

***GREENE COUNTY VOCATIONAL SCHOOL DISTRICT***

***GREENE COUNTY***

**AUDIT REPORT**

**For the Year Ended June 30, 2017**







# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Greene County Vocational School District, Greene County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

March 7, 2018

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**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT  
GREENE COUNTY  
AUDIT REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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## **REPORT OF INDEPENDENT AUDITORS**

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greene County Vocational School District, Greene County, Ohio (The District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Greene County Vocational School District, Greene County, Ohio, as of June 30, 2017, and the respective changes in financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

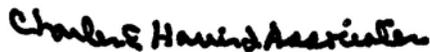
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements.

The Schedule of Receipts and Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* and is not a required part of the financial statements.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2017 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
December 3, 2017

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

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The discussion and analysis of the Greene County Vocational School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

The key financial highlights for fiscal year 2017 are as follows:

- Total net position increased by \$4.8 million, which represents a 33.2% increase from fiscal year 2016.
- Total assets of governmental activities increased by nearly \$3.5 million, predominately due to an increase in pooled cash and investments totaling over \$3.7 million.
- Total liabilities increased by nearly \$2.9 million in total or 14.3%. This is due to the increase in the net pension liability reported at June 30, 2017 compared the liability reported one year prior.
- General revenues accounted for nearly \$16.7 million or 91.9% of total revenue. Program specific revenues in the form of charges for services and sales and operating grants and contributions account for nearly \$1.5 million or 8.1% of total revenues of \$18.2 million.
- The general fund of the School District ended fiscal year 2017 with a fund balance of nearly \$9.3 million, an increase of nearly \$2.8 million when compared to that reported for the prior fiscal year; mainly attributable to management's efforts to control expenditures and a slight increase in property tax revenue and intergovernmental revenue.

**Using the Basic Financial Statements**

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregated view of the School District's finances and a longer-term view of those statements. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. Major funds for the School District include; the general fund (the School District's operating fund) and the permanent improvement fund.

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

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**Reporting the School District as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2017?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting which takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

**Reporting the School District's Most Significant Funds**

*Fund Financial Statements*

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

Governmental Funds

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

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

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

Fiduciary Funds

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

Notes to the Financial Statements

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

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2017 compared to one year prior:

TABLE 1  
NET POSITION

	<u>2017</u>	<u>2016</u>
<i>Assets</i>		
Current and Other Assets	\$ 34,887,600	\$ 31,066,494
Capital Assets	<u>13,624,612</u>	<u>13,963,991</u>
Total Assets	<u>48,512,212</u>	<u>45,030,485</u>
<i>Deferred Outflows of Resources:</i>		
Pension	<u>3,864,580</u>	<u>1,748,569</u>
Total Deferred Inflows of Resources:	<u>3,864,580</u>	<u>1,748,569</u>
<i>Liabilities:</i>		
Current Liabilities	1,215,402	1,448,415
Long-Term Liabilities:		
Net Pension Liability	21,472,667	18,337,097
Other Long-Term Liabilities	<u>325,701</u>	<u>346,065</u>
Total Liabilities	<u>23,013,770</u>	<u>20,131,577</u>
<i>Deferred Inflows of Resources:</i>		
Property Taxes not Levied to Finance		
Current Year Operations	8,333,724	8,666,943
Pension	<u>1,655,627</u>	<u>3,432,487</u>
Total Deferred Inflows of Resources:	<u>9,989,351</u>	<u>12,099,430</u>
<i>Net Position:</i>		
Net investment in capital assets	13,624,612	13,963,991
Restricted	15,894,924	14,347,925
Unrestricted	<u>(10,145,865)</u>	<u>(13,763,869)</u>
Total Net Position	<u>\$ 19,373,671</u>	<u>\$ 14,548,047</u>

In fiscal year 2015, the School District adopted GASB Statement 68, "Accounting and Financial

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

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

GASB Statement No. 68 (GASB 68) takes an earnings approach to pension accounting; however, the nature of Ohio’s statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Standards established by GASB 68 dictate the net pension liability equals the School District’s proportionate share of each plan’s collective:

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

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

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

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

The amount by which the School District’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources is called net position. As of June 30, 2017, the School

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

District's total net position was nearly \$19.4 million. Of that amount, approximately \$14.0 million was the net investment in capital assets; \$15.9 million was subject to external restrictions upon its use; and the remaining deficit of nearly \$10.1 million, which resulted from the School District's reporting its proportion share of net pension liability. If the three reported amounts related to the net pension liability calculation are excluded, the unrestricted net position reported by the School District would be a positive \$9.1 million instead of the \$10.1 million deficit currently report. As the operation of the state-wide pension system is outside the control of the School District and varies significantly from year to year based on performance of investments, it is important to know how significant the recognition of the net pension liability has on the School District's reported net position.

Table 2 shows the changes in net position for fiscal years 2017 and 2016.

TABLE 2  
CHANGES IN NET POSITION

	<u>2017</u>	<u>2016</u>
<i>Revenues:</i>		
Program Revenues:		
Charges in Services	\$ 906,172	\$ 828,662
Operating Grants & Contributions	561,231	564,654
General Revenues:		
Property taxes	10,154,249	9,346,184
Payments in Lieu of Taxes	5,410	-
Grants & Entitlements	6,227,435	5,796,585
Investment Earnings	155,689	58,722
Miscellaneous	<u>174,892</u>	<u>137,651</u>
Total Revenues	<u>18,185,078</u>	<u>16,732,458</u>
<i>Program Expenses:</i>		
Instruction	8,118,233	7,365,474
Support Services:		
Pupils and Instructional Staff	1,880,278	1,828,865
Board of Education, Administration, Fiscal and Business	1,171,397	1,407,104
Plant Operation and Maintenance	1,486,437	1,722,199
Pupil Transportation	26,566	61,366
Central	325,607	397,540
Operation of Non-Instructional Services	293,681	291,729
Extracurricular Activities	<u>57,255</u>	<u>62,630</u>
Total Expenses	<u>13,359,454</u>	<u>13,136,907</u>
<i>Change in Net Position</i>	4,825,624	3,595,551
<i>Beginning Net Position</i>	<u>14,548,047</u>	<u>10,952,496</u>
<i>Ending Net Position</i>	<u>\$ 19,373,671</u>	<u>\$ 14,548,047</u>

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

As shown in Table 2, \$16.7 million, or 91.9%, of the School District's total revenue is derived from general revenues, essentially property taxes and state entitlement programs. Overall, total revenue increased nearly \$1.5 million or 8.7%, compared with fiscal year 2016 amounts. Increase in revenue was primarily due to an increase in property tax revenue and intergovernmental revenue, which increased from prior year by \$808,065 and \$430,850, respectively.

Total expenses of the School District reported for fiscal year 2017 increased by \$222,547 from those reported for the prior year. The most significant increase can be seen in the instruction expenses that increased by \$752,759 from prior year. These increases were offset by decreases in board of education and administration services that totaled \$235,707, and in plant operation and maintenance that decreased by \$235,762 from prior year.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the net cost of services for fiscal years 2017 and 2016.

TABLE 3  
NET (EXPENSE) REVENUE OF SERVICE

	<u>2017</u>	<u>2016</u>
Instruction	\$ (7,235,394)	\$ (6,584,725)
Support Services:		
Pupils and Instructional Staff	(1,480,071)	(1,437,228)
Board of Education, Administration, Fiscal and Business	(1,171,397)	(1,360,440)
Plant Operation and Maintenance	(1,486,437)	(1,722,199)
Pupil Transportation	(26,566)	(61,366)
Central	(325,607)	(397,540)
Operation of Non-Instructional Services	(150,437)	(155,141)
Extracurricular Activities	(16,142)	(24,952)
Total Net Cost of Service	<u>\$ (11,892,051)</u>	<u>\$ (11,743,591)</u>

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

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

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

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In general, Table 3 indicates approximately 11.0 percent of the School District's expenses are funded through charges for services (primarily tuition) and operating grants and contributions; the remaining 89.0 percent is funded through general revenues, including tax revenue, state foundation and interest earnings.

**The School District's Funds**

The School District reports two major funds, the General Fund and the Permanent Improvement Fund. All funds are classified as governmental funds and are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$18.2 million and expenditures of nearly \$13.8 million. The net increase in fund balance totaled \$4.4 million and resulted in an overall fund balance of \$25.1 million for all governmental funds, of which nearly \$9.3 million was reported in the General Fund. Included in the General Fund's ending fund balance, \$72,470 pertained to inventory and prepaid items and therefore classified as non-spendable. Another \$1,110 has been assigned and \$68,866 has been committed for severance related purposes. The remaining \$9.1 million of the General Fund's ending fund balance was unassigned and is available for future appropriations as deemed appropriate by the Governing Board. The ending unassigned fund balance reported for the General Fund at year-end represents 77.7% of the total General Fund expenditures reported for the year.

The School District's other major fund, the Permanent Improvement Fund, reported revenues of nearly \$2.5 million, expenditures of \$899,070, resulting in an ending fund balance of \$15.7 million at June 30, 2017. For the year, fund balance increased by \$1.6 million compared with nearly \$2.3 million increase in fund balance reported for the prior year. The School District received funds in June 2015 pertaining to a lawsuit settlement and has been using this fund to accumulate resources for significant repairs to and acquisition of capital assets used by the School District.

**General Fund Budgeting Highlights**

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

Differences between the original and the final budgeted expenditures, and other uses, were \$700,000. The original revenue and other sources estimate was not modified during the fiscal year in the General fund. The School District's actual budgeted expenditures (includes encumbrances) was \$430,858 less than the final appropriations at fiscal year-end as and the actual revenue and other sources was \$835,194 more than the final estimated revenue at fiscal year-end.

**Capital Assets**

The School District's investment in capital assets as of June 30, 2017, amounted to \$13.6 million, net of accumulated depreciation. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, and vehicles. During fiscal year 2017, the School District reported capital asset additions of \$279,719, disposals of \$22,165 and depreciation expense totaling \$617,988.

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

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

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**Debt Administration**

No long-term debt obligations were outstanding as of June 30, 2017. See Note 9 to the notes to the basic financial statements for additional information regarding long-term obligations of the School District.

**Contacting the School District's Financial Management**

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

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

Statement of Net Position  
June 30, 2017

	Governmental Activities
<b>ASSETS:</b>	
Equity in Pooled Cash and Investments	\$ 25,299,352
Materials and Supplies Inventory	69,433
Property Taxes Receivable	9,390,031
Accounts Receivable	74,200
Intergovernmental Receivable	51,547
Prepaid Items	3,037
Capital Assets:	
Non Depreciable Assets	315,028
Depreciable Assets	13,309,584
Total Assets	48,512,212
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Pension	3,864,580
Total Deferred Outflows of Resources	3,864,580
<b>LIABILITIES:</b>	
Accrued Wages and Benefits	960,655
Intergovernmental Payable	178,596
Matured Compensated Absences	76,151
Noncurrent Liabilities:	
Due Within One Year	66,961
Due In More Than One Year	
Net Pension Liability	21,472,667
Other Amounts Due in More than One Year	258,740
Total Liabilities	23,013,770
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Property Taxes not Levied to Finance Current Year Operations	8,333,724
Pension	1,655,627
Total Deferred Inflows of Resources	9,989,351
<b>NET POSITION:</b>	
Investment in capital assets	13,624,612
Restricted for:	
Debt Service	27,547
Capital Outlay	15,775,954
Other purposes	91,423
Unrestricted	(10,145,865)
Total Net Position	\$ 19,373,671

See accompanying notes to the basic financial statements.

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

Statement of Activities  
For the Fiscal Year Ended June 30, 2017

<b>Functions/Programs:</b>	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 1,000,027	\$ -	\$ -	\$ (1,000,027)
Vocational	6,848,711	408,628	146,219	(6,293,864)
Adult	269,495	233,095	94,897	58,497
Support Services:				
Pupils	792,996	22,170	258,444	(512,382)
Instructional Staff	1,087,282	57,922	61,671	(967,689)
Board of Education	136,620	-	-	(136,620)
Administration	569,604	-	-	(569,604)
Fiscal	461,837	-	-	(461,837)
Business	3,336	-	-	(3,336)
Operation and Maintenance				
of Plant	1,486,437	-	-	(1,486,437)
Pupil Transportation	26,566	-	-	(26,566)
Central	325,607	-	-	(325,607)
Non-instructional Services	293,681	143,244	-	(150,437)
Extracurricular Activities	57,255	41,113	-	(16,142)
Total	\$ 13,359,454	\$ 906,172	\$ 561,231	(11,892,051)
General Revenues:				
Property Taxes				10,154,249
Payments in Lieu of Taxes				5,410
Grants, Entitlements and Contributions not Restricted to Specific Programs				6,227,435
Investment Earnings				155,689
Miscellaneous				174,892
			Total General Revenues	16,717,675
			Change in Net Position	4,825,624
			Net Position, Beginning of Year	14,548,047
			Net Position, End of Year	\$ 19,373,671

See accompanying notes to the basic financial statements.

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

Balance Sheet  
Governmental Funds  
June 30, 2017

	General Fund	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Equity in Pooled Cash and Investments	\$ 9,618,960	\$ 15,549,638	\$ 130,754	\$ 25,299,352
Receivables:				
Property Taxes	7,409,038	1,980,993	-	9,390,031
Accounts	50,846	1,408	21,946	74,200
Intergovernmental	-	-	51,547	51,547
Materials and Supplies Inventory	69,433	-	-	69,433
Prepaid Items	3,037	-	-	3,037
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 17,151,314</u>	<u>\$ 17,532,039</u>	<u>\$ 204,247</u>	<u>\$ 34,887,600</u>
<b>LIABILITIES:</b>				
Accrued Wages and Benefits	\$ 900,260	\$ -	\$ 60,395	\$ 960,655
Intergovernmental Payable	170,156	-	8,440	178,596
Matured Compensated Absences	76,151	-	-	76,151
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>1,146,567</u>	<u>-</u>	<u>68,835</u>	<u>1,215,402</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Property Taxes not Levied to Finance Current Year Operations	6,577,639	1,756,085	-	8,333,724
Unavailable Revenue	160,702	33,915	5,327	199,944
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Deferred Inflows of Resources	<u>6,738,341</u>	<u>1,790,000</u>	<u>5,327</u>	<u>8,533,668</u>
<b>FUND BALANCES:</b>				
Nonspendable:				
Inventory	69,433	-	-	69,433
Prepaid Items	3,037	-	-	3,037
Restricted for:				
Capital Improvements	-	15,742,039	-	15,742,039
Debt	-	-	27,547	27,547
State and Local Grants	-	-	85,300	85,300
District Managed Activities	-	-	9,377	9,377
Other Purposes	-	-	8,206	8,206
Committed for:				
Severance	68,866	-	-	68,866
Assigned for:				
Other purposes	1,110	-	-	1,110
Unassigned	9,123,960	-	(345)	9,123,615
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>9,266,406</u>	<u>15,742,039</u>	<u>130,085</u>	<u>25,138,530</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,151,314</u>	<u>\$ 17,532,039</u>	<u>\$ 204,247</u>	<u>\$ 34,887,600</u>

See accompanying notes to the basic financial statements.

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

Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
June 30, 2017

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Total Governmental Fund Balances	\$ 25,138,530
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	13,624,612
Certain other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Accounts Receivable	35,592
Intergovernmental grants receivable	5,327
Property Taxes Receivable	159,025
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:	
Deferred Outflows - Pension	3,864,580
Deferred Inflows - Pension	(1,655,627)
Net Pension Liability	(21,472,667)
Long-term liabilities which are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences payable	<u>(325,701)</u>
Net Position of Governmental Activities	\$ <u>19,373,671</u>

See accompanying notes to the basic financial statements.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT**

**GREENE COUNTY, OHIO**

Statement of Revenues, Expenditures and

Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2017

	General Fund	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Property Taxes	\$ 7,944,648	\$ 2,201,375	\$ -	\$ 10,146,023
Payments in Lieu of Taxes	4,157	1,253	-	5,410
Intergovernmental	5,844,625	252,922	762,318	6,859,865
Tuition and Fees	339,445	-	313,187	652,632
Charges for Services	-	-	12,210	12,210
Interest	155,689	-	-	155,689
Extracurricular Activities	-	-	41,113	41,113
Customer Services and Sales	59,265	-	131,034	190,299
Miscellaneous	160,873	11,229	2,790	174,892
	<u>14,508,702</u>	<u>2,466,779</u>	<u>1,262,652</u>	<u>18,238,133</u>
Total Revenues				
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	1,071,302	-	-	1,071,302
Vocational	6,454,139	724,591	117,368	7,296,098
Adult	-	-	275,793	275,793
Support Services:				
Pupils	568,528	3,412	275,019	846,959
Instructional Staff	986,588	9,763	163,681	1,160,032
Board of Education	126,509	2,196	-	128,705
Administration	633,557	4,122	-	637,679
Fiscal	500,029	24,866	-	524,895
Business	-	-	3,336	3,336
Operation and Maintenance of Plant	988,018	130,120	-	1,118,138
Pupil Transportation	65,180	-	-	65,180
Central	323,844	-	-	323,844
Operation of Non-Instructional Services	-	-	288,524	288,524
Extracurricular Activities	20,225	-	37,030	57,255
	<u>11,737,919</u>	<u>899,070</u>	<u>1,160,751</u>	<u>13,797,740</u>
Total Expenditures				
Net Change in Fund Balances	2,770,783	1,567,709	101,901	4,440,393
Fund Balance, Beginning of Year	6,495,623	14,174,330	28,184	20,698,137
Fund Balance, End of Year	<u>\$ 9,266,406</u>	<u>\$ 15,742,039</u>	<u>\$ 130,085</u>	<u>\$ 25,138,530</u>

See accompanying notes to the basic financial statements.

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

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Fiscal Year Ended June 30, 2017

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Total Net Change in Fund Balances - Total Governmental Funds \$ 4,440,393

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

Governmental funds report capital outlays as expenditures. However  
in the statement of activities, the cost of those assets are allocated over their  
estimated useful lives as depreciation expense and report a gain or loss on  
the disposal of capital assets. In the current period, these amounts are:

Current Year Depreciation	(617,988)
Capital Asset Additions	279,719
Carrying Value of Capital Assets Disposed of During Year	(1,110)

Revenue reported in the statement of activities that does not provide current

Property Taxes	8,226
Intergovernmental	(71,199)
Tuition and Fees	9,918

Long-term compensated absences are reported as expenses in the statement  
of activities; however, as these long-term obligations payable do not require  
the use of current financial resources, they are not reported as expenditures  
in the governmental funds.

20,364

Contractually required contributions are reported as expenditures in governmental  
funds; however, the statement of activities report these amounts as deferred  
outflows.

1,085,073

Except for amounts reported as deferred inflows/outflows, changes in the net pension  
liability are reported as pension expense in the statement of activities

(327,772)

Change in Net Position of Governmental Activities

\$ 4,825,624

See accompanying notes to the basic financial statements.

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

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non-GAAP) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>Revenues:</u></b>				
Property Taxes	\$ 7,145,994	\$ 7,145,994	\$ 7,598,194	\$ 452,200
Payments in Lieu of Taxes	3,910	3,910	4,157	247
Intergovernmental	5,496,787	5,496,787	5,844,625	347,838
Tuition and Fees	319,641	319,641	339,868	20,227
Interest	173,108	173,108	184,062	10,954
Miscellaneous	61,644	61,644	65,545	3,901
<i>Total Revenues</i>	<u>13,201,084</u>	<u>13,201,084</u>	<u>14,036,451</u>	<u>835,367</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular Instruction	1,148,678	1,086,574	1,048,348	38,226
Vocational Instruction	7,102,829	6,718,810	6,482,442	236,368
Support Services:				
Pupils	639,252	604,690	583,417	21,273
Instructional Staff	1,098,346	1,038,963	1,002,412	36,551
Board of Education	138,751	131,249	126,632	4,617
Administration	699,801	661,966	638,678	23,288
Fiscal	557,636	527,487	508,930	18,557
Operation and Maintenance of Plant	1,105,980	1,046,185	1,009,380	36,805
Pupil Transportation	72,968	69,023	66,595	2,428
Central	360,837	341,328	329,320	12,008
Extracurricular Activities	22,161	20,962	20,225	737
<i>Total Expenditures</i>	<u>12,947,239</u>	<u>12,247,237</u>	<u>11,816,379</u>	<u>430,858</u>
Excess of Revenues Over (Under) Expenditures	253,845	953,847	2,220,072	1,266,225
<b><u>Other Financing Sources:</u></b>				
Refund of Prior Year Expenditures	422	422	449	27
Insurance Recoveries	748	748	795	47
<i>Total Other Financing Sources</i>	<u>1,170</u>	<u>1,170</u>	<u>1,244</u>	<u>74</u>
Net Change in Fund Balance	255,015	955,017	2,221,316	1,266,299
Fund Balance, Beginning of Year	7,270,500	7,270,500	7,270,500	-
Prior Year Encumbrances Appropriated	<u>2,559</u>	<u>2,559</u>	<u>2,559</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 7,528,074</u>	<u>\$ 8,228,076</u>	<u>\$ 9,494,375</u>	<u>\$ 1,266,299</u>

See accompanying notes to the basic financial statements.

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

Statement of Fiduciary Net Position  
June 30, 2017

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	Private Purpose Trust Fund	Agency Fund
<b>ASSETS:</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 3,013	\$ 63,883
Receivables:		
Accounts	<u>          -</u>	<u>          172</u>
Total Assets	<u>          3,013</u>	<u>          64,055</u>
<b>LIABILITIES:</b>		
Due to Students	<u>          -</u>	<u>          \$ 64,055</u>
Total Liabilities	<u>          -</u>	<u>          \$ 64,055</u>
<b>NET POSITION:</b>		
Held in Trust for Scholarships	<u>          3,013</u>	
Total Net Position	<u>          \$ 3,013</u>	

See accompanying notes to the basic financial statements.

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

Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2017

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	<u>Private Purpose Trust Fund</u>
<b>Deductions:</b>	
Community Gifts, Awards and Scholarships	<u>2,000</u>
Total Deductions	<u>2,000</u>
Changes in Net Position	<u>(2,000)</u>
Net Position at Beginning of Year	<u>5,013</u>
Net Position at End of Year	<u>\$ 3,013</u>

See accompanying notes to the basic financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

The School District operates under an appointed seven-member Board form of government and provides educational services as authorized by its charter and further mandated by state and/or federal agencies. This Board controls the School District's instructional/support facilities staffed by 108 employees. There are 75 certificated employees and 24 classified support staff and 9 administrators, who provide services to 2,494 secondary and adult education students and other community members.

**Reporting Entity**

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

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

The School District is associated with two organizations that are defined as jointly governed. These organizations are the Miami Valley Educational Computer Association and the Southwestern Ohio Educational Purchasing Council. These organizations are described in Note 14 to the basic financial statements.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**A. Basis of Presentation**

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

*Government-wide Financial Statements:*

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

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

*Fund Financial Statements:*

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

**B. Fund Accounting**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

*Governmental Funds:*

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

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

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

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

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

*Fiduciary Funds:*

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

**C. Measurement Focus**

*Government-wide Financial Statements:*

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

*Fund Financial Statements:*

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

**D. Basis of Accounting**

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

*Revenues - Exchange and Non-exchange Transactions:*

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

*Deferred Outflows/Inflows of Resources:*

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

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, student tuition and fees, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position and are further explained in Note 10.

*Expenses/Expenditures:*

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

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

**E. Cash and Cash Equivalents**

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

The School District's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the School District. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortization cost basis that provides a NAV per share that approximates fair value.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

For the fiscal year 2017, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business days(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

The School District had investments in Federally backed Agency securities and money market funds at June 30, 2017 which are reported at fair value.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2017 amounted to \$155,689; \$96,394 was assigned from other School District funds.

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

**F. Inventory**

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

**H. Capital Assets**

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

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

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

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

**I. Accrued Liabilities and Long-term Obligations**

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

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

**J. Compensated Absences**

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**K. Pensions**

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

**L. Net Position**

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

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

**M. Fund Balance**

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

*Nonspendable*

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

*Restricted*

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

*Committed*

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

*Assigned*

Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

*Unassigned*

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

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

**N. Interfund Activity**

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

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

**O. Estimates**

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**P. Budgetary Process**

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

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

**NOTE 3 – ACCOUNTABILITY**

At June 30, 2017, the Adult Vocational Education fund had a deficit fund balance of \$345. The deficit in this fund is due to adjustments for accrued liabilities which generate expenditures that are greater than those recognized on a cash basis. The General Fund is liable for the deficits and provides operating transfers when cash is required, not when accruals occur.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING** (continued)

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

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

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

<u>Net Change in Fund Balance</u>	
<u>General Fund</u>	
GAAP Basis	\$ 2,770,783
Revenue Accruals	(318,902)
Expenditure Accruals	(266,621)
Net Other Sources (Uses)	1,244
Budget Perspective Difference	<u>34,812</u>
Budget Basis	<u>\$ 2,221,316</u>

**NOTE 5 – DEPOSITS AND INVESTMENTS**

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

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

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

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

**A. Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, the carrying amount of the School District's deposits was \$199,407 and the bank balance was \$337,209. Of the bank balance \$250,000 was covered by federal deposit insurance and the remaining \$87,209 was not exposed to custodial credit risk.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 5 – DEPOSITS AND INVESTMENTS** (continued)

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledge to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

**B. Investments**

The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year-end.

	Cost	Fair Value	Investment Maturities (in years)		% of Portfolio	Credit Rating S&P
			Less than 1	1-5		
Federal National Mortgage Assoc.	\$ 899,750	\$ 889,993	\$ -	\$ 889,993	3.54%	AA+
Federal Home Loan Bank	1,348,160	1,329,879	-	1,329,879	5.29%	AA+
Federal Home Loan Mortgage Corp.	499,825	496,646	-	496,646	1.97%	AA+
Federal Farmers Credit Corp	460,000	449,022	-	449,022	1.78%	AA+
Money Market funds	1,825,430	1,839,253	1,839,253	-	7.27%	N/A
STAR Ohio - NAV	<u>20,162,048</u>	<u>20,162,048</u>	<u>20,162,048</u>	<u>-</u>	80.15%	AAAm
Total Investments	<u>\$ 25,195,213</u>	<u>\$ 25,166,841</u>	<u>\$ 22,001,301</u>	<u>\$ 3,165,540</u>		

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

**Credit Risk** – The School District's investment policy limits investments to those authorized by State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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

**C. Fair Value Measurement**

The School District's investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 – Investments reflect prices quoted in active markets.
- Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 – Investments reflect prices based upon unobservable sources.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

The categorization of investments within the hierarchy is based upon the transparency of the instrument and should not be perceived as the particular investment's risk. The School District had the following reoccurring fair value measurements as of June 30, 2017:

<u>Investment Type</u>	<u>Total</u>	<u>Identical Assets (Level 1)</u>	<u>Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Federal National Mortgage Assoc.	\$ 889,993	-	\$ 889,993	-
Federal Home Loan Bank	1,329,879	-	1,329,879	-
Federal Home Loan Mortgage Corp.	496,646	-	496,646	-
Federal Farmers Credit Corp	<u>449,022</u>	<u>-</u>	<u>449,022</u>	<u>-</u>
Total	<u>\$ 3,165,540</u>	<u>\$ -</u>	<u>\$ 3,165,540</u>	<u>\$ -</u>

**NOTE 6 – PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016 and are collected in 2017 with real property taxes. Public utility real property is assessed at thirty-five percent of true value.

The School District receives property taxes from Clark, Clinton, Fayette, Greene, Montgomery and Warren Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017 are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2017, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 6 – PROPERTY TAXES** (continued)

real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

The amount available as an advance at June 30, 2017 was \$706,289 in the General Fund and \$190,993 in the Permanent Improvement Fund. The amount available as an advance at June 30, 2016 was \$359,835 in the General Fund and \$59,748 in the Permanent Improvement Fund.

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

The assessed valuations upon which fiscal year 2017 taxes were collected are as follows:

	<u>2016 2nd Half Collections</u>	<u>Percent</u>	<u>2017 1st Half Collections</u>	<u>Percent</u>
Real Estate	\$ 3,822,141,000	96.98%	\$ 3,880,766,250	96.87%
Public Utility Personal	<u>119,019,270</u>	3.02%	<u>125,302,130</u>	3.13%
Total Assessed Valuation	<u>\$ 3,941,160,270</u>		<u>\$ 4,006,068,380</u>	

**NOTE 7 – RECEIVABLES**

Receivables at June 30, 2017 consisted of accrued interest, accounts (tuition and student fees), interfund, intergovernmental grants and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the intergovernmental receivables for the non-major governmental funds are as follows:

	<u>Receivable</u>
Nonmajor Governmental Funds:	
Carl Perkins Grant	\$ 37,386
Rural Education Achievement Program	8,309
Agriculture Education Grant	<u>5,852</u>
Total Intergovernmental Receivable	<u>\$ 51,547</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 8 – CAPITAL ASSETS**

Changes in capital assets during the fiscal year ended June 30, 2017 were as follows:

	Balance <u>7/1/2016</u>	Increase	Decrease	Balance <u>6/30/2017</u>
<b><u>Capital Assets, not depreciated:</u></b>				
Land	\$ 315,028	\$ -	\$ -	\$ 315,028
<b>Total Capital Assets, not depreciated:</b>	<u>315,028</u>	<u>-</u>	<u>-</u>	<u>315,028</u>
 <b><u>Capital Assets, being depreciated</u></b>				
Land Improvements	1,666,046	11,250	-	1,677,296
Buildings	18,129,605	58,100	-	18,187,705
Machinery and Equipment	2,323,572	154,523	-	2,478,095
Vehicles	231,055	55,846	(22,165)	264,736
	<u>22,350,278</u>	<u>279,719</u>	<u>(22,165)</u>	<u>22,607,832</u>
 <b><u>Less: Accumulated Depreciation</u></b>				
Land Improvements	(462,264)	(33,213)	-	(495,477)
Buildings	(6,380,448)	(459,260)	-	(6,839,708)
Machinery and Equipment	(1,718,570)	(97,898)	-	(1,816,468)
Vehicles	(140,033)	(27,617)	21,055	(146,595)
	<u>(8,701,315)</u>	<u>(617,988) *</u>	<u>21,055</u>	<u>(9,298,248)</u>
 Depreciable Capital Assets, Net	<u>13,648,963</u>	<u>(338,269)</u>	<u>(1,110)</u>	<u>13,309,584</u>
 Total Capital Assets, Net	<u>\$ 13,963,991</u>	<u>\$ (338,269)</u>	<u>\$ (1,110)</u>	<u>\$ 13,624,612</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 8 – CAPITAL ASSETS** (continued)

\*Depreciation expense was charged to governmental functions as follows:

Instruction:		
Vocational	\$	68,333
Support Services:		
Instructional Support		7,992
Board of Education		7,915
Administration		1,670
Operation & Maintenance of Plant		526,921
Non-instructional Services		<u>5,157</u>
Total Depreciation Expense	\$	<u>617,988</u>

**NOTE 9 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the year ended June 30, 2017 were as follows:

	Balance 7/1/2016	Increase	Decrease	Balance 6/30/2017	Due within One Year
Net Pension Liability:					
STRS	\$ 15,182,322	\$ 3,005,086	\$ -	\$ 18,187,408	\$ -
SERS	<u>3,154,775</u>	<u>130,484</u>	<u>-</u>	<u>3,285,259</u>	<u>-</u>
	18,337,097	3,135,570	-	21,472,667	-
Compensated Absences	<u>346,065</u>	<u>50,784</u>	<u>71,148</u>	<u>325,701</u>	<u>66,961</u>
Total Long-Term Obligations	<u>\$ 18,683,162</u>	<u>\$ 3,186,354</u>	<u>\$ 71,148</u>	<u>\$ 21,798,368</u>	<u>\$ 66,961</u>

The School District pays obligations related to employee compensation (pension contributions and compensated absences) from the fund benefitting from their service. Under current state statutes, the School District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total value of real and personal property. At June 30, 2017, the School District had no general obligation debt outstanding.

**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

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

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

***Plan Description - School Employees Retirement System (SERS)***

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Age and service requirements for retirement are as follows:

	Retire on or before August 1, 2017 **	retire on or after August 1, 2017
Full benefits	Age 65 with 5 years of service credit	Age 67 with 10 years of service credit; or age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or age 60 with 25 years of service credit

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14.0 percent; no allocation was made during the year to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$209,301 for fiscal year 2017; \$31,420 of contributions is reported within intergovernmental payable at June 30, 2017.

***Plan Description - State Teachers Retirement System (STRS)***

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2016, to reach statutory maximum amount of 14 percent. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District’s contractually required contribution to STRS was \$875,772 for fiscal year 2017; \$128,357 of contributions is reported within intergovernmental payable at June 30, 2017.

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

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate share of the net pension liability	\$ 3,285,259	\$ 18,187,408	\$ 21,472,667
Proportion of the net pension liability	0.044886%	0.05433454%	
Change in proportionate share	-0.010402%	-0.00060008%	
Pension expense	\$ (48,289)	\$ 376,061	\$ 327,772

At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b><u>Deferred Outflows of Resources:</u></b>			
Differences between expected and actual experience	\$ 44,310	\$ 734,859	\$ 779,169
Net difference between projected and actual earnings on pension plan investments	270,986	1,510,044	1,781,030
Change in assumptions	219,308		219,308
School District contributions subsequent to the measurement date	209,301	875,772	1,085,073
Total	\$ 743,905	\$ 3,120,675	\$ 3,864,580

**Deferred Inflows of Resources:**

Change in District's proportionate share and difference in employer contributions	\$ (554,908)	\$ (1,100,718)	\$ (1,655,626)
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

\$1,085,073 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	\$ (83,301)	\$ (704)	\$ (84,005)
2019	(83,496)	(704)	(84,200)
2020	68,596	578,741	647,337
2021	77,897	566,852	644,749
	\$ (20,304)	\$ 1,144,185	\$ 1,123,881

***Actuarial Assumptions - SERS***

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or Ad Hoc COLA	3.00%
Investment rate of return	7.50% net of investment expense, including inflation
Actuarial cost method	Entry Age Normal

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015 adopted by the Retirement Board on April 21, 2016.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00%	0.50%
US stocks	22.50%	4.75%
Non-US stocks	22.50%	7.00%
Fixed income	19.00%	1.50%
Private equity	10.00%	8.00%
Real assets	15.00%	5.00%
Multi-asset strategies	<u>10.00%</u>	3.00%
Total	<u>100.00%</u>	

**Discount Rate** The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the

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

long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$ 4,349,479	\$ 3,285,259	\$ 2,394,464

**Change in Assumptions** The following changes in the actuarial assumptions were made during the June 30, 2016 actuarial valuation period:

- Discount rate was reduced from 7.75% to 7.50%
- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll growth assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience
- Mortality among active members was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females
- Mortality among service retired members and beneficiaries was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates
- Mortality among disabled members was updated to the following:
  - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, and a five-year set-back for the period after disability retirement.

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

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

***Discount Rate*** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	1% Decrease <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
School District's proportionate share of the net pension liability	\$ 24,169,588	\$ 18,187,408	\$ 13,141,087

***Changes Between Measurement Date and Report Date*** In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75% to 7.45%. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall change in the School District's net pension liability is expected to be significant.

**NOTE 11 – POSTEMPLOYMENT BENEFITS**

***A. School Employee Retirement System***

***Health Care Plan*** – Sections 3309.375 and 3309.69 of the Ohio Revised Code permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plan.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder for the employer 14% contribution to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2017, the health care allocation is 0.00%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. By statute, no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for health care surcharge. For fiscal year 2017, this amount was \$23,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. For fiscal year 2017, the School District's surcharge obligation was \$8,428.

None of the 14% in employer contributions was allocated to the Health Care Fund for the fiscal years June 30, 2017 and 2016, except the surcharge. The School District's contributions to the Health Care Fund for the fiscal year June 30, 2015 were \$20,104, including the surcharge.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 – POSTEMPLOYMENT BENEFITS (Continued)**

***B. State Teachers Retirement System***

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. STRS did not allocate a portion of employer contributions to post-employment health care in fiscal years 2017, 2016 and 2015.

**NOTE 12 – RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2017, the School District contracted with Liberty Mutual Insurance Company for property, general liability and automobile insurance.

Coverage provided by Liberty Mutual is as follows:

Buildings and Contents – replacement costs (\$1,000 deductible)	\$41,910,951
Automobile Liability	1,000,000
School Errors and Omissions Liability (\$2,500 deductible)	
Per Occurrence	1,000,000
Total Per Year	3,000,000
General Liability:	
Per Occurrence	1,000,000
Total Per Year	3,000,000
Umbrella Liability	5,000,000

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

**B. Workers Compensation**

For fiscal year 2017, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping its representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 – RISK MANAGEMENT (Continued)**

school districts in the GRP. Each participant pays its worker's compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Hunter Consulting Company provides administrative, cost control and actuarial services to the GRP.

**NOTE 13 – OTHER BENEFITS**

**A. Compensated Absences**

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

Accumulated Unpaid Sick Leave - Sick leave may be accumulated by School District employees. Upon retirement, payment is made for one-fourth of the total unused sick leave balance up to a maximum of 73 days for certified employees and 70 days for classified employees.

**B. Insurance Benefits**

The School District has elected to provide employee medical and dental benefits using United Health Care and Delta Dental coverage obtained through Southwestern Ohio Educational Purchasing Council's (SOEPC) employees benefit program. Although the Board pays 100% of the Dental insurance for fulltime employees, employees share the cost of the monthly medical premium with the Board. The Board pays ninety percent of a single plan premium and eighty-five percent of a family plan premium. The School District's responsibility for payment of claims is limited to the monthly premium contribution made to the program.

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

**NOTE 14 – JOINTLY GOVERNED ORGANIZATIONS**

**Miami Valley Educational Computer Association**

The School District is a member of the Miami Valley Educational Computer Association (MVECA), which is a computer consortium of area School Districts sharing computer resources. MVECA is an association of public school districts in a geographical area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member School Districts. The Board of MVECA consists of one representative from each of the participating members. Each member pays an annual membership fee plus any other fees for services performed by the consortium. During fiscal year 2017, the School District paid \$42,165 for services and fees. Financial information can be obtained from Thor Sage, who serves as Director, at 330 East Enon Road, Yellow Springs, Ohio 45387.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 14 – JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**Southwestern Ohio Educational Purchasing Council**

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

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

The SOEPC elects one of its members as Chairperson and another as Vice-Chairperson. An Executive Committee is comprised of eleven members who include the Chairperson and Vice-Chairperson and a representative from the Fiscal Agent. Each new member pays an initiation fee in addition to the annual membership fee and other appropriate assessments; however the annual membership fees for 2017 were waived. Financial information can be obtained from Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**NOTE 15 – CONTINGENT LIABILITIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2017.

**B. Full-Time Equivalency Review**

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 – CONTINGENT LIABILITIES (Continued)**

**C. Litigation**

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

**NOTE 16 – SET ASIDE DISCLOSURE**

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

During the fiscal year ended June 30, 2017, the School District’s cash basis reserve activity was as follows:

	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2016	\$ -
Current Fiscal Year Set-aside Requirement	129,945
Current Fiscal Year Offsets	(2,323,052)
Qualifying Disbursements	-
Ending Set-aside Balance	(2,193,107)
Set-aside Balance Carried	-
Forward to Future Fiscal Years	\$ -
Set-aside Reserve Balance as of June 30, 2017	\$ -

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

**NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2017, the School District implemented the Governmental Accounting Standards Board (GASB) Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, No. 77, *Tax Abatement Disclosures*, No. 78, *Pension Plans provided through Certain Multi-Employer Defined Benefit Plans*, No. 80, *Blending Requirements for Certain Component Units* and No. 82, *Pension Issues – an amendment of GASB Statements No.67, No. 68 and No. 73*.

GASB Statement No. 74 enhances the note disclosures and required supplementary information schedules required by OPEB plans that are administered through trusts that meet the specified criteria. The implementation of this Standard had no effect on the School District’s financial statements.

GASB Statement No. 77 requires disclosures that provide users with information concerning the government’s tax abatement programs, including nature and magnitude, which will provide information on ability to raise resources and the impact abatement programs have on the financial position of the government. The School District deems the abatement programs currently in place, if any, to be insignificant.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLES (Continued)**

GASB Statement No. 78 amends the scope and applicability of GASB Statement No. 68 to exclude certain pensions provided to employees of governmental employers through cost-sharing multiple-employer defined benefit plans that meet certain specified criteria. The implementation of this Standard had no effect on the School District's financial statements.

GASB Statement No. 80 amends the blending requirements of GASB Statement No. 14 to include blending of a component unit, incorporated as a not-for-profit corporation, in which the reporting government is the sole corporate member. The implementation of this Standard had no effect on the School District's financial statements.

GASB Statement No. 82 improves financial reporting by enhancing consistency in the application of financial reporting requirements related to certain pension issues, including presentation of payroll-related measures in RSI, selection of assumptions, and classification of employer-paid member contributions. The implementation of this Standard had no affect on the School District's beginning net position.

It should also be noted that in June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which will require the reporting entity to recognize on the face of the financial statements, its proportionate share of the net OPEB liability related to its participation in the School Employees Retirement System (SERS) and the State Teachers Retirement System (STRS). This Standard also enhances accountability and transparency through revised note disclosures and required supplementary information. The provisions of this Standard are required to be implemented for reporting periods beginning after June 15, 2017. The School District has not early implemented GASB Statement No. 75 and is currently in the process of evaluating the impact this Standard will have on its financial statements.

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

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

	2016	2015	2014	2013
<b><u>School Employees Retirement System of Ohio:</u></b>				
District's Proportion of the Net Pension Liability	0.044886%	0.055288%	0.061775%	0.061775%
District's Proportionate Share of the Net Pension Liability	\$ 3,285,259	\$ 3,154,775	\$ 3,126,398	\$ 3,673,561
District's Covered-Employee Payroll	\$ 1,394,000	\$ 1,768,005	\$ 1,813,196	\$ 1,625,434
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll.	235.67%	178.44%	172.42%	226.00%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%
<b><u>State Teachers Retirement System of Ohio:</u></b>				
District's Proportion of the Net Pension Liability	0.05433454%	0.05493462%	0.06325594%	0.06325594%
District's Proportionate Share of the Net Pension Liability	\$ 18,187,408	\$ 15,182,322	\$ 15,386,034	\$ 18,327,743
District's Covered-Employee Payroll	\$ 5,717,036	\$ 5,731,721	\$ 6,960,162	\$ 6,503,100
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll.	318.13%	264.88%	221.06%	281.83%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

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

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

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

	2017	2016	2015	2014	2013	2012	2011
<b><u>School Employees Retirement System of Ohio:</u></b>							
Contractually Required Contribution	\$ 209,301	\$ 195,160	\$ 233,023	\$ 251,309	\$ 224,960	\$ 226,535	\$ 235,092
Contributions in Relation to the Contractually Required Contributions	<u>(209,301)</u>	<u>(195,160)</u>	<u>(233,023)</u>	<u>(251,309)</u>	<u>(224,960)</u>	<u>(226,535)</u>	<u>(235,092)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>						
District Covered-Employee Payroll	\$ 1,495,007	\$ 1,394,000	\$ 1,768,005	\$ 1,813,196	\$ 1,625,434	\$ 1,684,275	\$ 1,870,263
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%
<b><u>State Teachers Retirement System of Ohio:</u></b>							
Contractually Required Contribution	\$ 875,772	\$ 800,385	\$ 802,441	\$ 904,821	\$ 845,403	\$ 857,759	\$ 849,494
Contributions in Relation to the Contractually Required Contributions	<u>(875,772)</u>	<u>(800,385)</u>	<u>(802,441)</u>	<u>(904,821)</u>	<u>(845,403)</u>	<u>(857,759)</u>	<u>(849,494)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>						
District Covered-Employee Payroll	\$ 6,255,514	\$ 5,717,036	\$ 5,731,721	\$ 6,960,162	\$ 6,503,100	\$ 6,598,146	\$ 6,534,569
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

(1) - Information prior to 2011 is not available. The District will continue to present information for years available until a full ten-year trend is presented.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT  
GREENE COUNTY**

**Schedule of Receipts and Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2017**

Federal Grantor/Program Title	Pass-Through Entity Number	Federal CFDA Number	Award Year	Award Receipts	Award Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
<i>Passed Through Ohio Department of Education</i>					
<i>Child Nutrition Cluster</i>					
<i>Non-Cash Assistance (Food Distribution):</i>					
National School Lunch Program	n/a	10.555	2017	\$ 14,654	\$ 14,654
<i>Cash Assistance</i>					
National School Breakfast Program	05PU-2017	10.553	2017	35,137	35,137
National School Lunch Program	LLP4-2017	10.555	2017	108,020	108,020
<i>Total Child Nutrition Cluster</i>				<u>157,811</u>	<u>157,811</u>
Total U.S. Department of Agriculture				157,811	157,811
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<i>Direct Program</i>					
<i>Student Financial Assistance Cluster</i>					
Federal Pell Grant Program	n/a	84.063	2017	71,761	71,761
Federal Direct Student Loans	n/a	84.268	2017	178,160	178,160
Total Student Financial Assistance Cluster				249,921	249,921
<i>Rural Education Achievement Program</i>					
Rural Education Achievement Program	n/a	84.358A	2017	49,429	49,429
		84.358A	2016	36,611	36,611
Total Rural Education Achievement Program				86,040	86,040
<i>Passed Through Ohio Department of Education</i>					
<i>Career and Technical Education - Basic Grants to States</i>					
Career and Technical Education - Basic Grants to States	n/a	84.048	2017	300,513	300,513
			2016	45,752	45,752
Total Career and Technical Education				346,265	346,265
Improving Teacher Quality	TRS1-2017	84.367	2017	2,920	2,920
Total U.S. Department of Education				<u>685,146</u>	<u>685,146</u>
<b>TOTAL FEDERAL AWARD RECEIPTS AND EXPENDITURES</b>				<b>\$ <u>842,957</u></b>	<b>\$ <u>842,957</u></b>

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT  
GREENE COUNTY**

**Notes to the Schedule of Receipts and Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2017**

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**NOTE A – Basis of Presentation**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Greene County Vocational School District's (the District's) under programs of the federal government for the year ended June 30, 2017. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, or changes in net position of the District.

**NOTE B – Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE C – Child Nutrition Cluster**

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

**NOTE D – Food Donation Program**

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

**NOTE E – Matching Requirements**

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

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

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Greene County Vocational School District, Greene, County, Ohio (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 3, 2017.

**Internal Controls Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

## **Compliance and Other Matters**

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



*Charles E. Harris & Associates, Inc.*  
December 3, 2017

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Education:

***Report on Compliance for Each Major Federal Program***

We have audited the Greene County Vocational School District, Greene County, Ohio's, (District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on the Major Federal Program***

In our opinion, the Greene County Vocational School District, Greene County, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

***Report on Internal Control Over Compliance***

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Charles E. Harris*

*Charles E. Harris & Associates, Inc.*

December 3, 2017

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT  
GREENE COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
June 30, 2017**

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

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unmodified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings under 2 CFR § 200.516(a)</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	84.063 - Federal Pell Grant Program 84.268 - Federal Direct Student Loan 84.048 - Career and Technical Education - Basic Grants to State
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: >\$750,000 Type B: All Others
(d)(1)(ix)	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT  
GREENE COUNTY

For the Year Ended June 30, 2017

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, as of June 30, 2016, reported no material citation or recommendations.



# Dave Yost • Auditor of State

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT

GREENE COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MARCH 20, 2018