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**Yellow Springs Exempted Village School District  
Greene County, Ohio**

Basic Financial Statements

June 30, 2009

(with Independent Auditors' Report)





# Dave Yost • Auditor of State

Board of Education  
Yellow Springs Exempted Village School District  
201 South Walnut Street  
Yellow Springs, Ohio 45387

We have reviewed the *Independent Auditors' Report* of the Yellow Springs Exempted Village School District, Greene County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

January 28, 2010

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## **INDEPENDENT AUDITORS' REPORT**

Board of Education  
Yellow Springs Exempted Village School District  
201 South Walnut Street  
Yellow Springs, Ohio 45387

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Yellow Springs Exempted Village School District (the District) as of and for the year ended June 30, 2009, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2009, and the respective changes in financial position thereof, and the respective budgetary comparisons for the General Fund and the Emergency Levy Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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The management's discussion and analysis sections on pages 3 through 8 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
December 23, 2010

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

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2009  
Unaudited**

The discussion and analysis of the financial performance of Yellow Springs Exempted Village School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. 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 2009 are as follows:

In total, net assets decreased \$128,623.

General revenues accounted for \$6,752,349, or 81 percent of all revenues. Program specific revenues in the form of charges for services, and operating grants and contributions accounted for \$1,629,054 or 19 percent of total revenues of \$8,381,403.

The District's major funds included the General Fund and the Emergency Levy Fund. The General Fund had \$6,307,865 in revenues and \$6,377,267 in expenditures and other financing uses. The General Fund balance decreased \$69,402 from the prior fiscal year.

The Emergency Levy Fund had \$1,110,025 in revenues and \$1,111,461 in expenditures. The Emergency Levy Fund balance decreased \$1,436 from the prior fiscal year.

The revenue generated from the Bond Retirement 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 and the Emergency Levy Fund are the two major funds.

**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 2009. 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 year's revenues and expenses regardless of when cash is received or paid.



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

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2009  
Unaudited  
(Continued)**

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 and the Emergency Levy 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 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 Fiscal Year Ended June 30, 2009  
Unaudited  
(Continued)**

**The District as a Whole**

Table 1 provides a summary of the District's net assets for fiscal year 2009 compared to fiscal year 2008.

**Table 1  
Net Assets  
Governmental Activities**

	<b>2009</b>	<b>2008</b>
<b><u>Assets:</u></b>		
Current and Other Assets	\$7,789,353	\$8,019,000
Capital Assets, Net	5,633,509	5,729,346
Total Assets	<u>13,422,862</u>	<u>13,748,346</u>
<b><u>Liabilities:</u></b>		
Current and Other Liabilities	4,047,067	4,206,465
Long-Term Liabilities	4,050,729	4,088,192
Total Liabilities	<u>8,097,796</u>	<u>8,294,657</u>
<b><u>Net Assets:</u></b>		
Invested in Capital Assets, Net of Related Debt	1,965,509	1,902,346
Restricted	482,673	426,827
Unrestricted	2,876,884	3,124,516
Total	<u>\$5,325,066</u>	<u>\$5,453,689</u>

The decrease in net assets from 2008 to 2009 was insignificant.

Table 2 reflects the changes in net assets for fiscal year 2009 compared to fiscal year 2008.

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

	<b>2009</b>	<b>2008</b>
<b><u>Revenues:</u></b>		
Program Revenues:		
Charges for Services and Sales	\$1,135,435	\$924,241
Operating Grants, Contributions and Interest	493,619	523,498
Capital Grants and Contributions	-	21,012
Total Program Revenues	<u>1,629,054</u>	<u>1,468,751</u>
General Revenues:		
Property Taxes	3,560,599	3,429,119
Income Taxes	1,185,912	1,391,506
Grants and Entitlements	1,869,308	1,699,745
Interest	81,884	179,024
Gifts and Donations	17,307	17,115
Miscellaneous	37,339	52,248
Total General Revenues	<u>6,752,349</u>	<u>6,768,757</u>
Total Revenues	<u>8,381,403</u>	<u>8,237,508</u>

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

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2009  
Unaudited  
(Continued)**

	<b>2009</b>	<b>2008</b>
<b><u>Expenses:</u></b>		
Instruction	4,356,509	4,366,824
Support Services:		
Pupils	539,965	565,936
Instructional Staff	537,212	395,239
Board of Education	28,118	36,736
Administration	793,852	769,420
Fiscal	351,805	338,971
Business	2,735	2,802
Operation and Maintenance of Plant	971,651	723,851
Pupil Transportation	286,894	299,451
Central	36,182	29,648
Non-Instructional	151,681	152,769
Extracurricular Activities	282,022	299,730
Interest and Fiscal Charges	171,400	177,100
Total Expenses	8,510,026	8,158,477
Decrease in Net Assets	\$(128,623)	\$79,031

In fiscal year 2009 education expenses increased by 4 percent while revenues increased by 2 percent.

**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.

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

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2009  
Unaudited  
(Continued)**

**Table 3  
Governmental Activities**

	<b>Total Cost of Services 2009</b>	<b>Net Cost of Services 2009</b>	<b>Total Cost of Services 2008</b>	<b>Net Cost of Services 2008</b>
Instruction	\$4,356,509	\$3,106,082	\$4,366,824	\$3,362,792
Support Services:				
Pupils	539,965	471,234	565,936	404,030
Instructional Staff	537,212	503,063	395,239	389,660
Board of Education	28,118	28,118	36,736	36,736
Administration	793,852	793,852	769,420	769,420
Fiscal	351,805	351,805	338,971	338,971
Business	2,735	2,735	2,802	2,802
Operation and Maintenance of Plant	971,651	966,518	723,851	723,851
Pupil Transportation	286,894	268,153	299,451	283,605
Central	36,182	25,182	29,648	18,648
Non-Instructional	151,681	(5,739)	152,769	10,709
Extracurricular Activities	282,022	198,569	299,730	171,402
Interest and Fiscal Charges	171,400	171,400	177,100	177,100
<b>Total Expenses</b>	<b>\$8,510,026</b>	<b>\$6,880,972</b>	<b>\$8,158,477</b>	<b>\$6,689,726</b>

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 81 percent. The remaining 19 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 and the Emergency Levy Fund. Total governmental funds had revenues of \$8,412,125 and expenditures of \$8,451,652. The net negative change of \$38,877 in fund balance for the year indicates that the District was not able to meet current costs with current year revenues.

**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 2009, the District amended its General Fund budget as needed.

Final expenditures were budgeted at \$6,640,675 while actual expenditures were \$6,390,033. The \$250,642 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.

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

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2009  
Unaudited  
(Continued)**

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2009, the District had \$5,633,509 invested in capital assets (net of accumulated depreciation) for governmental activities. This is a decrease of \$95,837 from the prior year, mainly attributable to depreciation expense during the fiscal year.

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

**Debt**

At June 30, 2009, the District had \$3,660,000 in school improvement general obligation bonds for building improvements. The bonds were issued for a twenty-five year period, with final maturity on December 1, 2027. The bonds are being retired through the Bond Retirement Debt Service Fund.

At June 30, 2009, the District's overall legal debt margin was \$7,747,632, with an un-voted debt margin of \$126,751.

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.

Over the past several years, the District has remained in a good financial position. In May 2007, the District passed a three-year emergency levy to generate \$1,060,000 annually beginning collection January 2008. This levy provides a source of funds for the financial operations and stability of the District. Also in March 2008, the District passed a 5 year Permanent Improvement Levy to begin collection in January 2009, this levy will provide for the needed capital improvements to the district. 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 phased out elimination of personal property taxes by 2010 due to HB66.

**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 the Treasurer, Yellow Springs Exempted Village School District, 201 South Walnut Street, Yellow Springs, Ohio 45387.

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

**Statement of Net Assets  
June 30, 2009**

		<b>Governmental Activities</b>
<b>ASSETS:</b>		
Equity in Pooled Cash and Cash Equivalents	\$	3,744,007
Cash and Cash Equivalents with Fiscal Agents		277
Accrued Interest Receivable		1,712
Accounts Receivable		35,475
Intergovernmental Receivable		27,477
Materials and Supplies Inventory		6,528
Prepaid Items		2,574
Taxes Receivable		3,450,664
Income Taxes Receivable		520,639
Capital Assets:		
Non-Depreciable Capital Assets		1,263,258
Depreciable Capital Assets, net		4,370,251
Total Assets		<u>13,422,862</u>
<b>LIABILITIES:</b>		
Accounts Payable		20,818
Accrued Wages and Benefits		684,757
Intergovernmental Payable		199,476
Matured Compensated Absences Payable		65,012
Unearned Revenue		3,077,004
Long-Term Liabilities:		
Due Within One Year		153,000
Due in More Than One Year		3,897,729
Total Liabilities		<u>8,097,796</u>
<b>NET ASSETS:</b>		
Invested in Capital Assets, Net of Related Debt		1,965,509
Restricted for Debt Service		173,299
Restricted for Capital Outlay		107,121
Restricted for Other Purposes		202,253
Unrestricted		2,876,884
Total Net Assets	\$	<u>5,325,066</u>

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, 2009**

	Program Revenues		Net(Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental Activities:</b>			
<b>Instruction:</b>			
Regular	\$ 3,516,155	\$ 977,311	\$ 134,707
Special	672,004		138,293
Adult/Continuing	2,970		116
Student Intervention Services	12,307		
Other	153,073		
<b>Support Services:</b>			
Pupils	539,965		68,731
Instructional Staff	537,212		34,149
Board of Education	28,118		
Administration	793,852		
Fiscal	351,805		
Business	2,735		
Operation and Maintenance of Plant	971,651		5,133
Pupil Transportation	286,894		18,741
Central	36,182		11,000
Operation of Non-Instructional Services	151,681	79,921	77,499
Extracurricular Activities	282,022	78,203	5,250
<b>Debt Service:</b>			
Interest and Fiscal Charges	171,400		
<b>Totals</b>	<b>\$ 8,510,026</b>	<b>\$ 1,135,435</b>	<b>\$ 493,619</b>
<b>General Revenues:</b>			
<b>Taxes:</b>			
Property Taxes, Levied for General Purposes			3,195,176
Property Taxes, Levied for Capital Outlay			99,171
Property Taxes, Levied for Debt Service			266,252
Income Taxes			1,185,912
Grants and Entitlements not Restricted to Specific Programs			1,869,308
Gifts and Donations			17,307
Investment Earnings			81,884
Miscellaneous			36,689
Proceeds from Sale of Capital Assets			650
<b>Total General Revenues</b>			<b>6,752,349</b>
Change in Net Assets			(128,623)
Net Assets Beginning of Year			5,453,689
Net Assets End of Year			<b>\$ 5,325,066</b>

See Accompanying Notes to the Basic Financial Statements

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

**Balance Sheet  
Governmental Funds  
June 30, 2009**

	<u>General Fund</u>	<u>Emergency Levy Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 3,396,158	\$ 24,249	\$ 323,600	\$ 3,744,007
Cash and Cash Equivalents with Fiscal Agents			277	277
Materials and Supplies Inventory			6,528	6,528
Accrued Interest Receivable	1,712			1,712
Accounts Receivable	35,107		368	35,475
Intergovernmental Receivable			27,477	27,477
Prepaid Items	2,574			2,574
Taxes Receivable	2,154,642	925,434	370,588	3,450,664
Income Taxes Receivable	520,639			520,639
Total Assets	\$ <u>6,110,832</u>	\$ <u>949,683</u>	\$ <u>728,838</u>	\$ <u>7,789,353</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	20,208		610	20,818
Accrued Wages and Benefits	655,452	2,971	26,334	684,757
Intergovernmental Payable	192,587		6,889	199,476
Matured Compensated Absences Payable	63,427		1,585	65,012
Deferred Revenue	<u>2,054,615</u>	<u>855,603</u>	<u>368,722</u>	<u>3,278,940</u>
	<u>2,986,289</u>	<u>858,574</u>	<u>404,140</u>	<u>4,249,003</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	8,216		3,749	11,965
Reserved for Prepaid Items	2,574			2,574
Reserved for Property Taxes	168,267	69,831	29,343	267,441
Unreserved, Undesignated, Reported in:				
General Fund	2,945,486			2,945,486
Special Revenue Funds		21,278	52,184	73,462
Debt Service Funds			145,087	145,087
Capital Projects Funds			94,335	94,335
Total Fund Balances	<u>3,124,543</u>	<u>91,109</u>	<u>324,698</u>	<u>3,540,350</u>
Total Liabilities and Fund Balances	\$ <u>6,110,832</u>	\$ <u>949,683</u>	\$ <u>728,838</u>	\$ <u>7,789,353</u>

See Accompanying Notes to the Basic Financial Statements



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

**Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
June 30, 2009**

Total Governmental Fund Balances	\$	3,540,350
Amounts reported for governmental activities on the statement of net assets are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		5,633,509
Long-term receivables that do not provide financial resources are not reported as revenues in governmental fund.		201,936
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
General Obligation Bonds Payable	(3,660,000)	
Capital Leases Payable	(8,000)	
Compensated Absences	(382,729)	
	<u>                    </u>	(4,050,729)
Net Assets of Governmental Activities	\$	<u><u>5,325,066</u></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  
Governmental Funds  
For the Fiscal Year Ended June 30, 2009**

	<u>General 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	\$ 2,286,063	\$ 944,908	\$ 364,552	\$ 3,595,523
Income Taxes	1,209,837			1,209,837
Intergovernmental	1,732,139	165,117	438,194	2,335,450
Interest	81,600		284	81,884
Tuition and Fees	959,218		15,573	974,791
Rent	2,520			2,520
Extracurricular Activities			78,203	78,203
Gifts and Donations			17,307	17,307
Customer Sales and Services			79,921	79,921
Miscellaneous	36,488		201	36,689
<b>Total Revenues</b>	<b>6,307,865</b>	<b>1,110,025</b>	<b>994,235</b>	<b>8,412,125</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	2,292,842	1,099,862	200,814	3,593,518
Special	585,885		72,193	658,078
Adult/Continuing	2,970			2,970
Student Intervention Services	10,820		1,487	12,307
Other	153,073			153,073
Support Services:				
Pupils	463,576		72,839	536,415
Instructional Staff	461,422		36,755	498,177
Board of Education	28,118			28,118
Administration	778,459			778,459
Fiscal	335,788	11,599	4,418	351,805
Operation and Maintenance of Plant	718,834		3,061	721,895
Pupil Transportation	237,680		9,000	246,680
Central	36		36,146	36,182
Operation of Non-Instructional Services	6,141		141,332	147,473
Extracurricular Activities	163,130		102,016	265,146
Capital Outlay	81,830		9,126	90,956
Debt Service:				
Principal	19,000		140,000	159,000
Interest	2,577		168,823	171,400
<b>Total Expenditures</b>	<b>6,342,181</b>	<b>1,111,461</b>	<b>998,010</b>	<b>8,451,652</b>
Excess of Revenues Over (Under) Expenditures	<u>(34,316)</u>	<u>(1,436)</u>	<u>(3,775)</u>	<u>(39,527)</u>
<b>OTHER FINANCING SOURCES AND USES:</b>				
Transfers In			35,086	35,086
Proceeds from Sale of Capital Assets			650	650
Transfers Out	(35,086)			(35,086)
<b>Total Other Financing Sources and Uses</b>	<b>(35,086)</b>	<b>-</b>	<b>35,736</b>	<b>650</b>
Net Change in Fund Balances	(69,402)	(1,436)	31,961	(38,877)
Fund Balance (Deficit) at Beginning of Year	3,193,945	92,545	292,737	3,579,227
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$ 3,124,543</b>	<b>\$ 91,109</b>	<b>\$ 324,698</b>	<b>\$ 3,540,350</b>

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 Activities  
For the Fiscal Year Ended June 30, 2009**

Net Change in Fund Balances - Total Governmental Funds \$ (38,877)

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.

Capital Asset Additions	163,814	
Depreciation	<u>(259,651)</u>	
		(95,837)

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Intergovernmental	27,477	
Income Taxes	(23,925)	
Delinquent Property Taxes	<u>(34,924)</u>	
		(31,372)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of activities. 159,000

Some expenses reported on the statement of activities, such as compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Compensated Absences Payable		(121,537)
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Change in Net Assets of Governmental Activities \$ (128,623)

See Accompanying Notes to the Basic Financial Statements

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

**Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES:</b>				
Property and Other Local Taxes	\$ 2,134,657	\$ 2,231,675	\$ 2,200,306	\$ (31,369)
Income Tax	1,438,089	1,375,209	1,375,209	-
Intergovernmental	1,623,679	1,652,360	1,734,637	82,277
Interest	146,250	109,330	84,107	(25,223)
Tuition and Fees	821,684	959,218	959,218	-
Rent	200	2,531	2,520	(11)
Miscellaneous	25	1,245	1,265	20
Total Revenues	<u>6,164,584</u>	<u>6,331,568</u>	<u>6,357,262</u>	<u>25,694</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	2,447,538	2,348,192	2,321,257	26,935
Special	519,289	580,927	573,892	7,035
Adult/Continuing	2,309	2,309	2,736	(427)
Student Intervention Services	16,163	16,163	10,820	5,343
Other	167,000	167,000	153,159	13,841
Support Services:				
Pupils	465,278	487,282	462,710	24,572
Instructional Staff	448,341	424,617	451,546	(26,929)
Board of Education	59,783	38,877	31,249	7,628
Administration	768,878	779,484	784,782	(5,298)
Fiscal	358,857	363,087	336,447	26,640
Operation and Maintenance of Plant	706,860	733,500	698,289	35,211
Pupil Transportation	281,744	288,542	242,123	46,419
Central	838	838	456	382
Operation of Non-Instructional Services				
Community Services	5,500	6,350	6,141	209
Extracurricular Activities	180,533	196,729	162,933	33,796
Capital Outlay	76,435	82,115	81,830	285
Debt Service				
Principal	32,000	32,000	32,000	-
Interest	2,577	2,577	2,577	-
Total Expenditures	<u>6,539,923</u>	<u>6,550,589</u>	<u>6,354,947</u>	<u>195,642</u>
Excess of Revenues Over (Under) Expenditures	<u>(375,339)</u>	<u>(219,021)</u>	<u>2,315</u>	<u>221,336</u>
Other Financing Sources and Uses:				
Transfers In	55,000	55,000		(55,000)
Refund of Prior Year Expenditures	11,455	44,955	44,957	2
Transfers Out	<u>(52,315)</u>	<u>(90,086)</u>	<u>(35,086)</u>	<u>55,000</u>
Total Other Financing Sources and Uses	<u>14,140</u>	<u>9,869</u>	<u>9,871</u>	<u>2</u>
Net Change in Fund Balances	<u>(361,199)</u>	<u>(209,152)</u>	<u>12,186</u>	<u>221,338</u>
Fund Balance (Deficit) at Beginning of Year	3,252,265	3,252,265	3,252,265	-
Prior Year Encumbrances Appropriated	106,247	106,247	106,247	-
Fund Balance (Deficit) at End of Year	<u>\$ 2,997,313</u>	<u>\$ 3,149,360</u>	<u>\$ 3,370,698</u>	<u>\$ 221,338</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 Balance - Budget (Non-GAAP Basis) and Actual  
EMERGENCY LEVY FUND  
For the Fiscal Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES:</b>				
Property and Other Local Taxes	\$ 936,000	\$ 913,033	\$ 913,032	\$ (1)
Intergovernmental	124,000	163,467	165,117	1,650
Total Revenues	<u>1,060,000</u>	<u>1,076,500</u>	<u>1,078,149</u>	<u>1,649</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	1,095,000	1,101,416	1,101,416	-
Support Services:				
Fiscal	<u>17,700</u>	<u>17,700</u>	<u>11,599</u>	<u>6,101</u>
Total Expenditures	<u>1,112,700</u>	<u>1,119,116</u>	<u>1,113,015</u>	<u>6,101</u>
Excess of Revenues Over (Under) Expenditures	<u>(52,700)</u>	<u>(42,616)</u>	<u>(34,866)</u>	<u>7,750</u>
Net Change in Fund Balances	(52,700)	(42,616)	(34,866)	7,750
Fund Balance (Deficit) at Beginning of Year	59,115	59,115	59,115	-
Fund Balance (Deficit) at End of Year	<u>\$ 6,415</u>	<u>\$ 16,499</u>	<u>\$ 24,249</u>	<u>\$ 7,750</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, 2009**

	<u>Agency Fund</u>
<b>Assets</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ <u>34,445</u>
Total Assets	<u>34,445</u>
<b>Liabilities</b>	
Current Liabilities:	
Undistributed Monies	34,445
Total Liabilities	\$ <u><u>34,445</u></u>

See Accompanying Notes to the Basic Financial Statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**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. Yellow Springs Exempted Village School District is a city school district as defined by §3311.22 of the Ohio Revised Code. 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 seven instructional/support facilities staffed by 28 non-certified and 58 certified full-time teaching personnel who provide services to 717 students and other community members.

**The Reporting Entity**

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the 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 Miami Valley Educational Computer Association, Southwestern Ohio Educational Purchasing Council, Southwestern Ohio Instructional Technology Association, Greene County Career Center, Miami Valley Special Education Regional Resource Center, 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 16 and 17 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, 2009  
(Continued)**

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the 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.

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 fund 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.

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 and the Emergency Levy Fund 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.

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



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

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.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary funds of the District consist of agency funds. The District's agency funds account for various student managed activities.

**C. Measurement Focus**

**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.

**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 accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the 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.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

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.

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, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses

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

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

**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 fund level for all funds. Any budgetary modifications at this level may only be made by the Board of Education while modifications below the fund level may be made by the Treasurer.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

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 when the original appropriations were adopted. 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 time final appropriations were passed by the Board.

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.

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 2009 amounted to \$81,600, and \$284 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. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

**G. Inventory**

On the 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 the 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 consumed.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

**H. 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 \$5,000. 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	15 - 30 years
Buildings and Building Improvements	30 - 50 years
Furniture and Fixtures	5 - 20 years
Vehicles	5 - 15 years
Equipment	10 years
Books	10 years

**I. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the 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.

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 the 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 "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

**J. 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 and compensated absences 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.

**K. 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.

**L. 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, and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

**M. Interfund Activity**

On the fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables." Interfund balances within governmental activities and within business type activities are eliminated on the government-wide statement of net assets.

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

**N. Estimates**

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

**O. Pass-Through Grants**

The Handicapped Preschool special revenue fund is a pass-through grants in which the Educational Service Center is the primary recipient. In accordance with GASB Statement 24, "Accounting and Financial Reporting or 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.

**3. 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:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

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

<b>Net Change in Fund Balance</b>		
<b>Major Governmental Fund</b>		
	<b>General</b>	<b>Emergency</b>
GAAP Basis	(\$69,402)	(\$1,436)
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals:		
Accrued FY 2008, Received In Cash FY 2009	751,839	37,955
Accrued FY 2009, Not Yet Received in Cash	(702,442)	(69,831)
Expenditure Accruals:		
Accrued FY 2008, Paid in Cash FY 2009	(916,407)	(4,525)
Accrued FY 2009, Not Yet Paid in Cash	974,057	2,971
Encumbrances Outstanding at Year End (Budget Basis)	(25,459)	
Budget Basis	\$12,186	(\$34,866)

**4. DEPOSITS AND INVESTMENTS**

Monies held by the District are classified by State statute into three categories.

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

Inactive deposits are public deposits that the Board 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 that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts. Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the agreement be at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$432,972 of the District's bank balance of \$2,906,956 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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

Investments

As of June 30, 2009, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities Less than One Year</u>	<u>Maturities Two to Three Years</u>
Federal Home Loan Mortgage Corporation Notes	\$305,943	\$305,943	
Federal National Mortgage Association	251,328		\$251,328
Money Market	365,343	365,343	
Total Investments	<u>\$922,614</u>	<u>\$671,286</u>	<u>\$251,328</u>



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**4. DEPOSITS AND INVESTMENTS (Continued)**

Interest Rate Risk - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk - The Federal National Mortgage Association Notes and the Federal Home Loan Mortgage Corporation Notes carry a rating of Aaa by Moody's and AAA by Standard and Poor's. The money market fund is not rated. The District has no investment policy that would further limit its investment choices.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, and the Federal Home Loan Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The District's investments in the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association represent 33 percent and 27 percent, respectively, of the District's total investments.

**5. 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 2009 represent the collection of calendar year 2008 taxes. Real property taxes for 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, 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 2009 were levied after April 1, 2008, on the assessed values as of December 31, 2007, 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**5. PROPERTY TAXES (Continued)**

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes. Tangible personal property taxes for 2009 were levied after April 1, 2008, on the value as of December 31, 2008. 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.

The District receives property taxes from Greene 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, 2009, are available to finance fiscal year 2009 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, 2009 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 2009 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, 2009, was \$168,267 in the General Fund, \$69,831 in the Emergency Levy Special Revenue Fund, and \$29,343 in the Non-major Governmental Funds. The amount available as an advance at June 30, 2008, was \$82,510 in the General Fund, \$37,955 in the Emergency Levy Special Revenue Fund, and \$12,436 in the Non-major Governmental Funds.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	<b>2008 Second-Half Collections</b>		<b>2009 First-Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential	\$99,965,160	86%	\$111,171,530	88%
Industrial/Commercial	11,539,850	10%	13,029,980	10%
Public Utility	1,055,990	1%	1,074,670	1%
Tangible Personal	3,091,316	3%	1,475,291	1%
Total Assessed Value	<u>\$115,652,316</u>	<u>100%</u>	<u>\$126,751,471</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$68.15		\$67.15	

**6. 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, 2005, 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 \$1,209,837 were credited to the General Fund during fiscal year 2009.

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

**7. RECEIVABLES**

Receivables at June 30, 2009, consisted of 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.

A summary of the principal items of intergovernmental receivables follows:

	<b>Amount</b>
Governmental Activities	
Title VI-B	\$9,165
Title I	18,312
Total Intergovernmental Receivables	\$27,477

**8. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	<b>Balance at 6/30/08</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at 6/30/09</b>
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$1,238,340			\$1,238,340
Construction in Progress	24,918			24,918
Total Nondepreciable Capital Assets	1,263,258			1,263,258
Depreciable Capital Assets				
Land Improvements	467,477			467,477
Buildings and Building Improvements	6,128,748	\$1,688		6,130,436
Furniture, Fixtures, and Equipment	406,324	124,101		530,425
Vehicles	400,936		\$59,706	341,230
Books	266,123	38,025		304,148
Total Depreciable Capital Assets	7,669,608	163,814	59,706	7,773,716
Less Accumulated Depreciation				
Land Improvements	213,716	18,986		232,702
Buildings and Building Improvements	2,223,472	174,707		2,398,179
Furniture, Fixtures, and Equipment	195,837	29,294		225,131
Vehicles	335,782	27,985	59,706	304,061
Books	234,713	8,679		243,392
Total Accumulated Depreciation	3,203,520	259,651	59,706	3,403,465
Depreciable Capital Assets, Net	4,466,088	(95,837)		4,370,251
Governmental Activities Capital Assets, Net	\$5,729,346	\$(95,837)		\$5,633,509

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**8. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$192,448
Support Services:	
Instructional Staff	1,701
Business	2,735
Operation and Maintenance	1,469
Pupil Transportation	40,214
Non-Instruction	4,208
Extracurricular	16,876
Total Depreciation Expense	<u>\$259,651</u>

**9. 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 2009, the District contracted with Ohio Casualty for general liability insurance with a \$1,000,000 single occurrence limit and a \$3,000,000 general aggregate and \$1,000,000 products completed operations aggregate limit. Property is protected by Ohio Casualty with a \$1 aggregate limit and holds a \$2,500 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 2009, the District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). 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, 2009  
(Continued)**

**9. RISK MANAGEMENT (Continued)**

**C. Medical Benefits**

For fiscal year 2009, the District participated in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool (Note 17). The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the District 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.

**10. DEFINED PENSION BENEFIT PLANS**

**A. School Employee Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853, or by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. 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 2009, 9.09 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 by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$103,704, \$108,734 and \$121,663, respectively; 50 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**B. State Teachers Retirement System**

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

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**10. 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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were 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. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$472,955, \$478,344, and \$480,641, respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**11. POSTEMPLOYMENT BENEFITS**

**A. School Employee Retirement System**

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

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

**11. POSTEMPLOYMENT BENEFITS – (Continued)**

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$62,704, \$49,619, and \$48,067 respectively; 50 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 was \$8,556, \$7,835 and \$7,590, respectively; 50 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**B. State Teachers Retirement System**

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$36,381, \$36,081, and \$36,972 respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**12. COMPENSATED ABSENCES**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment up to an accumulation of 25 days. For the High School Principal the vacation accumulation for the purposes of severance shall be paid out to a maximum accumulation of a two (2) year period. For the Treasurer there is no cap on the accumulation of vacation time and is paid for all accumulated time upon retirement or resignation. For the Superintendent there is a cap of 22 vacation days total accumulation and he is paid for all accumulated time upon retirement for resignation. Only 260 day employees earn vacation time.

Administrators, policy, classified and certificated employees earn sick leave at the rate of one and one-fourth days per month. Classified employees may accumulate sick leave up to a maximum of 260 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 65 days. For teachers and the superintendent, 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 75 days.

For all other administrators, there is no cap on the accumulation of sick leave and upon retirement payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 75 days

Teachers, administrators, and classified employees earn three personal leave days per year. Teachers and non-teaching bargaining unit members may accumulate unused personal leave for the purpose of severance pay only. Upon resignation (after 4 years of employment) or retirement, teaching bargaining unit members receive \$100 and non-teaching bargaining unit members receive \$70 for each accumulated day of personal leave upon retirement.

**B. Insurance Benefits**

The District provides life insurance through Sun Life, dental insurance through Delta Dental and vision insurance through VSP to its employees. Medical, surgical, and pharmaceutical benefits for most employees are provided through Anthem Blue Cross and Blue Shield through the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (Note 17).



**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**13. LONG-TERM OBLIGATIONS**

During the year ended June 30, 2009, the following changes occurred in obligations reported in the Government - Wide Financial Statements:

	<u>Balance at 6/30/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 6/30/09</u>	<u>Due Within One Year</u>
Permanent Improvement Bonds 2002 Variable Rate	\$3,800,000		\$140,000	\$3,660,000	\$145,000
Capital Leases	27,000		19,000	8,000	8,000
Compensated Absences Payable	261,192	\$382,729	261,192	382,729	
<b>Total</b>	<u>\$4,088,192</u>	<u>\$382,729</u>	<u>\$420,192</u>	<u>\$4,050,729</u>	<u>\$153,000</u>

**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 Bond Retirement Debt Service Fund.

Principal and interest requirements to retire the permanent improvement bonds outstanding at June 30, 2009, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$145,000	\$163,883	\$308,883
2011	150,000	158,373	308,373
2012	155,000	152,461	307,461
2013	165,000	146,100	311,100
2014	40,000	272,800	312,800
2015-2019	775,000	776,230	1,551,230
2020-2024	1,120,000	420,198	1,540,198
2025-2028	1,110,000	114,750	1,224,750
<b>Total</b>	<u>\$3,660,000</u>	<u>\$2,204,795</u>	<u>\$5,864,795</u>

Capital leases will be paid from the General Fund. The compensated absences will be paid from the funds from which the employees' salaries are paid.

The District's voted legal debt margin was \$7,747,632 with an unvoted debt margin of \$126,751 at June 30, 2009.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**14. 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 consisting of equipment, furniture and fixtures, and land improvements have been capitalized in the statement of net 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 the statement of net assets. Principal payments in fiscal year 2009 totaled \$19,000 in the General Fund.

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, 2009.

<b>Year Ending June 30, 2009</b>	<b>Amount</b>
2010	8,642
Total Future Minimum Lease Payments	8,642
Less: Amount Representing Interest	(642)
Present Value of Future Minimum Lease Payments	\$8,000

**15. 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 2009, 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.

	<b>Textbooks</b>	<b>Capital Acquisition</b>
Set-aside Cash Balance as of June 30, 2008	(\$404,520)	\$0
Current Year Set-aside Requirement	102,931	102,931
Qualifying Disbursements	(138,881)	(328,832)
Total	(\$440,470)	(\$225,901)
Cash Balance Carried Forward to FY 2010	(\$440,470)	
Set-aside Balances as of June 30, 2009	(\$440,470)	

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**16. 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 \$18,909 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 and Federal Title Funds. During fiscal year 2006, the Yellow Springs Exempted Village School District paid \$76,063 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, 303 Corporate Center Drive, Vandalia, Ohio 45377.

**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, 2009  
(Continued)**

**16. 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 2009, the Yellow Springs Exempted Village School District paid \$7,393 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Dave Gibson, 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 Joni Shoemaker, at the Montgomery County Educational Service Center, 200 S Keowee Street, Dayton, Ohio 45402.

**17. 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 fee 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, 2009  
(Continued)**

**18. 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, 2009.

**B. Litigation**

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

**19. INTERFUND TRANSACTIONS**

During the year ended June 30, 2009 the General Fund transferred \$35,086 to Other Non-major Governmental Funds. These transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

**20. ACCOUNTABILITY**

At June 30, 2009, the School District reported a deficit fund balances in the following non-major funds: EMIS fund (\$2,134); Title VI-B grant fund (\$9,109); Title I grant fund (\$18,877); and Title II-A grant fund (\$64).

These deficits resulted from the accrual of various liabilities at year-end. The general fund provides operating transfers to cover deficit balances; however, this is done when cash is required, not when accruals occur.

**21. SUBSEQUENT EVENT**

In September 2010, the School District was approved for an allocation of \$835,000 in the 2010 Qualified School Construction Bond (QSCB) Program by the Ohio School Facilities Commission. The proceeds were used to finance costs associated with the District's Energy Conservation Program (HB264). The bonds carry an interest rate of 4.72 percent and mature on March 1, 2021.

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

Board of Education  
Yellow Springs Exempted Village School District  
201 South Walnut Street  
Yellow Springs, Ohio 45387

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Yellow Springs Exempted Village School District (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 23, 2010. 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.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

2525 north limestone street, ste. 103  
springfield, oh 45503

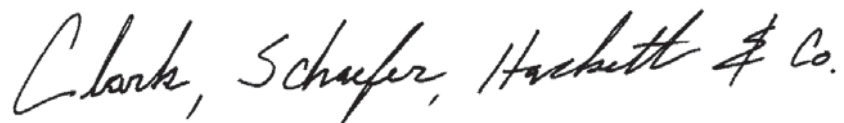
www.cshco.com  
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## Compliance and Other Matters

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

We noted certain matters that we reported to management of the District, in a separate letter dated December 23, 2010.

This report is intended solely for the information and use of management, the finance committee, Board of Education, and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Clark, Schaefer, Hackett & Co." The signature is written in black ink and is positioned above the typed name and date.

Springfield, Ohio  
December 23, 2010

## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

Board of Education  
Yellow Springs Exempted Village School District  
201 South Walnut Street  
Yellow Springs, Ohio 45387

Ohio Revised Code Section 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school.”

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Yellow Springs Exempted Village School District (the District) has adopted an anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on July 13, 2006, which was revised on December 13, 2007, which is supplemented by the School District’s Administrative Guidelines Section 5517.01.

2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):

- (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
- (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
- (3) A procedure for reporting prohibited incidents;
- (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the “Family Educational Rights and Privacy Act of 1974,” Stat. 571, 20 O.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident.

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- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States.
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education, and the Auditor of State of Ohio, and is not intended to be and should not be used by anyone other than these specified parties.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
December 23, 2010



At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training, experience and drive is well-suited to each client's needs and goals. We are committed to providing insightful and flexible service – from efficient compliance to sophisticated consulting – to help each client prosper today and plan for future success



# Dave Yost • Auditor of State

**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  
FEBRUARY 10, 2011**