555)	-4.94%
Capital Outlay	2,987	31,232	(28,245)	-90.44%
Miscellaneous	71,453	160,522	(89,069)	-55.49%
Total	\$ 10,043,956	\$ 9,624,440	\$ 419,516	4.36%

The expenditures are up \$.4 million, or 4% over the prior year. General fund revenues exceeding expenditures and the correlating increase to fund balance indicates improving financial health of the District.

Greene County Vocational School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2003

General Fund Budget Information

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

Differences between the original budget and the final amended budget were relatively minor. The final amended revenue estimate exceeded the original estimate by .3 million, or 3%, and the final appropriations were less than the original resolution by \$5,000, or less than 1%. There were no differences between the District's final amended expenditure budget and actual expenditures and only minor differences between the District's final amended revenue estimate and actual receipts.

Capital Assets

The District's investment in capital assets as of June 30, 2003, amounts to \$ 7.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, furniture, fixtures and equipment, vehicles, and land improvements. Total acquisitions for the current fiscal year were \$ 2.5 million and depreciation was \$ 651,049. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 8).

Debt

At June 30, 2003, the District had \$4.5 million in outstanding bonds payable. The District paid \$99,416 in principal on bonds/leases outstanding during the fiscal year. Information regarding long-term debt is included in the notes to the basic financial statements. (Note 15).

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total value of real and personal property. At June 30, 2003, the District's general obligation debt was below the legal limit.

Restrictions and Other Limitations

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

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF NET ASSETS
AS OF JUNE 30, 2003**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 3,775,867
Investments	3,033,000
Receivables:	
Taxes	7,475,036
Accounts	150,975
Intergovernmental	95,012
Interest	5,427
Supplies Inventory	12,513
Inventory Held for Resale	838
Capital Assets, Net	<u>7,271,457</u>
Total Assets	<u>21,820,125</u>
Liabilities	
Accounts Payable	62,783
Accrued Salaries Payable	895,482
Intergovernmental Payable	129,026
Accrued Interest Payable	35,247
Deferred Revenue	7,116,815
Long-Term Liabilities	
Due within One Year	1,115,394
Due in More Than One Year	<u>3,677,071</u>
Total Liabilities	<u>13,031,818</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	2,789,021
Restricted for:	
Capital Projects	4,127,087
Unrestricted	<u>1,872,199</u>
Total Net Assets	<u><u>\$ 8,788,307</u></u>

See accompanying notes to the financial statements

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
Instruction				
Regular Instruction	\$ 355,089	-	-	\$ (355,089)
Special Instruction	103,457	-	-	(103,457)
Vocational Instruction	7,025,601	368,882	743,318	(5,913,401)
Adult/Continuing Instruction	44,916	-	-	(44,916)
Other Instruction	88,537	-	-	(88,537)
Support Services				
Pupils	855,307	-	42,085	(813,222)
Instructional Staff	1,339,104	-	15,171	(1,323,933)
Board of Education	324,021	-	-	(324,021)
Administration	885,932	-	-	(885,932)
Fiscal Services	357,856	-	5,001	(352,855)
Maintenance	1,303,826	-	-	(1,303,826)
Central	270,077	-	-	(270,077)
Non-instructional	308,054	98,032	30,459	(179,563)
Extra Curricular Activities	53,554	32,961	-	(20,593)
Interest and Fiscal Charges	37,950	-	-	(37,950)
Total Governmental Activities	\$ 13,353,281	\$ 499,875	\$ 836,034	\$ (12,017,372)

General Revenues

Property Taxes Levied for:	
General Purposes	5,306,174
Debt Service	88,426
Capital Projects	1,609,635
Grants & Entitlements not specifically restricted	3,877,147
Payment in Lieu of Taxes	831,730
Investment Earnings	137,929
Miscellaneous	297,030
Total General Revenues	12,148,071

Change in Net Assets	130,699
Net Assets Beginning of Year - (See Note 21)	8,657,608
Net Assets End of Year	\$ 8,788,307

See accompanying notes to the financial statements

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2003

	General Fund	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 2,691,884	\$ 1,001,931	\$ 82,052	\$ 3,775,867
Investments	-	3,033,000	-	3,033,000
Receivables:				
Taxes	5,634,114	1,840,922	-	7,475,036
Accounts	6,237	10,177	134,561	150,975
Intergovernmental	-	-	95,012	95,012
Interest	5,427	-	-	5,427
Supplies Inventory	12,288	-	225	12,513
Inventory Held for Resale	-	-	838	838
Interfund Receivable	88,353	-	-	88,353
Total Assets	<u>\$ 8,438,303</u>	<u>\$ 5,886,030</u>	<u>\$ 312,688</u>	<u>\$ 14,637,021</u>
Liabilities:				
Accounts Payable	15,679	26,543	20,561	62,783
Accrued Salaries Payable	801,875	-	93,607	895,482
Intergovernmental Payable	117,119	-	11,907	129,026
Interfund Payable	-	-	88,353	88,353
Deferred Revenue	5,298,737	1,737,412	87,924	7,124,073
Compensated Absences Payable	43,077	-	1,442	44,519
Total Liabilities	<u>\$ 6,276,487</u>	<u>\$ 1,763,955</u>	<u>\$ 303,794</u>	<u>\$ 8,344,236</u>
Fund Balances:				
Reserved				
Encumbrances	90,766	3,422,116	15,364	3,528,246
Supplies Inventory	12,288	-	1,063	13,351
Property Taxes	335,377	103,510	-	438,887
Unreserved, Reported in:				
General Fund	1,723,385	-	-	1,723,385
Special Revenue Funds	-	-	(11,345)	(11,345)
Capital Project Funds	-	596,449	3,812	600,261
Total Fund Balances	<u>\$ 2,161,816</u>	<u>\$ 4,122,075</u>	<u>\$ 8,894</u>	<u>\$ 6,292,785</u>
Total Liabilities and Fund Balances	<u>\$ 8,438,303</u>	<u>\$ 5,886,030</u>	<u>\$ 312,688</u>	<u>\$ 14,637,021</u>

See accompanying notes to the financial statements

Greene County Vocational
School District
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2003

Total Governmental Fund Balances	\$6,292,785
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,271,457
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	7,258
Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Interest Payable	(35,247)
Compensated Absences	(265,510)
General Obligation Debt	(4,482,436)
	<u>(4,783,193)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$8,788,307</u></u>

See accompanying notes to the financial statements

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	General Fund	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 5,306,174	\$ 1,609,635	\$ 88,426	\$ 7,004,235
Intergovernmental	4,601,753	151,543	828,776	5,582,072
Charges for Services	-	-	98,032	98,032
Interest	81,521	56,408	-	137,929
Tuition and Fees	-	-	368,882	368,882
Extracurricular Activities	-	-	32,961	32,961
Other	217,823	12,172	98,461	328,456
Total Revenues	\$ 10,207,271	\$ 1,829,758	\$ 1,515,538	\$ 13,552,567
Expenditures:				
Current:				
Instruction:				
Regular	\$ 335,892	\$ 11,988	\$ -	347,880
Special	101,897	7,083	-	108,980
Vocational	5,629,188	381,924	899,884	6,910,996
Adult/Continuing	-	-	44,916	44,916
Other	88,537	-	-	88,537
Support services:				
Pupils	584,718	16,837	223,688	825,243
Instructional staff	1,037,187	301,733	218,586	1,557,506
Board of Education	78,629	314,330	-	392,959
Administration	844,309	51,707	13,644	909,660
Fiscal	330,009	9,772	7,500	347,281
Operation and Maintenance of Plant	794,798	531,866	-	1,326,664
Central	203,987	-	66,090	270,077
Non-instructional Services	-	8,152	275,665	283,817
Extracurricular Activities	14,805	-	38,749	53,554
Capital Outlay	-	1,625,984	-	1,625,984
Debt service:				
Principal Retirement	-	10,989	88,427	99,416
Interest and Fiscal Charges	-	2,703	-	2,703
Total Expenditures	\$ 10,043,956	\$ 3,275,068	\$ 1,877,149	\$ 15,196,173
Excess of Revenues Over Expenditures	\$ 163,315	\$ (1,445,310)	\$ (361,611)	\$ (1,643,606)
Other financing sources (uses):				
Proceeds from Notes	-	3,800,000	-	3,800,000
Transfers In	4,996	74,902	263,496	343,394
Transfers Out	(315,336)	-	(28,058)	(343,394)
Total other financing sources (uses)	\$ (310,340)	\$ 3,874,902	\$ 235,438	\$ 3,800,000
Net Change in Fund Balances	\$ (147,025)	\$ 2,429,592	\$ (126,173)	\$ 2,156,394
Fund Balance at Beginning of Year, as restated	\$ 2,352,141	\$ 1,692,483	\$ 135,067	4,179,691
Increase/(Decrease) in Inventory	(43,300)	-	-	(43,300)
Fund Balance at End of Year	\$ 2,161,816	\$ 4,122,075	\$ 8,894	\$ 6,292,785

See accompanying notes to the financial statements

Greene County Vocational
School District
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, 2003

Net Change in Fund Balances - Total Governmental Funds	\$	2,156,394
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
		1,816,000
 The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) decreases net assets		
		(75,845)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		7,258
 Bond proceeds are revenues in the governmental funds, but the proceeds increase long-term liabilities in the statement of net assets and does not result in a revenue in the statement of activities.		
		(3,800,000)
 Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities.		
		99,416
 In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		(35,247)
 Some expenses reported in the statement of activities, such as compensated absences payable and other accounts payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(37,277)
 Change in Net Assets of Governmental Activities	 \$	 <u>130,699</u>

See accompanying notes to the financial statements

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
 GREENE COUNTY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BASIS) AND ACTUAL
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
Revenues:				
Taxes	\$ 5,230,013	\$ 5,376,778	\$ 5,389,132	\$ 12,354
Intergovernmental	4,465,882	4,591,204	4,601,753	10,549
Interest	79,498	81,729	81,917	188
Other Revenue	205,339	211,102	211,586	484
Total Revenues	9,980,732	10,260,813	10,284,388	23,575
Expenditures:				
Current:				
Instruction:				
Regular	332,963	332,800	332,800	-
Special	106,232	106,180	106,180	-
Vocational	5,613,445	5,610,700	5,610,700	-
Other	88,580	88,537	88,537	-
Support Services:				
Pupils	575,077	574,796	574,796	-
Instructional Staff	1,039,306	1,038,798	1,038,798	-
Board of Education	124,625	124,564	124,564	-
Administration	869,073	868,648	868,648	-
Fiscal	354,512	354,339	354,339	-
Operation and Maintenance of Plant	808,640	808,245	808,245	-
Central	201,808	201,709	201,709	-
Extracurricular Activities	14,812	14,805	14,805	-
Total Expenditures	10,129,074	10,124,121	10,124,121	-
Excess of Revenues Over (Under) Expenditures	(148,342)	136,692	160,267	23,575
Other Financing Sources (Uses):				
Advances In		28,090	28,090	-
Advances Out		(88,353)	(88,353)	-
Transfers In		562,164	562,164	-
Transfers Out		(786,899)	(786,899)	-
Total Other Financing Sources (Uses)	-	(284,998)	(284,998)	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(148,342)	(148,306)	(124,731)	23,575
Fund Balances at Beginning of Year	2,610,086	2,610,086	2,610,086	-
Prior Year Encumbrances Appropriated	100,084	100,084	100,084	-
Fund Balances at End of Year	\$ 2,561,828	\$ 2,561,864	\$ 2,585,439	\$ 23,575

See accompanying notes to the financial statements

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2003

	Investment <u>Trust</u>	Agency <u>Funds</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 871,074	\$ 56,222
Interest Receivable	691	-
Total Assets	<u>871,765</u>	<u>56,222</u>
Liabilities		
Due to Students	-	56,222
Total Liabilities	<u>-</u>	<u>56,222</u>
Net Assets		
Held in Trust for Pooled Participants	871,765	-
Total Net Assets	<u>\$ 871,765</u>	<u>\$ -</u>

See accompanying notes to the financial statements

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	Investment <u>Trust</u>
Additions	
Capital Transaction Income	\$ 925,014
Operating Grants	612,757
Interest Income	14,530
Total additions	<u>1,552,301</u>
Deductions	
Capital Transaction Expense	<u>1,741,540</u>
Total deductions	<u>1,741,540</u>
Change in Net Assets	(189,239)
Net Assets Beginning of Year, as restated	<u>1,061,004</u>
Net Assets End of Year	<u><u>\$ 871,765</u></u>

See accompanying notes to the financial statements

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**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

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

The School District operates under a locally-elected seven-member Board form of government and provides educational services as authorized by its charter and further mandated by state and/or federal agencies. This Board controls the district's instructional/support facilities staffed by a full-time staff of 127 employees. There are 82 certificated employees and 45 classified support staff including 9 administrators, who provide services to 710 students and other community members.

Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds and departments which provide various services including vocational and adult instruction, student guidance, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education.

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

The School District is associated with two organizations that are defined as jointly governed. These organizations are the Miami Valley Educational Computer Association and the Southwestern Ohio Educational Purchasing Cooperative. These organizations are presented in Note 17 to the general-purpose financial statements.

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations.

Major Governmental Funds:

General Fund

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

Permanent Improvement Capital Projects Fund

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

Other Governmental Funds:

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and other related costs.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include trust and agency funds. The Investment trust fund, which is used to account for the District's external investment pool, is accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

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

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

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

Fund Financial Statements

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

C. Basis of Accounting

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

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

D. Cash and Investments

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

Investment income received during the fiscal year totaled \$137,929. Of this amount \$81,521 was credited to the general fund and \$56,408 was credited to the permanent improvement fund.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market using the first-in, first-out (FIFO) method and are expensed when used. On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds, which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

F. Interfund Activity

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

G. Capital Assets and Depreciation

Capital assets are reported in the government-wide statement of net assets but are not reported in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. A valuation firm performs physical asset counts each year and updates the fixed asset system. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,000. The School District does not have any infrastructure.

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

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

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Career Development Grant
Adult Education
IVDL Grant
Technical Preparation Grant
Safe Schools Helpline Grant
Adult Basic Literacy Grant
Eisenhower Grant
CTPA Grant
Title II
Title VI

Capital Project Fund

School Net
One Net

Reimbursable Grants

Special Revenue Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately forty-two percent of the School District's operating revenue during the 2003 fiscal year.

I. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the District for permanent improvement projects.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

Vacation leave accumulated by employees is accrued as a liability as the benefits are earned when both of these conditions are met:

1. The employee's rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

A liability for sick leave is accrued using the vesting method which states that the District will estimate its liability based on sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as specified by the retirement system as well as other employees who are expected to become eligible in the future to receive such payments.

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

K. Accrued Liabilities and Long-Term Obligations

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

L. Fund Balance Reserves

Reservations of fund balances are established to identify assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure or the portion of fund balance that is legally segregated for a specific future use. Fund balances have been reserved for encumbrances, supplies inventory and taxes.

M. Encumbrances

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

N. Estimates

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 3 – COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficits

Fund Balances at June 30, 2003, included the following individual fund deficits:

	Deficit Fund Balance
Special Revenue Funds	
Career Education	(\$7,633)
Vocational Education	(\$80,498)
Food Service	(\$18,563)

The special revenue funds' deficit fund balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

B. Legal Compliance

Amending Appropriations

Ohio Rev. Code Section 5705.40 states that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. At the June 18, 2003 regular meeting, the Board authorized the Treasurer to balance appropriations through use of the "SETBAL" program. The presented budgetary statements reflect these changes made through the "SETBAL" program. Without the "SETBAL" adjustments the following funds would have had expenditures in excess of appropriations:

<u>Fund</u>	<u>Expenditures in Excess of Appropriations</u>
General Fund	\$768,785
Special Revenue Funds:	
District Managed Activities	2,968
Data Communication	141,170
Adult Basic Education	14,947
Vocational Education	113,857
Capital Project Funds:	
Permanent Improvement	323,421
Interactive Video Distance Learning	13,866
Enterprise Fund: Rotary *	1,431
Fiduciary Funds:	
Pell Grant	151,316
Student Activities	353

* - Reclassed to General Fund for GAAP Compilation

Transfer of Funds

Ohio Rev. Code Section 5705.14 states that money may be transferred from the general fund to any other fund of the subdivision. Transfers from the general fund require a resolution passed by a simple majority of the board members.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 3 – COMPLIANCE AND ACCOUNTABILITY (Continued)

The Treasurer transferred funds from the general fund to the following funds without the approval of the Board of Education. The Board authorized the Treasurer to make transfers as needed to eliminate deficit fund balances at fiscal year end, but did not approve the specific transfers identified below.

<u>Fund</u>	<u>Amount</u>
District Managed Activities	\$2,424
Food Service	20,628
Rotary Fund	23,114
Career Education	8,478
Adult Vocational Education	52,171
Miscellaneous State Grants	2,788
Miscellaneous Federal Grants	454

Appropriations Exceeding Estimated Revenue

Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund should not exceed the total estimated resources as certified by the County Budget Commission. As of June 30, 2003, appropriations exceeded total estimated resources for the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
Adult Vocational Education	\$ 880,519	\$ 711,999	\$ (168,520)
Tech Prep	76,001	30,699	(45,302)
Miscellaneous Federal Grants	14,365	314	(14,051)
Food Service	277,256	259,796	(17,460)

NOTE 4 - BUDGETARY TO GAAP RECONCILIATION

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law requires accounting for certain transactions on a basis of cash receipts, disbursements, appropriations and encumbrances. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

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

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

	<u>General Fund</u>
GAAP Basis	\$ (147,025)
Revenue Accruals	77,117
Expenditure Accruals	111,886
Encumbrances	(106,445)
Advances In (Out)	(60,264)
Budget Basis	<u>\$ (124,731)</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 5 – DEPOSITS AND INVESTMENTS

State statutes require the classification of monies held by the School District into three categories.

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not to exceed thirty days.
4. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
5. Bonds and other obligations of the State of Ohio.
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments, to the treasurer, or qualified trustee, or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At fiscal year-end, the carrying amount of the School District's deposits was \$ 4,703,163 and the bank balance was \$ 5,064,121. Of the bank balance, \$100,000 was covered by federal deposit insurance and the remaining \$ 4,964,121 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the School District's investments be classified in categories of risk. Category 1 includes investments that are insured or registered or for which the securities are held by the District, or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which securities are held by the counterparty or its trust department, but not in the District's name.

At June 30, 2003, the District had category 3 investments with a carrying value of \$ 3,000,000 and a market value of \$ 3,033,000.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Cash equivalents are defined to include investments with original maturities of three months or less.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by July 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Greene County Vocational School District. The County Auditor periodically remits to the District its portion of the taxes collected. The full tax rate for all District operations for the year ended June 30, 2003 was \$3.45 per \$1,000 of assessed value. The assessed values upon which the second-half fiscal year 2003 taxes were collected are as follows:

	<u>Assessed Valuation</u>
Agricultural/Residential and Other Real Estate	\$ 2,615,534,473
Public Utility Personal	179,350,935
Tangible Personal Property	<u>194,296,846</u>
Total	<u>\$ 2,989,182,254</u>

Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of June 30, 2003. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 was \$ 335,377 in the General Fund and \$ 103,510 in the Permanent Improvement Capital Projects Fund and is recognized as revenue.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 7 - RECEIVABLES

Receivables at June 30, 2003, consisted of taxes, interest, accounts and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of State programs.

A summary of the intergovernmental receivables follows:

Special Revenue Funds	
Career Education	\$ 3,780
Vocational Education	87,924
Food Service	<u>3,308</u>
 Total All Funds	 <u>\$ 95,012</u>

NOTE 8 - CAPITAL ASSETS

A beginning balance adjustment was necessary to reflect the District's reclassification of Food Service capital assets from proprietary to governmental and to reconcile the District's capital asset appraisal and general ledger. Food Service capital assets at June 30, 2002, net of accumulated depreciation, totaled \$ 8,034.

Changes in capital assets during the fiscal year ended June 30, 2003 were as follows:

<u>Class</u>	<u>Balance 6/30/02</u>	<u>Prior Period Restate</u>	<u>Restated Balance 6/30/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/03</u>
Capital assets, not being depreciated:						
Land	\$ 57,564	\$ 58,468	\$ 116,032	\$ 0	\$ 0	\$ 116,032
Total capital assets, not being depreciated	<u>57,564</u>	<u>58,468</u>	<u>116,032</u>	<u>0</u>	<u>0</u>	<u>116,032</u>
Capital assets, being depreciated:						
Buildings and Improvements	6,461,999	875,193	7,337,192	1,684,135	0	9,021,327
Furniture and Equipment	3,994,669	(670,840)	3,323,829	782,914	(175,139)	3,931,604
Vehicles	156,149	16,159	172,308	0	(17,251)	155,057
Total capital assets, being depreciated	<u>10,612,817</u>	<u>220,512</u>	<u>10,833,329</u>	<u>2,467,049</u>	<u>(192,390)</u>	<u>13,107,988</u>
Accumulated Depreciation:	<u>0</u>	<u>(5,418,059)</u>	<u>(5,418,059)</u>	<u>(651,049)</u>	<u>116,545</u>	<u>(5,952,563)</u>
Total capital assets, being depreciated, net	<u>10,612,817</u>	<u>(5,197,547)</u>	<u>5,415,270</u>	<u>1,816,000</u>	<u>(75,845)</u>	<u>7,155,425</u>
Total Capital Assets, Net	<u>\$ 10,670,381</u>	<u>\$ (5,139,079)</u>	<u>\$ 5,531,302</u>	<u>\$ 1,816,000</u>	<u>\$ (75,845)</u>	<u>\$ 7,271,457</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 8 - CAPITAL ASSETS (Continued)

Depreciation Expense was charged to governmental functions as follows:

Instruction:		
Regular		\$ 19,197
Vocational		415,926
Support Services:		
Pupil		44,792
Instructional Staff		44,792
School Administration		38,393
Fiscal Services		19,197
Operation and Maintenance - Plant		38,393
Non-Instructional Services		<u>30,359</u>
Total Depreciation Expense		<u>\$ 651,049</u>

NOTE 9 – CONTRACTUAL COMMITMENTS

The District's outstanding contractual commitments related to building construction as of June 30, 2003, were as follows:

Vendor	Type	Contractual Commitment	Amount Expended	Balance 6/30/2003
Double Jay	General	\$ 2,952,350	\$ 816,694	\$ 2,135,656
Superior	Plumbing	211,685	58,481	153,204
Mutual	Electrical	285,822	83,026	202,796
Slagle	HVAC/Plumbing	<u>596,880</u>	<u>135,898</u>	<u>460,982</u>
		<u>\$ 4,046,737</u>	<u>\$ 1,094,099</u>	<u>\$ 2,952,638</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 10 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

Plan Description. The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SERS, 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Funding Policy. Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amounts, by the SERS' Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001, were \$302,479, \$212,708, and \$217,550, respectively, equal to the required contributions for each year.

State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's 2002 Comprehensive Annual Financial Report can be requested in writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, or by calling (614) 227-4090

Plan Options – Effective July 1, 2001, two new plan options were offered to selected members. New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to invest all their member contributions and employer contributions equal to 10.5% of earned compensation. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

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

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2003, were 9.3 percent of covered payroll for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$805,232, \$673,191, and \$741,989, respectively; 100 percent has been contributed for fiscal years 2003, 2002, and 2001.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 11 – POST-EMPLOYMENT BENEFITS

School Employees Retirement System

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2003, the healthcare allocation was 5.83%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay was \$14,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2003 were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003, the Retirement System's net assets available for payment of health care benefits was \$303.6 million.

The number of recipients currently receiving health care benefits is approximately 50,000. For the District, the amount contributed to fund postemployment benefits during fiscal year 2003 was \$184,512.

State Teachers Retirement System

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

The Revised Code grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, the cost of coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll.

The Retirement Board allocates employer contributions equal to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2002, the board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Stabilization Fund. For the District, the amount contributed to fund postemployment benefits during fiscal year 2003 was \$257,674. Effective July 1, 2002, 1 percent of covered payroll will be allocated to the fund. The balance in the Health Care Stabilization Fund was \$3.011 billion on June 30, 2002.

For the year ended June 30, 2002, net health care costs paid by STRS Ohio were \$354,697,000 and there were 105,300 eligible benefit recipients.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 12 – OTHER BENEFITS

Compensated Absences

1. Accumulated Unpaid Vacation

District classified employees earn vacation leave at varying rates based upon negotiated agreements and State laws. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave. The total obligation for vacation leave for the District as a whole amounted to \$ 41,315 at June 30, 2003.

2. Accumulated Unpaid Sick Leave

Sick leave may be accumulated by district employees. Upon retirement, payment is made for one-fourth of the total unused sick leave balance up to a maximum of fifty days for certified employees and forty-five days for classified employees. The District's total obligation for sick leave accrual as of June 30, 2003 was \$ 268,714.

NOTE 13 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2003, the School District contracted with Indiana Insurance Company for building and property insurance. This policy has a limit of insurance in the amount of \$25,713,472 for property and a \$2,500 deductible. Auto insurance is also covered by Indiana Insurance for replacement cost with a \$250 deductible. General liability insurance is under American Alliance. The base policy has \$3,000,000 per occurrence and a \$3,000,000 aggregate limit. The superintendent, treasurer and board president are all bonded separately.

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

The District is a member of the Southwestern Ohio Educational Purchasing Cooperative (SOEPC). SOEPC contracts with Comp Management, Inc. to provide an insurance purchasing pool for workers compensation. The intent of the pool is to achieve the benefit of a reduced premium for the School District by virtue of its grouping its representation with other participants in the pool. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the pool. Each participant pays its workers compensation premium to the State based on the rate for the pool rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the pool. A participant will then either receive money from or be required to contribute to the pool. This equity pooling arrangement insures that each participant shares equally in the overall performance of the pool. Participation in the pool is limited to school districts that can meet the pool's selection criteria. Comp Management, Inc. provides administrative, cost control and actuarial services to the SOEPC.

The School District has elected to provide employee medical benefits through Anthem. The employees share the cost of the monthly premium with the Board for family plans. The Board pays 100 percent of a single plan premium and eighty-five percent of a family plan premium.

The School District provides life insurance and dental insurance to employees through Anthem.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE

The School District has entered into a lease for equipment. The lease, entered into during fiscal year 2000, meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

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

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2003.

Fiscal Year Ending June 30,	
2004	13,692
2005	5,705
Total Minimum Lease Payments	19,397
Less: Amount Representing Interest	(1,551)
Present Value of Minimum Lease Payments	17,846

NOTE 15 – LONG-TERM OBLIGATIONS

Long-term obligations at June 30, 2003 were as follows:

	Balance June 30, 2002	Increase	Decrease	Balance June 30, 2003	Amount Due in One Year
Capital Leases	\$ 28,835	\$ 0	\$ 10,989	\$ 17,846	\$ 12,298
Compensated Absences	271,533	38,496	0	310,029	64,669
State Loans, 0%	753,017	0	88,427	664,590	88,427
Construction Loan, 2.65%	0	3,800,000	0	3,800,000	950,000
Total	\$1,053,385	\$ 3,838,496	\$ 99,416	\$ 4,792,465	\$ 1,115,394

The District's overall legal debt margin available was \$269,026,403, with an unvoted debt margin of \$2,989,182 at June 30, 2003.

The capital lease will be paid from the Permanent Improvement Fund. Compensated absences will be paid from the fund from which the person is paid if the funds are available, otherwise, from the General Fund. The State loaned the District monies to build and equip the Adult Education Building. The loan is interest free and is being repaid with tax monies collected in the Permanent Improvement Fund.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 15 – LONG-TERM OBLIGATIONS (Continued)

Principal requirements to retire the state and construction loans outstanding at June 30, 2003 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 1,038,427	\$ 82,538
2005	1,038,427	75,525
2006	1,038,427	50,350
2007	1,038,427	25,175
2008	60,880	-
2009-2013	166,667	-
2014-2016	83,335	-
Total	<u>\$ 4,464,590</u>	<u>\$ 233,588</u>

NOTE 16 – INTERFUND ASSETS/LIABILITIES

Individual fund interfund asset, liability and transfer balances at June 30, 2003 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Advances To/From Other Funds:		
General	Vocational Education	\$83,353
Interfund Transfers:		
<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 4,996	\$ 315,336
Special Revenue Funds:		
Food Service	42,628	0
District Managed Activities	6,881	0
Career Education	70,545	0
Adult Vocational Education	122,171	520
One Net	0	3,500
Tech Prep	0	186
Safe Schools	6,838	615
Adult Basic Literacy	131	0
CTPA	10,856	23,062
Title VI	1,488	0
Goals 2000	454	0
Capital Projects Funds:		
Permanent Improvement	74,902	0
School Net	0	175
Tobacco Settlement	1,504	0
Total Interfund Transfers	<u>\$ 343,394</u>	<u>\$ 343,394</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Educational Computer Association

The School District is a member and fiscal agent of the Miami Valley Educational Computer Association (MVECA), which is a computer consortium of area school districts sharing computer resources. MVECA is an association of public school districts in a geographical area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. The Board of MVECA consists of one representative from each of the participating members. Each member pays an annual membership fee plus any other fees for services performed by the consortium. The School District paid MVECA \$26,008 for services provided during the year. Financial information can be obtained from Gary Bosserman, who serves as Director, at 330 East Enon Road, Yellow Springs, Ohio 45387.

Southwestern Ohio Educational Purchasing Cooperative

The School District is a member of the Southwestern Ohio Educational Purchasing Cooperative (SOEPC). The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools within geographical boundaries as defined by the SOEPC and to serve as a resource to member districts on matters related to business operations. The SOEPC elects one of its members as Chairperson and another as Vice-Chairperson. An Executive Committee is comprised of eleven members which include the Chairperson and Vice-Chairperson and a representative from the Fiscal Agent. Each new member pays an initiation fee in addition to the annual membership fee and other appropriate assessments. The School District paid SOEPC \$6,972 for services provided during the year. Financial information can be obtained from Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

NOTE 18 – CONTINGENT LIABILITIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2003.

Litigation

The School District's attorney estimates that any political claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 19 – SCHOOL FUNDING COURT DECISION

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

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

NOTE 20 – SET ASIDE DISCLOSURE

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

During the fiscal year ended June 30, 2003, the District's cash basis reserve activity was as follows:

	Textbook Acquisition	Capital Acquisition	Budget Stabilization	Total (Memorandum Only)
Beginning Balance	\$ (2,317,945)	\$ 0	\$ 74,902	\$ (2,243,043)
Current Year Set-Aside	107,889	107,889	0	215,778
Current Year Offsets	0	(1,653,559)	0	(1,653,559)
Qualifying Disbursements	(431,757)	(19,319)	(74,902)	(525,978)
Ending Balance	<u>(2,641,813)</u>	<u>(1,564,989)</u>	<u>\$ 0</u>	<u>(4,206,802)</u>
FY 2004 Carryover	\$ (2,641,813)	\$ 0	\$ 0	\$ (2,641,813)

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 21 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES

A. Changes in Accounting Principles

The District has implemented GASB Statements No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments."

GASB 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include entity-wide financial statements prepared on the accrual basis of accounting, and fund financial statements, which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The beginning net asset amount for governmental programs reflects the change in fund balance for the governmental funds at June 30, 2002, caused by the conversion to the accrual basis of accounting.

B. Restatement of Fund Balances

The District utilizes nonmajor special revenue fund 451 to record the receipt of Miami Valley Educational Computer Association (MVECA) state grant monies, which are to be subsequently disbursed to Investment Trust Fund 025. A prior period restatement has been recorded to reclassify amounts not yet disbursed as of June 30, 2002, totaling \$30,085, as Interfund Payable. Said amounts were previously recorded as Unreserved Fund Balance.

In fiscal year 2003, the food service enterprise fund and the expendable trust fund were reclassified as special revenue funds, which are considered non-major funds for GASB 34. These restatements had the following effect on fund balance of major and nonmajor funds of the District as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Permanent Improvement</u>	<u>Non-Major</u>	<u>Total</u>
Fund Balance June 30, 2002	\$ 2,352,141	\$ 1,692,483	\$ 168,808	\$ 4,213,432
Prior Period Restatement			(30,085)	(30,085)
Fund Type Reclassification	<u>0</u>	<u>0</u>	<u>(3,656)</u>	<u>(3,656)</u>
Adjusted Fund Balance June 30, 2002	<u>\$ 2,352,141</u>	<u>\$ 1,692,483</u>	<u>\$ 135,067</u>	<u>\$ 4,179,691</u>
GASB 34 Adjustments:				
Capital Assets				5,531,302
Long-Term Liabilities				<u>(1,053,385)</u>
Net Assets, June 30, 2002				<u>\$ 8,657,608</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 22 – INVESTMENT POOL

The Greene County Vocational School District serves as fiscal agent for the Miami Valley Educational Computer Association (MVECA). The District pools the monies of the entity with its own for investment purposes. The District cannot allocate its investments between the internal and external investment pools. The MVECA portion held by the District is identified on the Combined Balance Sheet as an equity held in trust for pool participants in a trust fund.

The investment pool is not registered with the SEC as an investment company. The fair value of investments is determined annually. The pool does not issue shares. Each participant is allocated a pro rata share of the interest that it earns. The investment pool consists of an overnight repurchase agreement with an interest rate of 1.50% at June 30, 2003.

Statement of Net Assets
June 30, 2003

Assets:	
Cash	\$ 7,736,163
Interest Receivable	6,118
Total Assets	<u>7,742,281</u>
Net Assets Held in Trust for Pool Participants	
Internal Portion	6,870,516
External Portion – MVECA	871,765
Total Net Assets Held in Trust for Pool Participants	<u>\$ 7,742,281</u>

Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2003

Revenues:	
Interest	<u>\$ 137,929</u>
Expenses:	
Operating Expenses	<u>0</u>
Net Increase in Assets Resulting from Operations	137,929
Capital Transactions	<u>1,889,099</u>
Increase in Net Assets	2,027,028
Net Assets Beginning of Year	\$ 5,715,253
Net Assets End of Year	<u>\$ 7,742,281</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$11,646		\$11,646
National School Lunch Program	LL-P1-2002	10.555	\$12,439		\$12,439	
	LL-P4-2003		21,230		21,230	
Total National School Lunch Program			33,669		33,669	
Total U.S. Department of Agriculture - Nutrition Cluster			33,669	11,646	33,669	11,646
U.S. DEPARTMENT OF EDUCATION						
<i>Direct:</i>						
Pell/SEOG Grant	N/A	84.063	152,966		152,966	
<i>Passed Through Ohio Department of Education:</i>						
Adult Education Basic Grant	AB-S1-2003	84.002	102,785		102,785	
Vocational Education Basic Grants to States	20-A0-2002	84.048	3,720		3,720	
	20-C1-2002		(4,399)		(4,399)	
	20-C2-2002		37,993		37,993	
	20-C1-2003		255,872		255,872	
	20-C2-2003		19,061		19,061	
Total Vocational Education Basic Grants to States			312,247		312,247	
Drug-Free Schools Grant	DR-S1-2003	84.186	314			
Innovative Educational Program Strategies	C2-S1-2003	84.298	755			
Title IIA Improving Teacher Quality	TR-S1-2003	84.367	776			
Total Department of Education			569,843		567,998	
Total Federal Assistance			\$603,512	\$11,646	\$601,667	\$11,646

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2003**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

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

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL 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 Greene County Vocational School District, Greene County (the District), as of and for the year ended June 30, 2003, and have issued our report thereon dated December 19, 2003, wherein we noted the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 and 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 19, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 19, 2003.

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

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

Betty Montgomery
Auditor of State

December 19, 2003



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Board of Education:

Compliance

We have audited the compliance of Greene County Vocational School District, Greene County (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003. We noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 19, 2003.

Internal Control Over Compliance

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

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**Internal Control Over Compliance
(Continued)**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 19, 2003.

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



Betty Montgomery
Auditor of State

December 19, 2003

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
FOR THE YEAR ENDED JUNE 30, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Vocational Education Basic Grants to States – CFDA # 84.048 Pell/SEOG Basic Grant – CFDA # 84.063
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING NUMBER 2003-001

Amending Appropriations

Ohio Rev. Code Section 5705.40 states that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. At the June 18, 2003 regular meeting, the Board authorized the Treasurer to balance appropriations through use of the "SETBAL" computer program. The amendments were properly filed with the County Budget Commission. The presented budgetary statements reflect these changes made through the "SETBAL" program. Without the "SETBAL" adjustments the following funds would have had expenditures in excess of appropriations:

Fund	Expenditures in excess of Appropriations
General Fund	\$768,785
Special Revenue Funds:	
District Managed Activities	2,968
Data Communication	141,170
Adult Basic Education	14,947
Vocational Education	113,857
Capital Project Funds:	
Permanent Improvement	323,421
School Net	13,866
Enterprise Fund: Rotary **	1,431
Fiduciary Funds:	
Pell Grant	151,316
Student Activities	353

** - Reclassed to General Fund for GAAP compilation.

The Board should approve all appropriations and appropriation modifications. It is the responsibility of the Treasurer to present the appropriations and appropriation modifications as authorized by the Board through detailed schedules showing the amount of change at the legal level of budgetary control. The District should refer to Auditor of State Bulletin 97-10 for further guidance on this issue.

FINDING NUMBER 2003-002

Transfer of Funds

Ohio Revised Code Section 5705.14 states that money may be transferred from the general fund to any other fund of the subdivision. Transfers from the general fund require a resolution passed by a simple majority of the board members.

The Treasurer transferred funds from the general fund to the following funds without the approval of the Board of Education. The Board authorized the Treasurer to make transfers as needed to eliminate deficit fund balances at fiscal year end, but did not approve the specific transfers identified below.

FINDING NUMBER 2003-002
(Continued)

Fund	Amount
District Managed Activities	\$2,424
Food Service	20,628
Rotary Fund	23,114
Career Education	8,478
Adult Vocational Education	52,171
Miscellaneous State Grants	2,788
Miscellaneous Federal Grants	454

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2003**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-10329-001	Ohio Rev. Code 5705.40 - Amending Appropriations	No	Repeated
2002-10329-002	Ohio Rev. Code 5705.14 - Transfer of Funds	No	Repeated



**Auditor of State
Betty Montgomery**

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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
MARCH 16, 2004**