



**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**SINGLE AUDIT**

**JULY 1, 1999 THROUGH JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Xenia Community School District  
Greene County  
578 East Market Street  
Xenia, Ohio 45385

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Xenia Community School District, Greene County, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Xenia Community School District, Greene County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Government, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

January 24, 2001

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**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000**

	<b>Governmental Fund Types</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>
<b>Assets and Other Debits:</b>			
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,819,514	\$946,505	\$260,627
Cash and Cash Equivalents:			
In Segregated Accounts - Payroll			
In Segregated Accounts Restricted for Budget Reserve	573,353		
Receivables:			
Taxes	5,953,711	1,600,165	202,726
Accounts	64,171		
Intergovernmental	3,650		
Interfund Receivable	3,231		
Due from Other Funds	5,727		
Prepaid Items	55,888		
Inventory Held for Resale			
Materials and Supplies			
Inventory			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)			
<b>Other Debits:</b>			
Amount to be Provided from General Government Resources			
Amount to be Provided for Capital Leases			
<b>Total Assets and Other Debits</b>	<b>\$9,479,245</b>	<b>\$2,546,670</b>	<b>\$463,353</b>
<b>Liabilities, Fund Equity and Other Credits:</b>			
<b>Liabilities:</b>			
Accounts Payable	161,314	76,684	63,626
Accrued Wages	2,317,599	170,646	
Compensated Absences Payable	174,678		
Interfund Payable	40	2,657	
Due to Other Funds			
Intergovernmental Payable	515,586	39,547	116
Deferred Revenue	4,921,998	1,233,907	163,689
Due to Students			
Capital Leases Payable			
Energy Conservation Notes Payable			
<b>Total Liabilities</b>	<b>8,091,215</b>	<b>1,523,441</b>	<b>227,431</b>
<b>Fund Equity and Other Credits:</b>			
Investment in General Fixed Assets			
Retained Earnings:			
Unreserved			
Fund Balance:			
Reserved for Encumbrances	151,529	57,756	112,185
Reserved for Prepaid Items	55,888		
Reserved for Budget Stabilization	573,353		
Reserved for Taxes	1,031,713	366,258	39,037
Reserved for Donations			
Unreserved:			
Undesignated	(424,453)	599,215	84,700
<b>Total Fund Equity and Other Credits</b>	<b>1,388,030</b>	<b>1,023,229</b>	<b>235,922</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$9,479,245</b>	<b>\$2,546,670</b>	<b>\$463,353</b>



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$439,230	\$402,133	\$0	\$0	\$4,868,009
	5,727			5,727
				573,353
				7,756,602
	700			64,871
				3,650
395				3,626
				5,727
525				56,413
27,511				27,511
978				978
121,675		32,388,506		32,510,181
			4,589,819	4,589,819
			51,203	51,203
<u>\$590,314</u>	<u>\$408,560</u>	<u>\$32,388,506</u>	<u>\$4,641,022</u>	<u>\$50,517,670</u>
10,347	51,911			363,882
63,213				2,551,458
46,843			2,436,478	2,657,999
929				3,626
	5,727			5,727
68,389	6,077		228,341	858,056
22,582				6,342,176
	43,672			43,672
			51,203	51,203
			1,925,000	1,925,000
<u>212,303</u>	<u>107,387</u>		<u>4,641,022</u>	<u>14,802,799</u>
		32,388,506		32,388,506
378,011				378,011
	187,945			509,415
				55,888
				573,353
	83,429			1,437,008
				83,429
	29,799			289,261
<u>378,011</u>	<u>301,173</u>	<u>32,388,506</u>		<u>35,714,871</u>
<u>\$590,314</u>	<u>\$408,560</u>	<u>\$32,388,506</u>	<u>\$4,641,022</u>	<u>\$50,517,670</u>

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Revenues:</b>					
Taxes	\$11,536,850	\$3,039,447	\$364,631	\$0	\$14,940,928
Intergovernmental	14,752,983	2,896,926	42,779		17,692,688
Interest	404,948	826	37,666	7,746	451,186
Tuition and Fees	53,605				53,605
Extracurricular Activities	18,377	304,082			322,459
Classroom Materials and Fees	125,474	52			125,526
Miscellaneous	69,732	119,349	8,000	315,586	512,667
Total Revenues	<u>26,961,969</u>	<u>6,360,682</u>	<u>453,076</u>	<u>323,332</u>	<u>34,099,059</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	9,767,884	3,986,174	151,798		13,905,856
Special	2,406,200	1,148,366			3,554,566
Vocational	576,888				576,888
Adult/Continuing					
Other	87,755				87,755
Support Services:					
Pupils	1,736,475	59,065			1,795,540
Instructional Staff	1,353,817	304,840			1,658,657
Board of Education	15,093				15,093
Administration	3,174,707	125,235	21,155		3,321,097
Fiscal	340,678			348	341,026
Business	453,375				453,375
Operation and Maintenance of Plant	2,519,365	4,879	2,100,000		4,624,244
Pupil Transportation	2,122,224	967			2,123,191
Central	48,316	154	6,544		55,014
Operation of Non-Instructional					
Services	492,722	255,939		10,954	759,615
Extracurricular Activities	172,237	249,267			421,504
Capital Outlay			178,090	101,038	279,128
Debt Service:					
Principal Retirement	125,000		223,976		348,976
Interest and Fiscal Charges	169,125		7,789		176,914
Total Expenditures	<u>25,561,861</u>	<u>6,134,886</u>	<u>2,689,352</u>	<u>112,340</u>	<u>34,498,439</u>
Excess of Revenues Over (Under) Expenditures	<u>1,400,108</u>	<u>225,796</u>	<u>(2,236,276)</u>	<u>210,992</u>	<u>(399,380)</u>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Bonds			1,920,790		1,920,790
Proceeds from Sale of Fixed Assets	9,456				9,456
Refund of Prior Year Expenditures		994			994
Refund of Prior Year Receipts					
Inception of Capital Lease	60,233				60,233
Other Financing Sources	26,920				26,920
Operating Transfers In			138,578		138,578
Operating Transfers Out	(138,578)				(138,578)
Total Other Financing Sources (Uses)	<u>(41,969)</u>	<u>994</u>	<u>2,059,368</u>		<u>2,018,393</u>
Excess of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Uses	1,358,139	226,790	(176,908)	210,992	1,619,013
Fund Balances (Deficit) at Beginning of Year	29,891	796,439	412,830	6,752	1,245,912
Fund Balances (Deficits) at End of Year	<u>\$1,388,030</u>	<u>\$1,023,229</u>	<u>\$235,922</u>	<u>\$217,744</u>	<u>\$2,864,925</u>

See accompanying notes to the general purpose financial statements.

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**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable/ (Unfavorable)	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>						
Taxes	\$11,613,913	\$11,596,511	(\$17,402)	\$3,468,980	\$3,049,557	(\$419,423)
Tuition and fees	54,061	53,980	(81)			
Earnings on investments	404,249	403,643	(606)	836	826	(10)
Extracurricular activities				307,678	304,082	(3,596)
Classroom materials and fees	141,069	140,858	(211)	53	52	(1)
Intergovernmental	14,774,871	14,752,733	(22,138)	2,931,190	2,896,928	(34,262)
Miscellaneous	76,746	76,631	(115)	120,760	119,348	(1,412)
Total Revenues	<u>27,064,909</u>	<u>27,024,356</u>	<u>(40,553)</u>	<u>6,829,497</u>	<u>6,370,793</u>	<u>(458,704)</u>
<b>EXPENDITURES:</b>						
Instruction:						
Regular	10,185,561	9,801,297	384,264	4,180,002	3,999,643	180,359
Special	2,381,336	2,381,446	(110)	1,538,849	1,176,978	361,871
Vocational Educating	655,840	592,340	63,500			
Adult Continuing				982	267	715
Other Instruction	142,605	96,819	45,786			
Support Services:						
Pupils	1,756,220	1,733,720	22,500	91,702	68,214	23,488
Instructional support	1,389,403	1,367,395	22,008	439,346	307,049	132,297
Board of education	25,251	20,884	4,367			
Administration	3,267,384	3,156,291	111,093	145,730	125,851	19,879
Fiscal	373,604	344,908	28,696			
Business	897,318	468,496	428,822			
Operation and maintenance of plant	2,875,835	2,664,884	210,951	5,450	4,879	571
Pupil transportation	2,231,725	2,185,801	45,924	1,505	1,504	1
Central	54,580	54,307	273	1,016	154	862
Operation of noninstructional services				355,364	275,439	79,925
Extracurricular activities	475,424	472,625	2,799	424,245	279,747	144,498
Capital outlay	254,838	254,838				
Debt Service:						
Principal payments	1,693,000	1,693,000				
Interest and fiscal charges	169,407	169,125	282			
Total Expenditures	<u>28,829,331</u>	<u>27,458,176</u>	<u>1,371,155</u>	<u>7,184,191</u>	<u>6,239,725</u>	<u>944,466</u>
Excess of Revenues Over/(Under) Expenditures	(1,764,422)	(433,820)	1,330,602	(354,694)	131,068	485,762
<b>Other Financing Sources/(Uses):</b>						
Transfers in	233,513		(233,513)			
Transfers out	(372,091)	(138,578)	233,513			
Sale and loss of assets	4,412	9,456	5,044			
Proceeds from the sale of notes	1,568,000	1,568,000				
Refund of prior year expenditures	10,462	26,920	16,458		994	994
Total Other Financing Sources/(Uses)	<u>1,444,296</u>	<u>1,465,798</u>	<u>21,502</u>		<u>994</u>	<u>994</u>
Excess of Revenues, Other Financing Sources Over/ (Under) Expenditures and Other Financing Uses	(320,126)	1,031,978	1,352,104	(354,694)	132,062	486,756
Fund Balance/(Deficit) July 1	1,550,697	1,550,697		531,447	531,447	
Prior year encumbrances appropriated	386,083	386,083		141,952	141,952	
Fund Balance/(Deficit) June 30	<u>\$1,616,654</u>	<u>\$2,968,758</u>	<u>\$1,352,104</u>	<u>\$318,705</u>	<u>\$805,461</u>	<u>\$486,756</u>

See accompanying notes to the general purpose financial statements.

Capital Projects Funds			Expendable Trust Fund			Total - (Memorandum Only)		
Revised Budget	Actual	Variance Favorable/ (Unfavorable)	Revised Budget	Actual	Variance Favorable/ (Unfavorable)	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
\$415,518	\$374,631	(\$40,887)	\$0	\$0	\$0	\$15,498,411	\$15,020,699	(\$477,712)
						54,061	53,980	(81)
41,777	37,666	(4,111)	3,601	7,745	4,144	450,463	449,880	(583)
						307,678	304,082	(3,596)
						141,122	140,910	(212)
147,447	42,778	(104,669)				17,853,508	17,692,439	(161,069)
8,873	8,000	(873)	293,034	314,886	21,852	499,413	518,865	19,452
613,615	463,075	(150,540)	296,635	322,631	25,996	34,804,656	34,180,855	(623,801)
274,105	248,524	25,581				14,639,668	14,049,464	590,204
						3,920,185	3,558,424	361,761
						655,840	592,340	63,500
						982	267	715
						142,605	96,819	45,786
						1,847,922	1,801,934	45,988
55		55				1,828,804	1,674,444	154,360
						25,251	20,884	4,367
25,178	21,195	3,983				3,438,292	3,303,337	134,955
				388	(388)	373,604	345,296	28,308
						897,318	468,496	428,822
2,164,137	2,162,603	1,534				5,045,422	4,832,366	213,056
50,000		50,000				2,283,230	2,187,305	95,925
14,340	6,544	7,796				69,936	61,005	8,931
			32,000	10,954	21,046	387,364	286,393	100,971
						899,669	752,372	147,297
183,273	183,273		290,806	288,944	1,862	728,917	727,055	1,862
130,790	130,790					1,823,790	1,823,790	
7,788	7,788					177,195	176,913	282
2,849,666	2,760,717	88,949	322,806	300,286	22,520	39,185,994	36,758,904	2,427,090
(2,236,051)	(2,297,642)	(61,591)	(26,171)	22,345	48,516	(4,381,338)	(2,578,049)	1,803,289
138,578	138,578					372,091	138,578	(233,513)
						(372,091)	(138,578)	233,513
	158	158				4,412	9,614	5,202
1,920,790	1,920,790					3,488,790	3,488,790	
						10,462	27,914	17,452
2,059,368	2,059,526	158				3,503,664	3,526,318	22,654
(176,683)	(238,116)	(61,433)	(26,171)	22,345	48,516	(877,674)	948,269	1,825,943
249,839	249,839		4,809	4,809		2,336,792	2,336,792	
122,519	122,519		1,942	1,942		652,496	652,496	
\$195,675	\$134,242	(\$61,433)	(\$19,420)	\$29,096	\$48,516	\$2,111,614	\$3,937,557	\$1,825,943

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**COMBINED STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND EQUITY  
PROPREITARY FUND TYPE AND SIMILAR TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUND 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Operating Revenues:</b>			
Tuition	\$5,398	\$0	\$5,398
Sales	874,631		874,631
Charges for Services	42,373		42,373
Interest		4,807	4,807
Other Operating Revenues		2,300	2,300
Total Operating Revenues	<u>922,402</u>	<u>7,107</u>	<u>929,509</u>
<b>Operating Expenses:</b>			
Salaries	560,188		560,188
Fringe Benefits	256,371		256,371
Purchased Services	27,047		27,047
Materials and Supplies	174,962		174,962
Cost of Sales	584,912		584,912
Depreciation	10,481		10,481
Other Operating Expenses		9,400	9,400
Total Operating Expenses	<u>1,613,961</u>	<u>9,400</u>	<u>1,623,361</u>
Operating Income (Loss)	<u>(691,559)</u>	<u>(2,293)</u>	<u>(693,852)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Federal Donated Commodities	92,157		92,157
Operating Grants	662,344		662,344
Refund of Prior Year Expenses	64		64
Loss on Disposal of Fixed Assets	(632)		(632)
Interest	2,974		2,974
Miscellaneous	8,296		8,296
Total Non-Operating Revenues (Expenses)	<u>765,203</u>		<u>765,203</u>
Net Income (Loss)	73,644	(2,293)	71,351
Retained Earnings/Fund Balance			
(Deficit) at Beginning of Year	<u>304,367</u>	<u>85,722</u>	<u>390,089</u>
Total Fund Equity at End of Year	<u>\$378,011</u>	<u>\$83,429</u>	<u>\$461,440</u>

See accompanying notes to the general purpose financial statements.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$927,861	\$0	\$927,861
Cash Received from Interest Income (Nonexpendable Trusts On		4,807	4,807
Cash Received from Other Operating Revenue		2,300	2,300
Cash Payments to Suppliers for Goods and Services	(713,580)		(713,580)
Cash Payments to Employees for Services	(557,510)		(557,510)
Cash Payments for Employee Benefits	(271,910)		(271,910)
Cash Payments for Miscellaneous		(9,400)	(9,400)
Net Cash Provided by (Used for) Operating Activities	<u>(615,139)</u>	<u>(2,293)</u>	<u>(617,432)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Operating Grants Received	662,344		662,344
Refund of Prior Year Expenses	64		64
Miscellaneous	8,296		8,296
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>670,704</u>		<u>670,704</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on Investments	2,974		2,974
Net Cash Provided by (Used for) Investing Activities	<u>2,974</u>		<u>2,974</u>
Net Increase (Decrease) in Cash and Cash Equivalents	58,539	(2,293)	56,246
Cash and Cash Equivalents at Beginning of Year	380,691	85,722	466,413
Cash and Cash Equivalents at End of Year	<u>\$439,230</u>	<u>\$83,429</u>	<u>\$522,659</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating Income (Loss)	(\$691,559)	(\$2,293)	(\$693,852)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Depreciation	10,481		10,481
Donated Commodities Used During Year	92,157		92,157
Non-Operating change in accruals:			
(Increase)/Decrease in accounts receivable	5,459		5,459
(Increase)/Decrease in accrued interest receivable	0		
(Increase)/Decrease in inventory held for resale	11,705		11,705
(Increase)/Decrease in materials and supplies inventory	1,187		1,187
(Increase)/Decrease in Prepaid Items	980		980
Increase/(Decrease) in accounts payable	(23,178)		(23,178)
Increase/(Decrease) in accrued wages	2,972		2,972
Increase/(Decrease) in compensated absences payable	4,001		4,001
Increase/(Decrease) in intergovernmental payable	(19,834)		(19,834)
Increase/(Decrease) in deferred revenue	(9,510)		(9,510)
Total Adjustments	<u>76,420</u>		<u>76,420</u>
Net Cash Provided by Operating Activities	<u>(\$615,139)</u>	<u>(\$2,293)</u>	<u>(\$617,432)</u>

See accompanying Notes to the General Purpose Financial Statements.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<b>Enterprise Funds</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Food Service	\$830,920	\$874,631	\$43,711
Tuition and Fees	5,724	6,025	\$301
Earnings on Investments			
Classroom Materials and Supplies	44,846	47,205	\$2,359
Miscellaneous			
Total Revenues	881,490	927,861	46,371
<b>Expenses:</b>			
Salaries and Wages	549,565	557,510	(7,945)
Fringe Benefits	268,035	271,910	(3,875)
Purchased Services	31,851	32,311	(460)
Supplies and Materials	763,907	774,951	(11,044)
Capital Outlay	14,076	14,280	(204)
Other			
Total Expenses	1,627,434	1,650,962	(23,528)
Excess of Operating Revenues Over (Under) Operating Expenses	(745,944)	(723,101)	22,843
<b>Non-Operating Revenues</b>			
Intergovernmental	629,242	662,344	33,102
Earnings on Investments	2,825	2,974	149
Refund of Prior Year Expenditures	61	64	3
Miscellaneous	7,881	8,296	415
Total Non-Operating Revenues	640,009	673,678	33,669
Excess of Revenues Over (Under) Expenses	(105,935)	(49,423)	56,512
Fund Equity July 1	288,880	288,880	
Prior Year Encumbrances Appropriated	91,812	91,812	
Fund Equity at End of Year	\$274,757	\$331,269	\$56,512

*See Accompanying Notes to the General Purpose Financial Statements.*



<b>Nonexpendable Trust Funds</b>			<b>Total (Memorandum Only)</b>		
<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
			\$830,920	\$874,631	\$43,711
			5,724	6,025	301
7,778	4,807	(2,971)	7,778	4,807	(2,971)
			44,846	47,205	2,359
3,722	2,300	(1,422)	3,722	2,300	(1,422)
<u>11,500</u>	<u>7,107</u>	<u>(4,393)</u>	<u>892,990</u>	<u>934,968</u>	<u>41,978</u>
			549,565	557,510	(7,945)
			268,035	271,910	(3,875)
			31,851	32,311	(460)
			763,907	774,951	(11,044)
			14,076	14,280	(204)
9,400	9,400	0	9,400	9,400	0
<u>9,400</u>	<u>9,400</u>	<u>0</u>	<u>1,636,834</u>	<u>1,660,362</u>	<u>(23,528)</u>
2,100	(2,293)	(4,393)	(743,844)	(725,394)	18,450
			629,242	662,344	33,102
			2,825	2,974	149
			61	64	3
			<u>7,881</u>	<u>8,296</u>	<u>415</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>640,009</u>	<u>673,678</u>	<u>33,669</u>
2,100	(2,293)	(4,393)	(103,835)	(51,716)	52,119
85,722	85,722	0	374,602	374,602	
0	0	0	91,812	91,812	
<u>\$87,822</u>	<u>\$83,429</u>	<u>(\$4,393)</u>	<u>\$362,579</u>	<u>\$414,698</u>	<u>\$52,119</u>

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**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**1. DESCRIPTION OF THE SCHOOL DISTRICT**

The District was chartered by the Ohio State Legislature. In 1853 state laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by 225 non-certificated personnel and 358 certificated full time teaching and administrative personnel to provide services to students and other community members. The Average Daily Membership (ADM) as of October 1, 1999 was 5,278. It currently operates 7 elementary schools, 2 junior high schools (grades 7-9), and 1 high school (grades 10-12.)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the 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 District's significant accounting policies are described below.

**A. Reporting Entity**

For financial reporting purposes the District's financial statements include all funds, account groups, and component units for which the District is financially accountable based upon criteria set forth in GASB Statement 14. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e. the District) are financially accountable. The District would consider an organization to be a component unit if:

1. The District appoints a voting majority of the organization's governing body AND (a) is able to impose its will on that organization OR (b) there is a potential for the organization to provide specific burdens on the District; OR
2. The Organization is fiscally dependent upon the District; OR
3. The nature of the relationship between the District and the organization is such that the exclusion from the financial reporting entity would render the financial statements of the District misleading.

For the fiscal year 2000, the School District does not have any component units.

The District is associated with three organizations which are defined as jointly governed. These organizations include the Miami Valley Educational Cooperative Association, the Southwestern Ohio Educational Purchasing Cooperative and the Greene County Career Center.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The accounts of the District are maintained on the basis of fund and account groups, each of which is considered a separate accounting entity. The operation of each fund is accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The District uses the following fund types and account groups:

**1. Governmental Fund Types:**

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except for those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's Governmental Fund Types:

**General Fund**

The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

**Specific Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

**Capital Projects Funds**

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).

**2. Proprietary Fund Type:**

Proprietary Funds are used to account for the District's ongoing activities which are similar to those most often found in the private sector. The following are the District's Proprietary Fund Types:

**Enterprise Funds**

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Fiduciary Fund Types:**

Fiduciary Funds are used to account for the assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These included Expendable Trust, Nonexpendable Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

**4. Account Groups:**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long term liabilities related to specific funds and those of general nature, the following account groups are used:

**General Fixed Assets Account Group**

This group of accounts is established to account for all fixed assets of the District, other than those accounted for in Proprietary Funds and Trust Funds.

**General Long Term Obligations Account Group**

This group of accounts is established to account for all long term obligations of the District, except those accounted for in Proprietary Funds and Trust Funds.

**C. Measurement Focus And/basis of Accounting**

Governmental Fund Types and Expendable Trust Funds are accounted for on a spending, or "financial resources" measurement focus. Governmental Fund Types and Expendable Trust funds operating statements represent increases and decreases in net current assets. Their reported fund balances are considered a measure of available expendable resources.

Proprietary Fund Types and Nonexpendable Trust Funds are accounted for on a cost of services, or "economic resources", measurement focus. Proprietary Fund Types and Nonexpendable Trust Funds income statements represent increases and decreases in net total assets.

The modified accrual basis of accounting is followed for Governmental and Expendable Trust Funds. Under this basis of accounting revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after fiscal year end. Revenue accrued at the end of the fiscal year included delinquent property taxes, interest, tuition, and state and federal grants. Property taxes measurable as of June 30, 2000 and delinquent property taxes whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue. Expenditures are recognized in the period in which the related fund liability is incurred, except interest on long term debt which is recorded when due.

Proprietary funds and Nonexpendable Trust Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process**

The District's budgetary process accounts for certain transactions on a basis other than GAAP. The major difference between the budgetary basis and the GAAP basis are:

- 1) Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP);
- 2) Expenditures are recorded when encumbered, or paid in cash (budgetary), as opposed to when susceptible to accrual (GAAP);
- 3) Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as a note disclosure in the proprietary fund type (GAAP basis).
- 4) For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The actual results of operations, compared to the final appropriation, which includes amendments to the original appropriation, for each fund type by expenditure function and revenue by source are presented in the *Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Budgetary Basis)*. The reserve for encumbrances is carried forward as part of the budgetary authority for the next year and is included in the revised budget amounts shown in the budget to actual comparisons.

The District adopts an annual budget for all governmental fund types. The specific timetable is as follows:

Prior to January 15 of the preceding fiscal year, the Treasurer submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the board-adopted budget is filed with the Greene County Budget Commission for tax rate determination.

**1. Estimated Resources:**

Prior to March 15, the Board of Education accepts by formal resolution, the tax rates as determined by the budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amount set forth in the final Amended Certificate.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Appropriations:**

By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function level of expenditures, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the county Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.

Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.

Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized appropriation.

Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the board during fiscal 1999-00.

**3. Lapsing of Appropriations:**

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriation at the fund, function and/or object level.

**4. Encumbrances:**

Encumbrance accounting is utilized by District funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types encumbrances outstanding at fiscal year end appear as a reserve of the fund balance on a GAAP Basis and for all budgeted funds as the equivalent of expenditures/expenses on a non-GAAP budgetary basis in order to demonstrate legal compliance.

**5. Budgetary Basis of Accounting:**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. A reconciliation of the nature and amounts of the adjustments necessary to convert the GAAP financial statements to the budgetary basis follows:

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Reconciliation of Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types

	General	Special Revenue	Capital Project	Expendable Trust	Trust
Budget Basis	\$1,031,978	\$132,062	\$(238,116)	\$ 22,345	\$ 948,269
Adjustments:					
Revenue Accruals	(1,570,334)	(10,111)	(10,157)	701	(1,589,901)
Expenditure Accruals	1,472,389	(36,210)	(104,486)	(51,910)	1,279,783
Encumbrances	<u>424,106</u>	<u>141,049</u>	<u>175,851</u>	<u>239,856</u>	<u>980,862</u>
GAAP Basis	<u>\$1,358,139</u>	<u>\$ 226,790</u>	<u>\$(176,908)</u>	<u>\$210,992</u>	<u>\$1,619,013</u>

Net Income (Loss)/Excess of Revenues Over (Under) Expenses  
Enterprise Fund and Nonexpendable Trust Fund

	Enterprise	Non-Expendable Trust
Budget Basis	\$(49,423)	\$ (2,293)
Adjustments:		
Revenue Accruals	86,698	0
Expense Accruals	(82,074)	0
Depreciation Expense	10,481	0
Encumbrances	<u>107,962</u>	<u>0</u>
GAAP Basis	<u>\$73,644</u>	<u>\$(2,293)</u>

**E. Cash and Investments**

Cash received by the District is deposited in one bank account with individual fund balance integrity maintained throughout. Monies for all funds are maintained in these accounts or are temporarily used to purchase short-term cash equivalent investments (maturity date within three months of the date acquired) which are stated at cost. State statute authorizes the District to invest in obligations of the U. S. Treasury, commercial paper and repurchase agreements.

Under existing Ohio statutes, all investments earnings accrue to the general fund except those specifically related to Agency Funds, certain trust funds and those funds individually authorized by Board resolution. Interest earnings are allocated to these funds based on average monthly cash balances. Interest income earned in fiscal 2000 for all funds (excluding Agency fund operations) totaled \$458,967.

For purposes of the combined statement of cash flows (GASB Statement No. 9) and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.



**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

**F. Inventory (Materials and Supplies)**

Inventories are valued at lower of cost (first-in, first-out) or market and are determined by physical count. The proprietary fund inventories are recorded as expenses when used. Inventory in governmental funds consists of expendable supplies which are recorded as an expenditure when individual inventory items are purchased. The governmental fund inventories are offset by a fund balance reserve which indicated they do not constitute "available expendable resources" and are not available for appropriations. The District did not have any significant governmental inventories for the fiscal year ended June 30, 2000.

**G. Fixed Assets and Depreciation**

**1. General Fixed Assets Account Group**

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$1,000 and a useful life of less than 3 years. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District does not possess any infrastructure.

**2. Proprietary Funds**

Property, plant and equipment reflected in the proprietary funds are stated as historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Furniture, Fixtures and Equipment	5 to 20

**H. Intergovernmental Revenues**

In governmental funds, entitlement and non-reimbursable grants are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for proprietary fund operations are recognized as revenue when measurable and earned.

**I. Interfund Transactions**

During the course of normal operations the District has numerous transactions between funds. The most significant include:

1. Routine transfers of resources from one fund to another fund through which transactions resources to be expended are recorded as operating transfers.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and as a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans are reflected as interfund loans payable/receivable, while long term interfund loans (greater than one year in length) are recorded as advances to/from other funds. The District has no long term advances as of June 30, 2000.

**J. Compensated Absences**

GASB Statement No. 16 specifies that compensated absences should be accrued as they are earned by employees if both of the following conditions are met:

1. The employee's rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment.

The District's policies regarding compensated absences are determined by state laws and/or negotiated agreements. In summary, the policies are as follows:

<u><b>VACATION</b></u>	<u><b>CERTIFIED</b></u>	<u><b>ADMINISTRATORS AND EXEMPT</b></u>	<u><b>NON-CERTIFICATED</b></u>
How earned	Not Eligible	25 days	10-20 days for each service year depending on length of service
Maximum Accumulation	Not Applicable	25 days	25 days
Vested	Not Applicable	25 days	25 days
Termination Entitlement	Not Applicable	Paid Upon Termination	Paid Upon Termination
<u><b>SICK LEAVE</b></u>	<u><b>CERTIFIED</b></u>	<u><b>ADMINISTRATORS AND EXEMPT</b></u>	<u><b>NON-CERTIFICATED</b></u>
How earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	Unlimited	Unlimited	Unlimited
Vested	As Earned	As Earned	As Earned
Termination Entitlement	Per Contract	Per Contract	Per Contract

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

For Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the respective Governmental Fund. Amounts that are not expected to be liquidated with expendable available financial resources are reported in the General Long Term Obligations Account Group. Compensated absences of Proprietary funds are recorded as an expense and liability of the respective proprietary fund.

**K. Long-term Obligations**

Long term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long term obligations, only that portion expected to be financed from proprietary fund operations are accounted for in those funds.

**L. Fund Equity**

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations or expenditures. Undesignated fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, prepaid items, donations, and the budget stabilization reserve. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

**M. Proprietary Fund Accounting Policies**

In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the district applies all GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles, Board Opinions, and Accounting Research bulletins issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

**N. Memorandum Only-total Columns**

Total columns on the general purpose financial statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**O. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. During fiscal year 2000, the School District transferred \$233,513 into the set-aside budget stabilization reserve. The total amount reserved for budget stabilization as of June 30, 2000 is \$573,353.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**P. 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.

**3. ACCOUNTABILITY**

At June 30, 2000, the following funds had a deficit fund balance:

Special Revenue Funds:	
Title I	(52,429)
Other Grants	( 6,761)

These deficits were created by the application of generally accepted accounting principals. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**4. DEPOSITS AND INVESTMENTS**

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

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

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

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

Inactive monies are permitted to 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 or interest by the United States;
2. Bonds, notes debentures, or any other obligations or security 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;

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time, and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments Including Repurchase Agreements), and Reverse Repurchase Agreements".

**Cash on Hand:** At fiscal year end, the School District had \$7,925 in undeposited cash in hand which is included on the balance sheet of the school District as part of "Equity in pooled cash and cash equivalents."

**Deposits:** At fiscal year end, the carrying amount of the School District's deposits was \$(16,289) and the bank balance was \$3,909, all of which was covered by federal depository insurance.

The District's depository sweeps the balance of the general checking account into an overnight account to maximize investment earnings. The carrying amount is negative, in part, by the amount of outstanding checks at the time the account was swept into the overnight accounts.

**XENIA COMMUNITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

**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. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

The School District's investments at year end included mutual funds with a carrying and a fair value of \$5,427,531 and a repurchase agreement with a carrying and a fair value of \$27,892. Both are Category 3 investments.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9 entitled "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and investments on the combined financial statements and the classification of deposit and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$5,447,059	\$ 0
Cash on Hand	(7,925)	
Investments:		
Repurchase Agreement	(27,892)	27,892
Mutual Funds	<u>(5,427,531)</u>	<u>5,427,531</u>
GASB Statement 3	<u>\$ (16,289)</u>	<u>\$5,455,423</u>

Ohio Revised Code Chapter 135, Uniform Depository act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

**5. PROPERTY TAXES**

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 1999 were based are as follows:

**XENIA COMMUNITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**5. PROPERTY TAXES (Continued)**

	1999 Second Half Collections		1999 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and other Real Estate	\$412,787,060	85.49%	\$414,787,240	85.88%
Public Utility Real	73,610	.01	73,610	.01
Tangible Personal Property	<u>70,003,108</u>	<u>14.50</u>	<u>68,183,428</u>	<u>14.11</u>
Total Assessed Value	<u>\$482,863,778</u>	<u>100.00%</u>	<u>\$483,004,278</u>	<u>100.00%</u>

In 2000, real property taxes were levied in January 1, 1999, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent revaluation was completed in January, 1996. Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25% of true value (as defined). In 2000, each business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2000, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due June 20th. The County Auditor remits portions of the taxes collected to all taxing Districts with periodic settlements of Real and Public Utility property taxes in February and August and Tangible Personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which become measurable at June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000 was \$1,031,713 and is recognized as revenue in the General Fund, \$366,258 in the Special Revenue Funds and \$39,037 in the Capital Project Funds.

**6. INCOME TAX**

The School District levies a voted tax of 1/2 percent for general operations on the income of residents and of estates. The tax was effective on 1/1/91, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**7. RECEIVABLES**

Receivables at June 30, 2000, consisted of property taxes and income taxes, accounts, interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	<b>Amount</b>
<i>General Fund:</i>	
Driver's Education reimbursement	\$ 3,650
Total Intergovernmental Receivables	<u>\$ 3,650</u>

**8. FIXED ASSETS**

A summary of General Fixed Assets Account Group at June 30, 2000 follows:

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Land/Improvements	\$ 450,091	\$ 0	\$ 0	\$ 450,091
Buildings/Building Improvements	22,719,783	2,005,416	0	24,725,199
Improvements Other Than Buildings	74,721	0	0	74,721
Furniture/Equipment	5,087,485	585,821	50,719	5,622,587
Vehicles	<u>1,353,579</u>	<u>162,329</u>	<u>0</u>	<u>1,515,908</u>
Total	<u>\$29,685,659</u>	<u>\$2,753,566</u>	<u>\$50,719</u>	<u>\$32,388,506</u>

There is no significant construction in progress as of June 30, 2000.

A summary of the Proprietary Fund fixed assets at June 30, 2000 follows:

Furniture, Equipment & Vehicles	\$498,501
Less: Accumulated Depreciation	<u>(376,826)</u>
Net Fixed Assets - Proprietary Fund	<u>\$121,675</u>

**9. NOTES PAYABLE**

On December 1, 1999, the District issued \$1,920,790 of energy conservation notes. The proceeds of this issue were used to renovate District facilities to make them more energy efficient. The long term note issues are general obligations of the School District for which the full faith and credit of the School District is pledged for repayment. Accordingly, such unmatured obligation of the School District are accounted for in the General Long Term Obligations Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the General Fund.

The following is a description of the District's long term bonds and notes outstanding as of June 30, 2000:



**XENIA COMMUNITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**9. NOTES PAYABLE (Continued)**

Purpose	Interest Rate	Issue Date	Maturity Date	Balance 6/30/99	Issued 2000	Retired 2000	Balance 6/30/00
<u>Notes:</u>							
Energy Conservation	6.5%	10/1/91	10/1/01	\$260,000	0	(\$125,000)	\$135,000
Energy Conservation	5.2%	12/1/99	12/1/14	0	\$1,920,790	(\$130,790)	\$1,790,000

The following is a summary of the District's future annual debt service requirements to maturity for general obligation notes:

Year Ending June 30	Note Principal	Interest	Total
2001	\$220,000	\$104,881	\$324,881
2002	90,000	95,480	185,480
2003	95,000	90,440	185,440
2004	105,000	85,120	190,120
2005	110,000	79,240	189,240
2006-2010	645,000	297,360	942,360
2011-2014	<u>660,000</u>	<u>95,200</u>	<u>755,200</u>
Total	<u>\$1,925,000</u>	<u>\$847,721</u>	<u>\$2,772,721</u>

**10. CAPITAL LEASES**

In 2000, the School District entered into a lease agreement for financing the acquisition of equipment. The lease agreement qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The equipment was capitalized in the General Fixed Asset Account Group for \$60,233 during fiscal year 2000.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2000:

Fiscal year ending June 30	General Long-Term Debt
2001	\$ 13,633
2002	13,633
2003	13,633
2004	13,633
2005	<u>2,271</u>
Total Minimum Lease Payments	\$ 56,803
Less: Amount Representing Interest	<u>5,600</u>
Net Present Value of Minimum Lease Payments	<u>\$ 51,203</u>

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**11. LONG-TERM OBLIGATIONS**

During the year ended June 30, 2000, the following changes occurred in liabilities reported in the General Long Term Obligations Account Group. Compensated absences will be paid from the fund from which the employee is paid.

	<u>July 1, 1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2000</u>
Compensated Absences:				
Sick Leave and Vacation Leave	\$2,183,929	\$ 252,549	\$ 0	\$2,436,478
Capital Leases	93,186	60,233	102,216	51,203
Intergovernmental Payable	215,280	228,341	215,280	228,341
Notes Payable	<u>260,000</u>	<u>1,920,790</u>	<u>255,790</u>	<u>1,925,000</u>
Total	<u>\$2,752,395</u>	<u>\$2,461,913</u>	<u>\$573,286</u>	<u>\$4,641,022</u>

**12. LEGAL DEBT MARGIN**

The Ohio Revised Code provides that voted net general obligation debt of the district shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effect of these debt limitations at June 30, 2000 are a voted debt margin of \$43,470,385 and an unvoted debt margin of \$483,004.

**13. SEGMENT INFORMATION**

Enterprise Funds - The District maintains Enterprise Funds to account for the operations of Food Service, Uniform School Supplies, and Employability Lab. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 2000.

	<u>Food Service</u>	<u>School Supply</u>	<u>Employability Labs</u>	<u>Total</u>
Operating Revenues	\$ 874,353	\$ 42,373	\$ 5,676	\$ 922,402
Operating Expenses before depreciation	1,561,349	33,109	9,022	1,603,480
Depreciation	10,481	0	0	10,481
Operating Income (Loss)	(697,477)	9,264	(3,346)	(691,559)
Operating Grants	662,344	0		662,344
Other Non-operating revenue			8,296	8,296
Donated Commodities	92,157	0	0	92,157
Interest	2,974	0	0	2,974
Refund on Prior Year Expenses	0	0	64	64
Loss on Disposal of Fixed Assets	(632)	0	0	(632)
Net Income (Loss)	59,367	9,264	5,013	73,644
Net Working Capital	201,278	89,908	11,993	303,179
Total Assets	487,106	90,836	12,372	590,314
Total Liabilities	210,996	928	379	212,303
Total Equity	276,110	89,908	11,993	378,011

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**14. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The Xenia City School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the Xenia City School District is required to contribute an actuarially determined rate of 14%. For fiscal year 1999, 7.7 % was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's contributions to SERS for the years ending June 30, 2000, 1999, 1998 were \$694,380, \$571,362, and \$608,471, respectively; 44.5 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1999 and 1998. \$308,676 represents the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

**B. State Teachers Retirement System**

The Xenia City School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the Xenia City School District is required to contribute 14%, 6% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ending June 30, 2000, 1999, and 1998 were \$2,389,584, \$2,407,258, and \$2,076,850, respectively, 83.3 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$398,264 represent the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

**15. POST EMPLOYMENT BENEFITS**

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

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**15. POST EMPLOYMENT BENEFITS (Continued)**

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board allocated employer contributions were 8.0 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$1,365,477 during fiscal 2000.

STRS pays health care benefits from the Health Care Reserve Fund. For the year ended June 30, 1999 (the latest information available) net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 6.3 percent of covered payroll for the fiscal year 1999 (the latest information available). In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999 SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$354,836 during the 2000 fiscal year.

**16. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2000, the School District contracted with Nationwide Insurance Company for general liability insurance with \$1,000,000 single occurrence limit and a \$3,000,000 aggregate. Property is protected by Indiana Insurance. The School District's vehicles are covered under a business policy with Indiana Insurance with additional vehicle coverage under Monticello.

**17. CONTINGENT LIABILITIES**

**A. Grants:**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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 effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2000.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**17. CONTINGENT LIABILITIES (Continued)**

**B. Litigation:**

Currently, the school district is involved in a civil rights matter. Due to the case being in the discovery state, it is uncertain if the case will have an impact on the school district's financial status.

**18. JOINTLY GOVERNED ORGANIZATIONS**

**Miami Valley Educational Cooperative Association (MVECA)** - The School District is a participant in MVECA, which is a computer consortium. MVECA is an association of public school districts within the geographic 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 and instructional functions among member school districts. The governing board of MVECA consists of two representatives from each of the participating members. The School District paid MVECA \$77,019 for services provided during the year. Complete financial statements can be obtained from MVECA located in Yellow Springs, Ohio 45387.

**Southwestern Ohio Educational Purchasing Council (SOEPC)** - SOEPC is a purchasing cooperative made up of nearly 100 school districts in 12 counties. Per most recent audit, SOEPC handles its own financial accounting and reporting. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture, and supplies purchased by the SOEPC is held in trust for the member school districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. A one year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member will be liable for all member obligations during this one year period. Payments to SOEPC are made from the General (Governmental Fund). The District contributed \$8,905 for the operation of the consortium during the 2000 fiscal year. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, 1831 Harshman Road, Dayton, Ohio 45424.

**Greene County Career Center** - The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected Boards, which possesses its own budgeting and taxing authority. To obtain information, write to the Greene County Career Center, Steve Sutcliffe, who serves as treasurer, at 2960 W. Enon Road, Xenia, Ohio 45385.

**19. SCHOOL FUNDING DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$14,545,634 of school foundation support for its general fund, and \$14,927,444 in total (all funds) support.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**19. SCHOOL FUNDING DECISION (Continued)**

The Court also declared the emergency school loan assistance program unconstitutional. The emergency school loan program allowed the School District to borrow money from a commercial financial institution with repayment going directly to the lender from the State through withholding a portion of the School District's future school foundation payments. As of June 30, 2000, the School District did not have a balance on this assistance, although it borrowed and repaid \$1,568,000 during the year. Historically, the School District has relied on this borrowing to meet their cash flow needs at the end of the fiscal year.

Since the Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined that they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997 decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

**20. SET-ASIDE REQUIREMENTS**

The District is required by State statute to annually set aside an amount based on prior year revenues for the purchase of textbooks and other instructional materials and an additional amount for capital improvements. Amounts not spent by year-end or offset by similarly restricted sources must be held in cash at year-end and carried forward to be used for the same purpose in future years. Amounts are also to be set aside if the District's base amount used for the yearly set-aside calculation increases three percent (3%) or more from the prior year. This amount is included in the budget stabilization reserve.

The following information describes the changes in the amounts set aside for textbooks and instructional materials, capital improvements and budget stabilization from the end of the prior year to the end of the current year.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**20. SET-ASIDE REQUIREMENTS (Continued)**

	Textbooks	Capital Improvements	Budget Reserve	Total
Set aside balance as of June 30, 1999	\$ 0	\$ 0	\$339,840	\$ 339,840
Current year set-aside requirement	662,243	662,243	233,513	1,557,999
Current year offsets	0	(374,631)	0	(374,631)
Qualifying expenditures	<u>(698,201)</u>	<u>(352,745)</u>	<u>0</u>	<u>(1,050,946)</u>
Totals	<u><u>\$ ( 35,958)</u></u>	<u><u>\$ ( 65,133)</u></u>	<u><u>\$573,353</u></u>	<u><u>\$ 573,353</u></u>
Cash balance carried forward to FY2001	<u><u>\$ ( 35,958)</u></u>	<u><u>\$ ( 65,133)</u></u>	<u><u>\$573,353</u></u>	<u><u>\$ 573,353</u></u>
Amount restricted for budget stabilization				<u><u>\$ 573,353</u></u>
Total restricted assets				<u><u>\$ 573,353</u></u>

**XENIA COMMUNITY SCHOOLS DISTRICT  
GREENE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLE	PASS THROUGH ENTITY NUMBER	FEDERAL CFDA NUMBER	RECEIPTS	NON-CASH RECEIPTS	DISBURSEMENTS	NON-CASH DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>(Passed Through Ohio Department of Education)</i>						
Nutrition Cluster:						
Food Distribution Program		10.550	\$0	\$92,157	\$0	\$101,667
National School Breakfast Program	05-PU	10.553	109,304	0	109,304	0
National School Lunch Program	03-PU	10.555	483,289	0	483,289	0
Summer Food Service Program	23-ML	10.559	28,912	0	28,912	0
Total U.S. Department of Agriculture - Nutrition Cluster			621,505	92,157	621,505	101,667
<b>INSTITUTE OF MUSEUMS AND LIBRARY SERVICES</b>						
<i>(Passed Through State Library of Ohio)</i>						
Library Automation LSTA Grant	I-L1	45.310	23,378	0	36,322	0
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>(Passed Through Ohio Department of Education)</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF	84.027	341,263	0	302,098	0
Special Education - Grants to States	PG-S1	84.173	38,937	0	26,988	0
Total Special Education Cluster			380,200	0	329,086	0
Grants to Local Educational Agencies (ESEA Title I)	C1-S1	84.010	1,007,122	0	1,094,839	0
Drug-Free Education Grant	DR-S1	84.186	25,757	0	29,988	0
Goals 2000	G2-S3	84.276	0	0	19,349	0
Eisenhower Professional Development State Grant	MS-S1	84.281	18,180	0	33,471	0
Title VI - R Classroom Reduction	CR-S1	84.340	138,376	0	126,675	0
Innovative Education Program Strategies	C2-S1	84.298	15,340	0	40,577	0
<i>(Passed Through Greene County Educ. Service Center)</i>						
Goals 2000	N/A	84.276	11,629	0	13,535	0
Total Department of Education			1,596,604	0	1,687,520	0
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>(Passed Through Ohio Department of MRDD)</i>						
Community Alternative Funding System	N/A	93.778	38,940	0	38,940	0
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>						
<i>(Passed Through Ohio Department of Education)</i>						
Learn and Serve America	SV-S1	94.004	14,855	0	14,498	0
<b>Total Federal Assistance</b>			<u>\$2,295,282</u>	<u>\$92,157</u>	<u>\$2,398,785</u>	<u>\$101,667</u>

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



**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY  
FISCAL YEAR ENDED JUNE 30, 2000**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – NUTRITION CLUSTER**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND  
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Xenia Community School District  
Greene County  
578 East Market Street  
Xenia, Ohio 45385

To the Board of Education:

We have audited the financial statements of Xenia Community School District, Greene County, (the District), as of and for the year ended June 30, 2000, and have issued our report thereon dated January 24, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 24, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable conditions is described in the accompanying schedule of findings as item 2000-10329-001.

**Internal Control Over Financial Reporting  
(Continued)**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we reported to management of the District in a separate letter dated January 24, 2001.

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

**Jim Petro**  
Auditor of State

January 24, 2001



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Xenia Community School District  
Greene County  
578 East Market Street  
Xenia, Ohio 45385

To the Board of Education:

**Compliance**

We have audited the compliance of Xenia Community School District, Greene County, ("the District") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

**Internal Control Over Compliance**

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

**Internal Control Over Compliance  
(Continued)**

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

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

**Jim Petro**  
Auditor of State

January 24, 2001

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**JUNE 30, 2000**

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

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

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY  
JUNE 30, 2000**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding # 2000-10329-001</b>	
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**Student Activities Accounting**

The School District did not maintain proper supervision over student activities. The following weaknesses were noted in the Cheerleaders, Competition Cheerleaders and Dance Team Programs:

- Students participated in fund raising activities for which the financial activities were not processed through the District's accounting system;
- Advisor prepared a budget of estimated costs for the program and gave each student the amount they must pay at the beginning of the school year, besides the \$40 participation fee approved by the Board of Education.
- Any additional funds needed during the year was determined by the advisor, and an unapproved amount was given to the students to pay.
- Cash and checks were received from students and given to the Booster Club Treasurer to deposit into their checking account. No receipts were written.
- Purchases were made by the advisor without following the School District's policy and procedures.

This caused students to be charged unauthorized fees, records not to be maintained, and no accountability over revenue or expenditures.

The District should enforce the student activity manual which includes procedures for maintaining records and forms that should be used for fund raisers. All monies collected by the advisor should have a receipt written and deposited with the School District Treasurer. Students should only be required to pay Board authorized fees. Furthermore, any additional procedures that the Board of Education deems necessary should be implemented.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None



**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY**

**JUNE 30, 2000**

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

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
<b>1999-10329-001</b>	Ohio Rev. Code Sec. 5705.41 (B)	No	Not material current year, management letter citation
<b>1999-10329-002</b>	Ohio Rev. Code Sec. 5705.39	Yes	
<b>1999-10329-003</b>	Student Activities Accounting	No	Not corrected, repeated for current year
<b>1999-10329-004</b>	Athletic and Student Activity Recordkeeping	No	Not fully corrected, management letter recommendation





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**XENIA COMMUNITY 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 13, 2001**