



**Auditor of State  
Betty Montgomery**



**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Yellow Springs Exempted Village School District  
Greene County  
201 South Walnut Street  
Yellow Springs, Ohio 45387

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yellow Springs Exempted Village School District, Greene County, (the District), as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Yellow Springs Exempted Village School District, Greene County, as of June 30, 2004, and the respective changes in financial position, and the respective budgetary comparison for the General and Emergency Levy Funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2004, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

**Betty Montgomery**  
Auditor of State

April 25, 2005

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED**

The discussion and analysis of the District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2004 are as follows:

In total, net assets increased \$1,925,205.

General revenues accounted for \$7,797,469, or 88 percent of all revenues. Program specific revenues in the form of charges for services, and operating grants and contributions accounted for \$1,014,683 or 12 percent of total revenues of \$8,812,152.

The District's major funds included the General Fund, the Emergency Levy Fund, the Bond Retirement Fund, and the Building Fund. The General Fund had \$6,566,429 in revenues and \$5,098,424 in expenditures and other financing uses. The General Fund balance increased \$1,468,005 from the prior fiscal year. The District received a one-time payment for school district income tax of approximately 1.25 million dollars. This was generated from a corporation going from a sole proprietor to an ESOP corporation. When they reconfigured the make-up of the company it caused them to owe the District this money. It also, will reduce their annual payments by approximately \$190,000.

The Emergency Levy Fund had \$1,135,684 in revenues and \$1,089,381 in expenditures and other financing uses. The Emergency Levy Fund balance increased \$46,363 from the prior fiscal year.

The Bond Retirement Fund had \$365,334 in revenues and other financing sources, and \$353,353 in expenditures. The Bond Retirement Fund balance increased \$11,981 from the prior fiscal year.

The Building Fund had \$1,754 in revenues, and \$657,156 in expenditures. The Building Fund balance decreased \$655,402 from the prior fiscal year. Construction projects were completed and final payments were made to the contractors.

The revenue generated from the debt service fund is used to pay for the current portion of bonded debt.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column.

For the District, the General Fund is by far the most significant fund. The General Fund, Emergency Levy Fund, Building Fund, and the Bond Retirement Fund are the four major funds.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED  
(Continued)**

**Reporting the District as a Whole**

**Statement of Net Assets and Statement of Activities**

The statement of net assets and the statement of activities reflect how the District did financially during fiscal year 2004. These statements include all assets and liabilities using the accrual basis of accounting similar to which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets and the statement of activities, the District discloses a single type of activity:

**Governmental Activities** - All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

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

**Fund Financial Statements**

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, the Emergency Levy Fund, the Building Fund, and the Bond Retirement Fund. While the District uses many funds to account for its financial transactions, these are the most significant.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

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

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the accrual basis of accounting.



**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED  
(Continued)**

**The District as a Whole**

Table 1 provides a summary of the District's net assets for fiscal year 2004. A comparative analysis is not provided because this is the first year for government-wide financial statements using the full accrual basis of accounting. An analysis will be provided in future years when prior year information is available.

**Table 1  
Net Assets  
Governmental Activities**

	<u>2004</u>
<b>Assets:</b>	
Current and Other Assets	\$8,331,135
Capital Assets, Net	<u>6,626,320</u>
Total Assets	<u>14,957,455</u>
<b>Liabilities:</b>	
Current and Other Liabilities	4,044,432
Long-Term Liabilities	<u>4,806,438</u>
Total Liabilities	<u>8,850,870</u>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	2,091,601
Restricted	631,929
Unrestricted	<u>3,383,055</u>
Total	<u><u>\$6,106,585</u></u>

Table 2 reflects the changes in net assets for fiscal year 2004. This is the first year of implementation for GASB 34. Comparative figures are not available for fiscal year 2003. A comparative analysis will be provided in future years when prior year information is available.

**Table 2  
Change in Net Assets  
Governmental Activities**

	<u>2004</u>
<b>Revenues:</b>	
Program Revenues:	
Charges for Services and Sales	\$676,293
Operating Grants, Contributions and Interest	<u>338,390</u>
Total Program Revenues	<u>1,014,683</u>
General Revenues:	
Property Taxes	3,725,499
Income Taxes	2,322,539
Grants and Entitlements	1,588,790
Interest	36,283
Gifts and Donations	93,159
Miscellaneous	<u>31,199</u>
Total General Revenues	<u>7,797,469</u>
Total Revenues	<u>8,812,152</u>

(Continued)

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED  
(Continued)**

**Table 2  
Change in Net Assets  
Governmental Activities  
(Continued)**

<b>Expenses:</b>	
Instruction	3,166,274
Support Services:	
Pupils	196,917
Instructional Staff	437,260
Board of Education	32,257
Administration	787,697
Fiscal	342,678
Operation and Maintenance of Plant	592,688
Pupil Transportation	103,609
Central	48,154
Non-Instructional	124,860
Extracurricular Activities	203,388
Capital Outlay	660,523
Interest and Fiscal Charges	<u>190,642</u>
Total Expenses	<u>6,886,947</u>
Increase in Net Assets	<u><u>\$1,925,205</u></u>

**Governmental Activities**

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

**Table 3  
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2004</u>	<u>2004</u>
Instruction	\$3,166,274	\$2,350,124
Support Services:		
Pupils	196,917	194,492
Instructional Staff	437,260	425,280
Board of Education	32,257	32,257
Administration	787,697	787,697
Fiscal	342,678	342,678
Operation and Maintenance of Plant	592,688	592,688
Pupil Transportation	103,609	103,609
Central	48,154	48,154
Non-Instructional	124,860	47,189
Extracurricular Activities	203,388	96,931
Capital Outlay	660,523	660,523
Interest and Fiscal Charges	<u>190,642</u>	<u>190,642</u>
Total Expenses	<u><u>\$6,886,947</u></u>	<u><u>\$5,872,264</u></u>

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED  
(Continued)**

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. The instruction activities are supported through charges for services and operating grants. For all governmental activities, support from general revenues is 72 percent. The remaining 28 percent are derived from tuition and fees, specific grants, and donations.

**The District's Funds**

The District's governmental funds are accounted for using the modified accrual basis of accounting. The District's major governmental funds are the General Fund, Emergency Levy Fund, Bond Retirement Fund, and the Building Fund. Total governmental funds had revenues of \$8,824,439 and expenditures of \$7,984,393. The net positive change of \$840,046 in fund balance for the year indicates that the District is able to meet current costs.

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2004, the District amended its General Fund budget as needed.

Final expenditures were budgeted at \$5,040,994 while actual expenditures were \$4,932,342. The \$108,652 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2004, the District had \$6,430,621 invested in capital assets (net of accumulated depreciation) for governmental activities. This is an increase of \$4,098,860 from the prior year, mainly attributable to the completion of construction projects during the fiscal year.

For further information regarding the District's capital assets, see notes to the basic financial statements.

**Debt**

At June 30, 2004, the District had \$4,260,000 in school improvement general obligation bonds for building improvements. The bonds were issued for a twenty-year period, with final maturity on December 1, 2027. The bonds are being retired through the Bond Retirement debt service fund.

At June 30, 2004, the District's overall legal debt margin was \$5,324,830, with an un-voted debt margin of \$106,498.

For further information regarding the District's debt, see the notes to the basic financial statements.

**Current Issues**

The District is holding its own in the state of a declining economy and uncertainty in State funding. Yellow Springs is a small rural community of 8,500 people in Western Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED  
(Continued)**

The district is currently operating in the first year of the state biennium budget. 71.9 percent of district revenue sources are from local funds, 24.3 percent from state funds and the remaining 3.8 percent is from federal funds. The total expenditure per pupil was calculated at \$8,923.

Over the past several years, the District has remained in a good financial position. In November 2003, the District passed a five-year emergency levy to generate \$1,060,000 annually beginning collection January 2005. This levy provides a source of funds for the financial operations and stability of the district. However, future finances are not without challenges as our community changes and state funding is revised. Some of these challenges are in the future of state funding for schools in light of the DeRolph court case and the long term effects of public utility deregulation, as well as the reduction of personal property for business inventory.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Joy Kitzmiller, Treasurer, Yellow Springs Exempted Village School District, 201 S Walnut Street, Yellow Springs, Ohio 45387.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**STATEMENT OF NET ASSETS  
June 30, 2004**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,120,777
Materials and Supplies Inventory	1,692
Accrued Interest Receivable	2,512
Accounts Receivable	18,766
Intergovernmental Receivable	2,232
Prepaid Items	3,759
Taxes Receivable	3,422,630
Income Taxes Receivable	1,739,288
Restricted Assets:	
Equity in Pooled Cash and Cash Equivalents	19,479
Capital Assets:	
Land	149,279
Depreciable capital assets, net	6,477,041
Total Capital Assets, net	6,626,320
 Total Assets	 14,957,455
 <b>Liabilities:</b>	
Accounts Payable	141,303
Accrued Wages and Benefits	555,468
Intergovernmental Payable	189,712
Matured Compensated Absences Payable	71,629
Deferred Revenue	3,086,320
Long-Term Liabilities:	
Due Within One Year	198,140
Due in More Than One Year	4,608,298
Total Liabilities	8,850,870
 <b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	2,091,601
Restricted for Debt Service	160,063
Restricted for Capital Outlay	266,982
Restricted for Other Purposes	204,884
Unrestricted	3,383,055
 Total Net Assets	 \$6,106,585

*See accompanying notes to the basic financial statements.*

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$2,420,063	\$501,893	\$82,651	(\$1,835,519)
Special	435,784		231,606	(204,178)
Other	310,427			(310,427)
Support Services:				
Pupils	196,917		2,425	(194,492)
Instructional Staff	437,260		11,980	(425,280)
Board of Education	32,257			(32,257)
Administration	787,697			(787,697)
Fiscal	342,678			(342,678)
Operation and Maintenance of Plant	592,688			(592,688)
Pupil Transportation	103,609			(103,609)
Central	48,154			(48,154)
Operation of Non-Instructional Services	124,860	76,848	823	(47,189)
Extracurricular Activities	203,388	97,552	8,905	(96,931)
Capital Outlay	660,523			(660,523)
Debt Service:				
Interest and Fiscal Charges	190,642			(190,642)
<b>Total Governmental Activities</b>	<b>\$6,886,947</b>	<b>\$676,293</b>	<b>\$338,390</b>	<b>(\$5,872,264)</b>
<b>General Revenues:</b>				
Taxes:				
Property Taxes, Levied for General Purposes				2,346,174
Property Taxes, Levied for Capital Outlay				91,432
Property Taxes, Levied for Debt Service				266,280
Property Taxes, Levied for Other				1,021,613
Income Taxes				2,322,539
Grants and Entitlements not Restricted to Specific Programs				1,588,790
Gifts and Donations				93,159
Investment Earnings				36,283
Miscellaneous				31,199
<b>Total General Revenues</b>				<b>7,797,469</b>
Change in Net Assets				1,925,205
Net Assets Beginning of Year				4,181,380
Net Assets End of Year				<b>\$6,106,585</b>

See accompanying notes to the basic financial statements.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2004**

	<b>General Fund</b>	<b>Bond Retirement Fund</b>	<b>Building Fund</b>	<b>Emergency Levy Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>						
Current Assets:						
Equity in Pooled Cash and Cash Equivalents	\$2,471,032	\$134,011	\$321,089	\$40,817	\$153,828	\$3,120,777
Materials and Supplies Inventory					1,692	1,692
Accrued Interest Receivable	2,512					2,512
Accounts Receivable	18,766					18,766
Intergovernmental Receivable					2,232	2,232
Prepaid Items	3,759					3,759
Taxes Receivable	2,123,163	267,887		976,995	54,585	3,422,630
Income Taxes Receivable	1,739,288					1,739,288
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	19,479					19,479
<b>Total Assets</b>	<b>\$6,377,999</b>	<b>\$401,898</b>	<b>\$321,089</b>	<b>\$1,017,812</b>	<b>\$212,337</b>	<b>\$8,331,135</b>
<b>Liabilities</b>						
Current Liabilities:						
Accounts Payable	7,565		120,375		13,363	141,303
Accrued Wages and Benefits	536,124			3,749	15,595	555,468
Intergovernmental Payable	126,592				851	127,443
Matured Compensated Absences Payable	71,629					71,629
Deferred Revenue	2,032,466	247,407		898,108	50,204	3,228,185
<b>Total Liabilities</b>	<b>2,774,376</b>	<b>247,407</b>	<b>120,375</b>	<b>901,857</b>	<b>80,013</b>	<b>4,124,028</b>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	19,613		134,145		4,159	157,917
Reserved for Prepaid Items	3,759					3,759
Reserved for Property Taxes	151,757	20,480		78,887	4,381	255,505
Reserved for Budget Stabilization	19,479					19,479
Unreserved, Undesignated, Reported in:						
General Fund	3,409,015					3,409,015
Special Revenue Funds				37,068	63,306	100,374
Debt Service Funds		134,011				134,011
Capital Projects Funds			66,569		60,478	127,047
<b>Total Fund Balances</b>	<b>3,603,623</b>	<b>154,491</b>	<b>200,714</b>	<b>115,955</b>	<b>132,324</b>	<b>4,207,107</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$6,377,999</b>	<b>\$401,898</b>	<b>\$321,089</b>	<b>\$1,017,812</b>	<b>\$212,337</b>	<b>\$8,331,135</b>

See accompanying notes to the basic financial statements.





**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Building Fund</u>	<u>Emergency Levy Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
Property and Other Local Taxes	\$2,336,182	\$265,540		\$1,018,582	\$92,296	\$3,712,600
Income Taxes	2,261,479					2,261,479
Intergovernmental	1,412,458	30,548		117,102	367,072	1,927,180
Interest	34,444		\$1,754		85	36,283
Tuition and Fees	490,667				11,226	501,893
Rent					15	15
Extracurricular Activities					97,537	97,537
Gifts and Donations					93,159	93,159
Customer Sales and Services					76,848	76,848
Miscellaneous	31,199					31,199
Total Revenues	<u>6,566,429</u>	<u>296,088</u>	<u>1,754</u>	<u>1,135,684</u>	<u>738,238</u>	<u>8,738,193</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	1,777,082			1,071,869	252,624	3,101,575
Special	444,613				3,466	448,079
Other	310,427					310,427
Support Services:						
Pupils	130,438				75,054	205,492
Instructional Staff	359,847				71,225	431,072
Board of Education	32,257					32,257
Administration	750,118				18,969	769,087
Fiscal	315,302	4,552		17,452	1,713	339,019
Operation and Maintenance of Plant	571,177				215	571,392
Pupil Transportation	191,718					191,718
Central	9,432				37,523	46,955
Operation of Non-Instructional Services	3,721				121,139	124,860
Extracurricular Activities	143,422				134,965	278,387
Capital Outlay	3,367		657,156			660,523
Debt Service:						
Principal	34,062	162,600				196,662
Interest	4,441	186,201				190,642
Total Expenditures	<u>5,081,424</u>	<u>353,353</u>	<u>657,156</u>	<u>1,089,321</u>	<u>716,893</u>	<u>7,898,147</u>
Excess of Revenues Over (Under) Expenditures	<u>1,485,005</u>	<u>(57,265)</u>	<u>(655,402)</u>	<u>46,363</u>	<u>21,345</u>	<u>840,046</u>
<b>Other Financing Sources and Uses:</b>						
Transfers In		69,246			17,000	86,246
Transfers Out	(17,000)				(69,246)	(86,246)
Total Other Financing Sources and Uses	<u>(17,000)</u>	<u>69,246</u>			<u>(52,246)</u>	
Net Change in Fund Balances	1,468,005	11,981	(655,402)	46,363	(30,901)	840,046
Fund Balance (Deficit) at Beginning of Year	2,135,618	142,510	856,116	69,592	163,225	3,367,061
Fund Balance (Deficit) at End of Year	<u>\$3,603,623</u>	<u>\$154,491</u>	<u>\$200,714</u>	<u>\$115,955</u>	<u>\$132,324</u>	<u>\$4,207,107</u>

See accompanying notes to the basic financial statements.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**Net Change in Fund Balances - Total Governmental Funds** \$840,046

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current year.

Capital Outlay - Depreciable Capital Assets	\$1,020,121	
Depreciation	(235,183)	
		784,938

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a gain (loss) on disposal of capital assets on the statement of activities.

Gain (Loss) on Disposal of Capital Assets		(3,856)
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Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Income Taxes	61,060	
Delinquent Property Taxes	12,899	
		73,959

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of activities.		202,700
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Some expenses reported on the statement of activities, such as compensated absences and intergovernmental payable representing contractually required pension contributions, do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Intergovernmental Payable	(10,526)	
Compensated Absences Payable	37,944	
		27,418

<b>Change in Net Assets of Governmental Activities</b>		<b>\$1,925,205</b>
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*See accompanying notes to the basic financial statements.*

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/(Negative)</u>
<b>Revenues:</b>				
Property and Other Local Taxes	\$2,066,800	\$2,142,419	\$2,319,554	\$177,135
Income Tax	1,284,640	1,297,413	1,404,220	106,807
Intergovernmental	1,349,149	1,265,457	1,411,381	145,924
Interest	57,680	37,480	33,976	(3,504)
Tuition and Fees	442,672	509,809	546,741	36,932
Rent	300	94		(94)
Miscellaneous	5,000	5,068	5,941	873
<b>Total Revenues</b>	<u>5,206,241</u>	<u>5,257,740</u>	<u>5,721,813</u>	<u>464,073</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	2,018,199	1,777,340	1,750,123	27,217
Special	437,068	438,348	435,106	3,242
Other	296,300	321,534	310,293	11,241
Support Services:				
Pupils	131,058	131,058	127,950	3,108
Instructional Staff	374,194	368,964	355,439	13,525
Board of Education	38,100	35,349	32,307	3,042
Administration	722,083	711,116	694,678	16,438
Fiscal	252,441	274,644	277,747	(3,103)
Operation and Maintenance of Plant	550,450	561,675	564,143	(2,468)
Pupil Transportation	176,726	191,131	188,280	2,851
Central	5,700	7,390	9,305	(1,915)
Operation of Non-Instructional Services	5,000	4,000	3,721	279
Extracurricular Activities	161,878	161,878	141,389	20,489
Capital Outlay	8,000	(1,000)	4,420	(5,420)
Debt Service				
Principal	16,000	16,000	16,000	
Interest	4,567	4,567	4,441	126
<b>Total Expenditures</b>	<u>5,197,764</u>	<u>5,003,994</u>	<u>4,915,342</u>	<u>88,652</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>8,477</u>	<u>253,746</u>	<u>806,471</u>	<u>552,725</u>
<b>Other Financing Sources and Uses:</b>				
Transfers In	20,000	37,480		(37,480)
Refund of Prior Year Expenditures	12,210	6,868	7,330	462
Advances In	400			
Transfers Out	(37,000)	(37,000)	(17,000)	20,000
<b>Total Other Financing Sources and Uses</b>	<u>(4,390)</u>	<u>7,348</u>	<u>(9,670)</u>	<u>(17,018)</u>
<b>Net Change in Fund Balances</b>	4,087	261,094	796,801	535,707
<b>Fund Balance (Deficit) at Beginning of Year</b>	1,653,095	1,653,095	1,653,095	
<b>Prior Year Encumbrances Appropriated</b>	43,462	43,462	43,462	
<b>Fund Balance (Deficit) at End of Year</b>	<u>\$1,700,644</u>	<u>\$1,957,651</u>	<u>\$2,493,358</u>	<u>\$535,707</u>

See accompanying notes to the basic financial statements.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
EMERGENCY LEVY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/(Negative)</u>
<b>Revenues:</b>				
Property and Other Local Taxes	\$988,560	\$988,560	\$1,009,287	\$20,727
Intergovernmental	97,770	97,770	117,102	19,332
Total Revenues	<u>1,086,330</u>	<u>1,086,330</u>	<u>1,126,389</u>	<u>40,059</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	1,068,830	1,068,830	1,068,120	710
Support Services:				
Fiscal	17,500	17,500	17,452	48
Total Expenditures	<u>1,086,330</u>	<u>1,086,330</u>	<u>1,085,572</u>	<u>758</u>
Excess of Revenues Over (Under) Expenditures			<u>40,817</u>	<u>40,817</u>
Net Change in Fund Balances			40,817	40,817
<b>Fund Balance (Deficit) at Beginning of Year</b>				
<b>Prior Year Encumbrances Appropriated</b>				
<b>Fund Balance (Deficit) at End of Year</b>	<u>\$0</u>	<u>\$0</u>	<u>\$40,817</u>	<u>\$40,817</u>

See accompanying notes to the basic financial statements.

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2004

	<u>Agency Fund</u>
<b>Assets:</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$27,298</u>
Total Assets	<u>27,298</u>
<b>Liabilities:</b>	
Current Liabilities:	
Undistributed Monies	<u>27,298</u>
Total Liabilities	<u>\$27,298</u>

*See accompanying notes to the basic financial statements.*

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**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Yellow Springs Exempted Village School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's two instructional/support facilities staffed by 28 non-certified and 61 certified full-time teaching personnel who provide services to 759 students and other community members.

**A. The Reporting Entity**

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The District participates in five jointly governed organizations and two insurance purchasing pools. These organizations are the Miami Valley Educational Computer Association, the Southwestern Ohio Educational Purchasing Council, the Southwestern Ohio Instructional Technology Association, the Greene County Career Center, the Miami Valley Special Education Regional Resource Center, the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan and Southwestern Ohio Educational Purchasing Council Medical Benefits Plan, respectively. These organizations are presented in Notes 18 and 19 to the basic financial statements.

**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 also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the District's accounting policies.

**A. Basis of Presentation**

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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

**1. Government-Wide Financial Statements**

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

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

**2. Fund Financial Statements**

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

**B. Fund Accounting**

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

**1. Governmental Funds**

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The General Fund, Emergency Levy, Bond Retirement Fund, and Building Funds are the District's major governmental funds:

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



**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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

**Emergency Levy Fund** – The Emergency Levy Fund is used to account for expenditures of the District's emergency operating levy.

**Bond Retirement Fund** – The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Building Fund** – The Building Fund is used to account for the revenues and expenditures related to the construction of new school buildings.

The other governmental funds of the District account for grants and other resources, and capital projects of the District whose uses are restricted to a particular purpose.

**2. Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary funds of the District consist of agency funds.

**C. Measurement Focus**

**1. Government-Wide Financial Statements**

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

**2. Fund Financial Statements**

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

**D. Basis of Accounting**

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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

**1. Revenues - Exchange and Non-exchange Transactions**

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

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

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

**2. Deferred Revenue**

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

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**3. Expenditures/Expenses**

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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

**E. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The primary level of budgetary control is at the function level within the General Fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by the Board of Education. Budgetary allocations at the object level within the General Fund and the function and object level in all other funds are made by the Treasurer.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources at the beginning of the fiscal year. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the end of the fiscal year.

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

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2004, investments were limited a money market mutual fund. Investments are reported at fair market value, which is based on quoted market prices.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2004 amounted to \$34,444 and \$1,839 to other District funds.

For presentation of the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents.

**G. Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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

**H. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set aside for budget stabilization.

**I. Capital Assets**

General capital assets are those assets not specifically related to activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District's capitalization threshold is five thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Building Improvements	20 - 50 years
Furniture and Fixtures	5 - 20 years
Vehicles	8 years
Equipment	10 years
Books	6 years

**J. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net assets, except for any net residual amounts due between governmental activities, which are presented as internal balances.

**K. Compensated Absences**

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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

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

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported.

**L. Accrued Liabilities and Long-Term Obligations**

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

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

**M. Net Assets**

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

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

**N. Fund Balance Reserves and Designations**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, prepaid items, property taxes, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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

**O. Estimates**

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

**P. Pass-Through Grants**

The Eisenhower, Title 1, Handicapped Preschool, and Miscellaneous Federal special revenue funds are pass-through grants in which the Educational Service Center is the primary recipient. In accordance with GASB Statement 24 "Accounting and Financial Reporting of Certain Grants and Other Financial Assistance" the secondary recipients should report monies spent on their behalf by the primary recipient as revenue and operating expenses.

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2004.

**3. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE**

**A. Changes in Accounting Principles**

For fiscal year 2004, the District has implemented Governmental Accounting Standards Board Statement (GASB) No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments;" GASB No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues," GASB No. 37, "Basic Financial Statements for State and Local Governments: Omnibus," GASB No. 38, "Certain Financial Statement Note Disclosures," and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements." At June 30, 2003, there was no effect on fund balance as a result of implementing GASB Statements 36, 37, and 38.

GASB Statement No. 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on a full accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the District's programs between governmental activities. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2003, caused by the conversion to the full accrual basis of accounting.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice. The District restated the fund liability of compensated absences that had not matured during fiscal year 2003.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**3. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE  
(Continued)**

**B. Restatement of Fund Balance**

The restatements for fund classifications, GASB Statement No. 34, and GASB Interpretation No. 6 had the following effects on fund balance of the major and nonmajor funds of the District as they were previously reported.

The transition from governmental fund balance to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Emergency Levy Fund</u>	<u>Bond Retirement Fund</u>	<u>Building Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund Balance June 30, 2003	\$2,126,474	\$69,592	\$142,510	\$856,116	\$143,391	\$3,338,083
GASB Statement 34 Adjustment						
Change in Fund Structure- Expendable Trust					755	755
Change in Fund Structure- Enterprise					19,079	19,079
Interpretation 6 Adjustments:						
Compensated Absences Payable	9,144					9,144
Adjusted Fund Balance	<u>\$2,135,618</u>	<u>\$69,592</u>	<u>\$142,510</u>	<u>\$856,116</u>	<u>\$163,225</u>	3,367,061
GASB 34 Adjustments:						
Deferred Revenue						67,906
Capital Assets						5,845,238
Long-Term Liabilities						<u>(5,098,825)</u>
Governmental Activities Net Assets at June 30, 2003						<u>\$4,181,380</u>

**4. BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and fund financial statements are the following:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- C. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis). The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING (Continued)**

<b>Net Change in Fund Balance Major Governmental Funds</b>		
	<b>General</b>	<b>Emergency Levy General</b>
GAAP Basis	\$1,468,005	\$46,363
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals:		
Accrued FY 2003, Received In Cash FY 2004	1,015,054	69,592
Accrued FY 2004, Not Yet Received in Cash	(1,858,832)	(78,887)
Expenditure Accruals:		
Accrued FY 2003, Paid in Cash FY 2004	(573,149)	
Accrued FY 2004, Not Yet Paid in Cash	745,723	3,749
Budget Basis	<u>\$796,801</u>	<u>\$40,817</u>

**5. DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the 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 District Treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

Protection of District's deposits is provided by the Federal Deposit Insurance Corporation, 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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;



**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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

3. Written repurchase agreements in the securities listed above provided that the market value of any securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and to 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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio) and,
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

Investments in stripped principal or interest obligations, reverse purchase 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 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.

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements."

**A. Deposits**

At the year-end, the carrying amount of the District's deposits was \$639,801 and the bank balance was \$725,423. Of the bank balance:

1. \$200,000 was covered by Federal Depository Insurance; and
2. \$525,423 was collateralized by securities specifically pledged by the financial institution in the name of the District.

**B. Investments**

The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at the year end. Category 1 includes investments that are insured and registered, or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the District's name.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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

	<b>Category 2</b>	<b>Carrying/ Fair Value</b>
Fifth Third U.S. Treasury	\$2,527,753	2,527,753

The classification of cash and cash equivalents, and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9, "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 cash equivalents and investments on the basic financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<b>Cash and Cash Equivalents/ Deposits</b>	<b>Investments</b>
GASB Statement No. 9	\$3,167,554	
Investments:		
U.S. Treasury Note	(2,527,753)	2,527,753
GASB Statement No. 3	\$639,801	\$2,527,753

**6. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis, while the District's fiscal year runs from July through June. First-half tax distributions are received by the District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2004 represent the collection of calendar year 2003 taxes. Real property taxes for 2004 were levied after April 1, 2003, on the assessed values as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for 2004 were levied after April 1, 2003, on the assessed values as of December 31, 2002, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2004 (other than public utility property) represent the collection of calendar year 2004 taxes. Tangible personal property taxes for 2004 were levied after April 1, 2003, on the value as of December 31, 2002. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**6. PROPERTY TAXES (Continued)**

The District receives property taxes from Greene and Clark County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2004 operations. For the governmental fund financial statements, 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 was recognized as revenue.

The amount available as an advance at June 30, 2004, was \$151,757 in the General Fund, \$78,887 in the Emergency Levy Fund, \$20,480 in the Bond Retirement Fund, and \$4,381 in the Other Governmental Funds. The amount available as an advance at June 30, 2003, was \$135,129 in the General Fund, \$69,592 in the Emergency Levy Fund, \$18,242 in the Bond Retirement Fund, and \$7,151 in the Other Governmental Funds.

The assessed values upon which the fiscal year 2004 taxes were collected are:

	<b>2003 Second- Half Collections</b>		<b>2004 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential	\$96,787,330	90%	\$86,391,540	81%
Industrial/Commercial			10,495,330	10%
Public Utility	2,148,750	2%	7,403,302	7%
Tangible Personal	8,253,562	8%	2,207,940	2%
Total Assessed Value	<u>\$107,189,642</u>	<u>100%</u>	<u>\$106,498,112</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$70.45		\$69.50	

**7. INCOME TAX**

The District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2004, 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 District after withholding amounts for administrative fees and estimated refunds. Income tax revenues in the amount of \$2,261,479 were credited to the General Fund during fiscal year 2004.

**8. RECEIVABLES**

Receivables at June 30, 2004, consisted of property taxes, income taxes, accounts (rent and student fees), intergovernmental, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**8. RECEIVABLES (Continued)**

A summary of the principal items of intergovernmental receivables follows:

	<b>Amount</b>
Governmental Activities	
Food Service	\$2,232
Total Intergovernmental Receivables	\$2,232

**9. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	<b>Balance at 6/30/03</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at 6/30/04</b>
Governmental Activities				
Non-depreciable Capital Assets				
Land	\$149,279			\$149,279
Construction in Progress	3,513,477	811,476		4,324,953
Total Nondepreciable Capital Assets	3,662,756	811,476		4,474,232
Depreciable Capital Assets				
Land Improvements	1,343,510			1,343,510
Buildings and Building Improvements	2,067,473			2,067,473
Furniture, Fixtures, and Equipment	258,234	81,645	\$(9,641)	330,238
Vehicles	295,650	127,000		422,650
Books	233,060			233,060
Total Depreciable Capital Assets	4,197,927	208,645	(9,641)	4,396,931
Total Capital Assets	7,860,683	1,020,121	(9,641)	8,871,163
Less Accumulated Depreciation				
Land Improvements	120,101	13,775		133,876
Buildings and Building Improvements	1,423,076	104,942		1,528,018
Furniture, Fixtures, and Equipment	148,374	34,382	(5,785)	176,971
Vehicles	149,099	43,241		192,340
Books	174,795	38,843		213,638
Total Accumulated Depreciation	2,015,445	235,183	(5,785)	2,244,843
Depreciable Capital Assets, Net	2,182,482	(26,538)	(3,856)	2,152,088
Governmental Activities Capital Assets, Net	\$5,845,238	784,938	(3,856)	6,626,320

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$137,240
Support Services:	
Instructional Staff	29,599
Administration	13,917
Pupil Transportation	44,137
Central	1,199
Non-Instruction	1,203
Extracurricular	7,888
Total Depreciation Expense	\$235,183

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**9. CAPITAL ASSETS (Continued)**

The District restated Capital Assets at the beginning of the year as follows:

Balance at June 30, 2003	\$10,931,205
Adjustment to Beginning Balance – Unrecorded Assets	<u>3,513,475</u>
Balance at June 30, 2003 - Restated	<u>14,444,680</u>
Restatement for change in threshold	<u>(6,583,997)</u>
Balance, Restated	<u><u>\$7,860,683</u></u>

Capital assets were restated for June 30, 2003 due to the District changing its capitalization threshold from \$1,500 to \$5,000. This resulted in less capitalized assets.

**10. RISK MANAGEMENT**

**A. Property and Liability**

The 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 2004, the District contracted with Harcum-Hyre Insurance Agency for general liability insurance with a \$1,000,000 single occurrence limit and a \$4,000,000 aggregate. Property is protected by Indiana Insurance Company with a \$13,257,533 aggregate limit and holds a \$1,000 deductible.

The District's vehicles are covered under a business policy with Indiana Insurance Company, which carries a \$2,000,000 limit on any accident with a \$100 comp/\$250 collision deductible.

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

**B. Workers' Compensation**

For fiscal year 2004, the District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp Inc. provides administrative, cost control, and actuarial services to the GRP.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**10. RISK MANAGEMENT (Continued)**

**C. Medical Benefits**

For fiscal year 2004, the District participated in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool (Note 19). The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the Educational Service Center by virtue of its grouping and representation with other participants in the MBP. The health insurance experience of the participating school districts is calculated and a premium rate is applied to all school districts in the MBP. Each participant pays its health insurance premiums to the EPC. Participation in the MBP is limited to school districts that can meet the MBP's selection criteria.

**11. DEFINED PENSION BENEFIT PLANS**

**A. School Employees Retirement System**

The 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. The 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 10 percent of their annual covered salary and the District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17 percent of annual covered salary was the portion used 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 required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$76,365, \$69,264, and \$42,602, respectively, 47 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. The unpaid contributions for fiscal year 2004 are \$40,430.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer public employee retirement system 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. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**11. DEFINED PENSION BENEFIT PLANS (Continued)**

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

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing D Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2004, plan members are required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$396,828, \$402,959, and \$268,552, respectively; 82 percent has been contributed for fiscal year 2004 and 100 percent for the fiscal years 2003 and 2002. The unpaid contribution for fiscal year 2004 is \$71,948.

**12. POSTEMPLOYMENT BENEFITS**

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**12. POSTEMPLOYMENT BENEFITS (Continued)**

The Revised Code grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently at 14 percent of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2004, the board allocated employer contributions equal to 1 percent of covered payroll to Health Care Stabilization Fund. For the District, this amount equaled \$30,525. The balance in the Health Care Stabilization Fund was \$3.1 billion on June 30, 2004.

For the year ended June 30, 2004, net health care costs paid by STRS Ohio were \$268,739,000. There were 111,853 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, 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.

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2004, the allocation rate is 4.91 percent. 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 2004, the minimum pay has been established as \$25,400. 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.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2004 were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, the Retirement System's net assets available for payment of health care benefits were \$300.8 million.

The number of participants currently receiving health care benefits is approximately 62,000.

**13. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment up to a year's accumulation. Teachers do not earn vacation time.

Administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 60 days. For teachers, sick leave may be accumulated up to a maximum of 300 days and upon retirement payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 70 days.



**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**13. OTHER EMPLOYEE BENEFITS (Continued)**

Teachers, administrators, and classified employees earn three personal leave days per year. Teachers may accumulate unused personal leave for the purpose of severance pay only. Upon resignation or retirement, teaching bargaining unit members receive \$100 and non-teaching bargaining unit members receive \$70 for each accumulated day of personal leave.

**B. Insurance Benefits**

The District provides life insurance, dental insurance and prescription drug to its employees through Coresource. Medical and surgical benefits for most employees are provided through Anthem Blue Cross and Blue Shield through the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (Note 19).

**14. SHORT-TERM OBLIGATIONS**

A summary of the short-term note transactions for the fiscal year ended June 30, 2004, follows:

	<b>Principal Outstanding 06/30/03</b>	<b>Additions</b>	<b>Reductions</b>	<b>Principal Outstanding 06/30/04</b>
Capital Project Funds:				
Tax Anticipation Notes – 3.99%	\$67,600		\$67,600	

The District issued \$270,000 in tax anticipation notes on February 1, 2000 for the purpose of permanent improvements. The notes were retired in fiscal year 2004.

**15. LONG-TERM OBLIGATIONS**

During the year ended June 30, 2004, the following changes occurred in obligations reported in the Government –Wide Financial Statements:

	<b>Balance at 6/30/03</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance at 6/30/04</b>	<b>Due Within One Year</b>
Permanent Improvement Bonds	\$4,355,000		\$95,000	\$4,260,000	\$100,000
2002 Variable Rate					
Athletic Equipment Note	201,462		77,224	124,238	67,498
2003 3.25%					
Capital Leases	180,957		30,476	150,481	30,642
Intergovernmental Payable	51,743		51,743		
Compensated Absences	309,663	\$271,719	309,663	271,719	
Total	\$5,098,825	\$271,719	\$564,106	\$4,806,438	\$198,140

**A. Permanent Improvement Bonds**

On June 26, 2002, the District issued \$4,420,000 in permanent improvement bonds for the purpose of improvements, renovations and additions to school facilities. The bonds were issued for a 25-year period with final maturity during fiscal year 2028. The bonds will be paid from the Permanent Improvement Capital Projects Fund.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**15. LONG-TERM OBLIGATIONS (Continued)**

Principal and interest requirements to retire the permanent improvement bonds outstanding at June 30, 2004, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$100,000	\$182,555	\$282,555
2006	105,000	180,166	285,166
2007	125,000	177,046	302,046
2008	130,000	173,234	303,234
2009	140,000	168,822	308,822
2010-2014	655,000	893,566	1,548,566
2015-2019	775,000	776,230	1,551,230
2020-2024	1,120,000	420,197	1,540,197
2025-2028	1,110,000	114,750	1,224,750
Total	<u>\$4,260,000</u>	<u>\$3,086,566</u>	<u>\$7,346,566</u>

**B. Athletic Equipment**

The District issued \$218,900 in permanent improvement notes for the purpose of purchasing athletic equipment. The note was issued for a 3-year period with final maturity during fiscal year 2006. The note is paid from the General Fund.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$67,498	\$2,792	\$70,290
2006	56,740	771	57,511
Total	<u>\$124,238</u>	<u>\$3,563</u>	<u>\$127,801</u>

Capital leases will be paid from the General Fund. The intergovernmental payable and compensated absences will be paid from the funds from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period.

The District's voted legal debt margin was \$5,324,830 with an unvoted debt margin of \$106,498 at June 30, 2004.

**16. CAPITALIZED LEASES – LESSEE DISCLOSURE**

In prior years, the District had entered into capitalized leases for copiers, telephones, bleachers, and musical instruments. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the fund financial statements for the General Fund. These expenditures are reported as function expenditures on the budgetary statement.

The capital assets acquired consisting of equipment, furniture and fixtures, and land improvements have been capitalized in Governmental Activities-Depreciable Capital Assets in the amount of \$357,771. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in Governmental Activities-Long Term Debt. Principal payments in fiscal year 2004 totaled \$30,476 in the General Fund.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**16. CAPITALIZED LEASES – LESSEE DISCLOSURE (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2004.

<u>Year Ending June 30,</u>	<u>Amount</u>
2005	\$37,572
2006	37,030
2007	33,298
2008	21,201
2009	20,424
2010	20,637
Total Future Minimum Lease Payments	170,162
Less: Amount Representing Interest	(19,681)
Present Value of Future Minimum Lease Payments	<u>\$150,481</u>

**17. SET-ASIDE CALCULATIONS AND FUND RESERVES**

The District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. In prior years, the District was also required to set aside money for budget stabilization. For fiscal year 2004, only the unspent portion of certain workers' compensation refunds is required to be set aside at fiscal year end.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Cash Balance as of June 30, 2003	(\$184,614)	(\$324,896)	\$19,479
Current Year Set-aside Requirement	91,158	91,158	
Qualifying Disbursements	(163,736)	(1,156,515)	
Total	<u>(\$257,192)</u>	<u>(\$1,390,253)</u>	<u>\$19,479</u>
Cash Balance Carried Forward to FY 2005	<u>(\$257,192)</u>	<u>(\$1,390,253)</u>	<u>\$19,479</u>
Set-aside Balances as of June 30, 2004			<u>\$19,479</u>

The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero for the textbooks and the capital acquisitions set-aside. The negative amounts in the textbook setaside can be carried forward and reduce the set-aside required in future years.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**18. JOINTLY GOVERNED ORGANIZATIONS**

**A. Miami Valley Educational Computer Association (MVECA)**

The District is a participant in the Miami Valley Educational Computer Association (MVECA), which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark, Clinton, Fayette, Green and Highland Counties and Cities of Springfield, Wilmington, Washington Court House, Xenia and Hillsboro. 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 five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The District paid MVECA \$11,265 for services provided during the year. Financial information can be obtained from Norma Stewart, who serves as Director, at 330 East Enon Road, Yellow Springs, Ohio 45387.

**B. Southwestern Ohio Educational Purchasing Council (SOEPC)**

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of nearly 100 school districts in 12 counties. The purpose of the council is to obtain reduced 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 districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2004, the Yellow Springs Exempted Village School District paid \$5,739 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, 1831 Harshman Road, Dayton, Ohio 45424.

**C. Southwestern Ohio Instructional Technology Association (SOITA)**

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members from within the State assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State assigned SOITA service area.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**18. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2004, the Yellow Springs Exempted Village School District paid \$1,513 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Straus, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**D. 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 financial information, write to the Greene County Career Center, Steve Sutcliffe, who serves as Treasurer, at 2960 W. Enon Rd., Xenia, OH 45385.

**E. Miami Valley Special Education Regional Resource Center**

The Miami Valley Special Education Regional Resource Center (SERRC) is a special education service center, which selects its own board, adopts its own budget and receives Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. The SERRC is governed by a board of 38 members made up of the 38 superintendents, 6 parent mentors, 12 special education directors, and one university. Some entities have more than one voting delegate. Financial information can be obtained from Sharon Kindrid, at the Montgomery County Educational Service Center, 200 S Keowee Street, Dayton, Ohio 45402.

**19. GROUP PURCHASING POOLS**

**A. Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan**

The District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of the GRP serves as the coordinator of the program. Each year, the participating school districts pay an enrollment to the GRP to cover the costs of administering the program.

**B. Southwestern Ohio Educational Purchasing Council Medical Benefits Plan**

The District participates in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP). The MBP's business and affairs are conducted by an eleven member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or Treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the MBP to cover the costs of administering the program.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**20. SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

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

**21. CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure 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 adverse effect on the overall financial position of the District at June 30, 2004.

**B. Litigation**

There are currently no matters in litigation with the District as defendant.



**Auditor of State  
Betty Montgomery**

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

Yellow Springs Exempted Village School District  
Greene County  
201 South Walnut Street  
Yellow Springs, Ohio 45387

To the Board of Education:

We have audited the financial statements of Yellow Springs Exempted Village School District, Greene County, (the District), as of and for the year ended June 30, 2004, and have issued our report thereon dated April 25, 2005, wherein we noted the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated April 25, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**Compliance and Other Matters**

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

Yellow Springs Exempted Village School District  
Greene County  
Independent Accountants' Report on Internal Control over Financial Reporting and on  
Compliance and other Matters Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management, and Board of Education. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

April 25, 2005





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**YELLOW SPRINGS EXEMPTED VILLAGE 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  
JUNE 9, 2005**