

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS  
(AUDITED)***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014***

**TRACY JARVIS, TREASURER**





# Dave Yost • Auditor of State

Board of Education  
Xenia Community School District  
819 Colorado Drive  
Xenia, Ohio 45385

We have reviewed the *Independent Auditor's Report* of the Xenia Community School District, Greene County, prepared by Julian & Grube, Inc., for the audit period July 1, 2013 through June 30, 2014. 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 Xenia Community 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

May 13, 2015

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**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Julian & Grube, Inc.**  
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Independent Auditor's Report

Xenia Community School District  
Greene County  
819 Colorado Drive  
Xenia, Ohio 45385

To the Board of Education:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Xenia Community School District, Greene County, Ohio, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Xenia Community School District's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Xenia Community School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Xenia Community School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Xenia Community School District, Greene County, Ohio, as of June 30, 2014, and the respective changes in financial position and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the Xenia Community School District's basic financial statements taken as a whole.

The Schedule of Receipts and Expenditures of Federal Awards (the "Schedule") presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2015, on our consideration of the Xenia Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Xenia Community School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
January 28, 2015

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The management's discussion and analysis of the Xenia Community School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2014 are as follows:

- In total, net position of governmental activities increased \$5,865,980 which represents a 12.82% increase from 2013's restated net position.
- General revenues accounted for \$46,482,795 in revenue or 81.72% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$10,401,212 or 18.28% of total revenues of \$56,884,007.
- The School District had \$51,018,027 in expenses related to governmental activities; \$10,401,212 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$46,482,795 were adequate to provide for these programs.
- The School District's major governmental fund is the general fund. The general fund had \$46,493,423 in revenues and \$40,984,512 in expenditures and other financing sources. During fiscal year 2014, the general fund's fund balance increased \$5,508,911 from a balance of \$5,618,394 to \$11,127,305.

**Using these Basic Financial Statements**

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

The *statement of net position* and *statement of activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the School District, the general fund is the most significant funds and are considered major funds.

**Reporting the School District as a Whole**

***Statement of Net Position and the Statement of Activities***

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues* and *expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.



**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

In the statement of net position and the statement of activities, the Governmental Activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The School District's statement of net position and statement of activities can be found on pages 13-14 of this report.

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

***Fund Financial Statements***

The analysis of the School District's major governmental funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

***Governmental Funds***

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

***Fiduciary Funds***

The School District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 20 and 21. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-53 of this report.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**The School District as a Whole**

The statement of net position provides the perspective of the School District as a whole. The table below provides a summary of the School District's net position at June 30, 2014 and 2013. The June 30, 2013 net position was restated as described in Note 3.

	<u>Net Position</u>	
	Governmental Activities <u>2014</u>	Restated Governmental Activities <u>2013</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 42,897,873	\$ 40,331,331
Capital assets, net	<u>76,222,767</u>	<u>76,837,954</u>
Total assets	<u>119,120,640</u>	<u>117,169,285</u>
<b><u>Liabilities</u></b>		
Current liabilities	5,493,918	8,727,381
Long-term liabilities	<u>43,502,354</u>	<u>44,130,596</u>
Total liabilities	<u>48,996,272</u>	<u>52,857,977</u>
<b><u>Deferred Inflows of Resources</u></b>		
Property taxes levied for the next fiscal year	<u>18,485,478</u>	<u>18,538,398</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	37,222,258	36,432,208
Restricted	4,305,680	4,580,891
Unrestricted	<u>10,110,952</u>	<u>4,759,811</u>
Total net position	<u>\$ 51,638,890</u>	<u>\$ 45,772,910</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the School District's assets exceeded liabilities plus deferred inflows of resources by \$51,638,890. Of this total, \$10,110,952 is unrestricted in use.

Total assets of the School District increased \$1,951,355 or 1.67%. Current and other assets increased \$2,566,542 or 6.36% due primarily to an increase in equity in pooled cash and cash equivalents. This increase can be attributable to an increase in general fund cash balance due to conservative spending related to recent School District cuts. Capital assets decreased \$615,187 or 0.80% due mainly current year depreciation exceeding current year additions.

At year-end, capital assets represented 63.99% of total assets. Capital assets include land, buildings and improvements, furniture/equipment/fixtures and vehicles. Net investment in capital assets at June 30, 2014, was \$37,222,258. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Liabilities of the School District decreased \$3,861,705 or 7.31%. The primary reason for this decrease is due to a decrease in contracts payable at fiscal year-end related to the School District's construction project as well as current year principal payments on its long-term obligations.

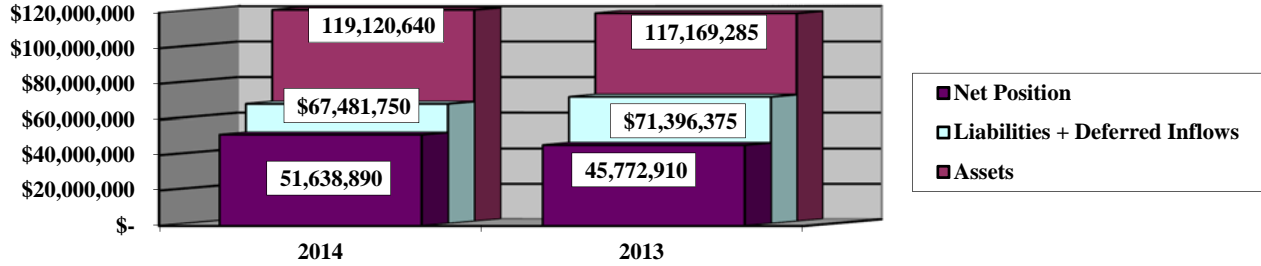
A portion of the School District's net position, \$4,305,680, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$10,110,952 may be used to meet the School District's ongoing obligations to the students and creditors.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The graph below illustrates the School District's assets, liabilities, deferred inflows of resources and net position at June 30, 2014 and 2013. The June 30, 2013 amounts have been restated as described in Note 3.

**Governmental Activities**



The table below shows the change in net position for fiscal year 2014 and 2013. The net position at June 30, 2013 has been restated as described in Note 3.

	<b>Change in Net Position</b>	
	Governmental Activities 2014	Restated Governmental Activities 2013
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 1,607,371	\$ 1,671,010
Operating grants and contributions	8,793,841	10,765,277
General revenues:		
Taxes	24,681,281	23,440,180
Payment in lieu of taxes	24,331	39,614
Restricted grants and entitlements	916,410	-
Unrestricted grants and entitlements	20,720,008	19,442,089
Miscellaneous	117,041	107,785
Interest	23,724	32,892
<b>Total revenues</b>	<b>56,884,007</b>	<b>55,498,847</b>

(Continued)

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<b>Change in Net Position (Continued)</b>	
	Governmental Activities 2014	Restated Governmental Activities 2013
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 20,613,637	\$ 20,469,322
Special	8,890,201	6,293,428
Vocational	426,082	473,007
Other	413,088	798,146
Support services:		
Pupil	2,728,486	2,670,524
Instructional staff	1,447,357	2,829,681
Board of education	62,469	28,679
Administration	3,555,657	3,544,180
Fiscal	779,269	493,191
Business	654,648	570,310
Operations and maintenance	2,869,448	2,676,323
Pupil transportation	2,334,590	2,376,437
Central	547,009	175,603
Operations of non-instructional services:		
Non-instructional services	447,217	449,788
Food service operations	1,490,074	1,568,121
Extracurricular activities	722,775	652,959
Interest and fiscal charges	3,036,020	3,081,811
Total expenses	51,018,027	49,151,510
Excess before extraordinary item	-	6,347,337
<b><u>Extraordinary item:</u></b>		
Insurance settlement for hail damage	-	1,304,343
Change in net position	5,865,980	7,651,680
Net position at beginning of year (restated)	45,772,910	38,121,230
Net position at end of year	\$ 51,638,890	\$ 45,772,910

**Governmental Activities**

Net position of the School District's governmental activities increased \$5,865,980. Total governmental expenses of \$51,018,027 were offset by program revenues of \$10,401,212 and general revenues of \$46,482,795. Program revenues supported 20.39% of the total governmental expenses.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

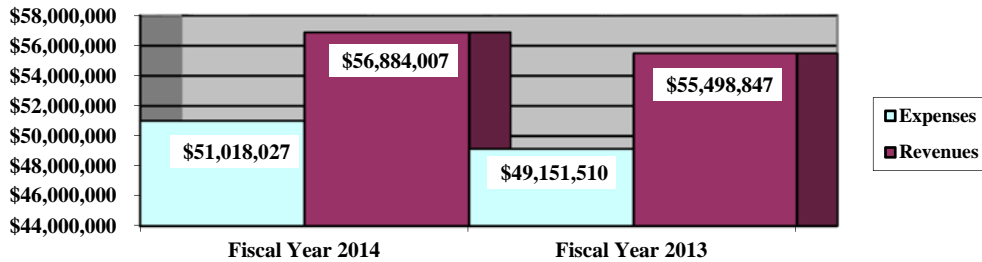
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Revenues of the School District increased \$1,385,160 or 2.50%. This increase is primarily due to an increase in taxes and grants and entitlements. Taxes increased \$1,241,101 due to better collections on property taxes as well as an increase in income taxes due to the rebounding economy. Grants and entitlements increased due to money received for the School District's construction project as well as an increase in State Foundation money. The primary sources of revenue for governmental activities are derived from taxes, and grants and entitlements. These revenue sources represent 81.42% of total governmental revenue.

The largest expense of the School District is for instructional programs. Instruction expenses totaled \$30,343,008 or 59.48% of total governmental expenses for fiscal year 2014. Overall expenses of the School District increased \$1,866,517 or 3.80%. This increase was due to overall increases in wages and benefits paid to employees.

The graph below presents the School District's governmental activities revenues and expenses for fiscal year 2014 and 2013.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and sales and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

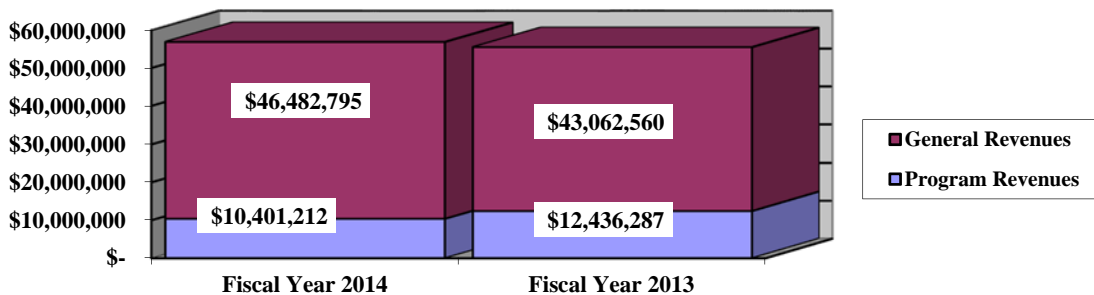
**Governmental Activities**

	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 20,613,637	\$ 19,582,227	\$ 20,469,322	\$ 19,068,386
Special	8,890,201	4,431,572	6,293,428	1,736,916
Vocational	426,082	338,256	473,007	390,329
Other	413,088	413,088	798,146	314,739
Support services:				
Pupil	2,728,486	2,456,647	2,670,524	2,330,027
Instructional staff	1,447,357	819,516	2,829,681	1,471,459
Board of education	62,469	62,469	28,679	28,679
Administration	3,555,657	3,450,686	3,544,180	3,368,246
Fiscal	779,269	761,362	493,191	425,604
Business	654,648	654,648	570,310	570,310
Operations and maintenance	2,869,448	2,855,560	2,676,323	2,668,891
Pupil transportation	2,334,590	2,234,965	2,376,437	2,133,550
Central	547,009	532,609	175,603	161,203
Operations of non-instructional services:				
Other non-instructional services	447,217	47,709	449,788	36,057
Food service operations	1,490,074	(267,939)	1,568,121	(222,055)
Extracurricular activities	722,775	387,995	652,959	374,607
Interest and fiscal charges	<u>3,036,020</u>	<u>1,855,445</u>	<u>3,081,811</u>	<u>1,858,275</u>
Total expenses	<u>\$ 51,018,027</u>	<u>\$ 40,616,815</u>	<u>\$ 49,151,510</u>	<u>\$ 36,715,223</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 81.62% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.61%. The School District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for School District's students.

The graph below presents the School District's governmental activities revenue for fiscal year 2014 and 2013.

**Governmental Activities - General and Program Revenues**



**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**The School District's Funds**

The School District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$17,120,752, which is higher than last year's total of \$10,533,931. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

	Fund Balance <u>June 30, 2014</u>	Fund Balance <u>June 30, 2013</u>	<u>Change</u>	Percentage <u>Change</u>
General	\$ 11,127,305	\$ 5,618,394	\$ 5,508,911	98.05 %
Other governmental	<u>5,993,447</u>	<u>4,915,537</u>	<u>1,077,910</u>	21.93 %
Total	<u>\$ 17,120,752</u>	<u>\$ 10,533,931</u>	<u>\$ 6,586,821</u>	62.53 %

The School District's general fund balance increased \$5,508,911.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2014 <u>Amount</u>	2013 <u>Amount</u>	<u>Change</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 22,249,465	\$ 21,663,553	\$ 585,912	2.70 %
Tuition	720,445	759,664	(39,219)	(5.16) %
Earnings on investments	22,973	17,244	5,729	33.22 %
Intergovernmental	23,116,788	21,516,723	1,600,065	7.44 %
Other	<u>383,752</u>	<u>401,882</u>	<u>(18,130)</u>	(4.51) %
Total	<u>\$ 46,493,423</u>	<u>\$ 44,359,066</u>	<u>\$ 2,134,357</u>	4.81 %

	2014 <u>Amount</u>	2013 <u>Amount</u>	<u>Change</u>	Percentage <u>Change</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 27,010,023	\$ 24,804,747	\$ 2,205,276	8.89 %
Supporting services	12,944,771	14,374,754	(1,429,983)	(9.95) %
Non-instructional services	14,866	26,870	(12,004)	(44.67) %
Extracurricular activities	512,101	535,771	(23,670)	(4.42) %
Facilities acquisition and construction	3,818	2,880	938	32.57 %
Debt service	<u>488,933</u>	<u>494,560</u>	<u>(5,627)</u>	(1.14) %
Total	<u>\$ 40,974,512</u>	<u>\$ 40,239,582</u>	<u>\$ 734,930</u>	1.83 %

Overall revenues of the general fund increased \$2,134,357. The most significant increase was in the area of taxes and intergovernmental. Taxes increased \$585,912 or 2.70% which is the result of an increase in income tax revenue due to a better economy and an increase in property tax collections. Intergovernmental revenue increased \$1,600,065 or 7.44%. This increase was due to an increase in State Foundation funding.

Expenditures of the general fund increased \$734,930 or 1.83%. The most significant increase was in the area of instruction which increased \$2,205,276. Regular and special instruction showed the largest increases due to increases in wages and benefits expenditures.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

***General Fund Budgeting Highlights***

The School 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 2014, the School District did not amend its general fund budget. For the general fund, original and final budgeted revenues and other financing sources were \$42,756,799. Actual revenues and other financing sources for fiscal year 2014, were \$46,019,127. This represents a \$3,262,328 increase over final budgeted revenues.

General fund original and final appropriations and other financing uses totaled \$45,051,995. The actual budget basis expenditures and other financing uses for fiscal year 2014 totaled \$42,156,928, which is lower than the final budget appropriations by \$2,895,067.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2014, the School District had \$76,222,767 invested in land, buildings and improvements, furniture/equipment/fixtures, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2014 balances compared to 2013. The capital assets at June 30, 2013 have been restated as described in Note 3.

**Capital Assets at June 30  
(Net of Depreciation)**

	Governmental Activities	
	2014	Restated 2013
Land	\$ 450,091	\$ 450,091
Building and improvements	73,503,072	75,340,210
Furniture/equipment/fixtures	2,112,561	772,296
Vehicles	157,043	275,357
Total	\$ 76,222,767	\$ 76,837,954

The overall decrease in capital assets of \$615,187 is due to current year depreciation of \$2,241,177 exceeding capital outlays of \$1,625,990.

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



**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

***Debt Administration***

The following table summarizes the School District's long term debt outstanding at June 30, 2014 and 2013.

	Governmental Activities	
	2014	2013
Energy conservation notes	\$ 1,590,000	\$ 1,700,000
School facilities construction and improvement bonds	35,741,413	35,780,789
School facilities construction and improvement notes	-	170,000
Permanent improvement notes	625,000	640,000
Capital leases	336,793	466,784
Unamortized bond & note premiums	3,245,734	3,374,030
Total	\$ 41,538,940	\$ 42,131,603

At June 30, 2014, the School District had \$41,538,940 in current interest bonds, capital appreciation bonds, accreted interest, notes payable, premiums and capital lease obligations. Of this total, \$809,827 is due within one year and \$40,729,113 is due within greater than one year.

See Note 14 to the basic financial statements for additional information on the School District's debt administration.

**Current Financial Related Activities**

On November 2, 2010, the voters approved a renewal of an emergency levy that provides nearly \$8 million a year for the Xenia Community Schools. The levy is a five year, 11.4 mill (reduced from 13.4 mills when on the ballot five years ago) renewal levy that will continue to fund classroom instruction and key items like textbooks and technology. None of the money will go to construct buildings.

On November 3, 2009, the School District voters approved 3.2 mills to construct five elementary school buildings. Of the total millage, 2.7 mills will be for construction; the remaining 0.5 mill is required by the state for maintenance on the school buildings. The building project is to cover the local portion of \$34,670,000 of the Ohio School Facilities Commission Program. The total project is \$125,408,386. The new schools were built on the current sites of Cox Elementary School, McKinley Elementary School, Shawnee Elementary School, Tecumseh Elementary School and Arrowood Elementary School. The Xenia Board of Education has set an aspiration goal of 25 percent for including local vendors and companies in the building project. The new elementary buildings were moved into during January 2013.

On November 8, 2011, voters rejected a 4.8 mill emergency levy for operations. If approved the levy would have generated about \$3,078,329 annually.

On August 7, 2012, the voters of the School District voted against replacing a seven year .5 percent income tax with a 1.5% income tax.

On November 6, 2012, the voters of the School District voted against a five year 6.50 mill emergency levy to avoid an operating deficit.

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

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Tracy Jarvis, Treasurer at Xenia Community School District, 819 Colorado Drive, Xenia, Ohio 45385.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2014

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 18,100,086
Cash and cash equivalents with escrow agent . . . . .	490,277
Receivables:	
Property taxes . . . . .	21,186,623
Income taxes . . . . .	1,575,511
Payment in lieu of taxes . . . . .	12,512
Accounts . . . . .	100,596
Accrued interest . . . . .	1,525
Intergovernmental . . . . .	1,407,855
Materials and supplies inventory . . . . .	22,888
Capital assets:	
Nondepreciable capital assets . . . . .	450,091
Depreciable capital assets, net . . . . .	<u>75,772,676</u>
Capital assets, net . . . . .	<u>76,222,767</u>
Total assets . . . . .	<u>119,120,640</u>
<b>Liabilities:</b>	
Accounts payable . . . . .	441,832
Retainage payable . . . . .	490,277
Accrued wages and benefits payable . . . . .	3,099,807
Compensated absences payable . . . . .	145,530
Early retirement incentive payable . . . . .	114,600
Pension obligation payable . . . . .	799,634
Intergovernmental payable . . . . .	222,684
Accrued interest payable . . . . .	179,554
Long-term liabilities:	
Due within one year . . . . .	1,341,082
Due in more than one year . . . . .	<u>42,161,272</u>
Total liabilities . . . . .	<u>48,996,272</u>
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year . . . . .	<u>18,485,478</u>
Total deferred inflows of resources . . . . .	<u>18,485,478</u>
<b>Net position:</b>	
Net investment in capital assets . . . . .	37,222,258
Restricted for:	
Capital projects . . . . .	1,753,040
Classroom facilities maintenance . . . . .	1,560,055
Locally funded programs . . . . .	46,484
State funded programs . . . . .	43,605
Federally funded programs . . . . .	429,629
Student activities . . . . .	127,515
Food service operations . . . . .	345,352
Unrestricted . . . . .	<u>10,110,952</u>
Total net position . . . . .	<u>\$ 51,638,890</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 20,613,637	\$ 710,017	\$ 321,393	\$ (19,582,227)
Special . . . . .	8,890,201	183,313	4,275,316	(4,431,572)
Vocational . . . . .	426,082	-	87,826	(338,256)
Other . . . . .	413,088	-	-	(413,088)
Support services:				
Pupil . . . . .	2,728,486	2,480	269,359	(2,456,647)
Instructional staff . . . . .	1,447,357	-	627,841	(819,516)
Board of education . . . . .	62,469	-	-	(62,469)
Administration . . . . .	3,555,657	-	104,971	(3,450,686)
Fiscal . . . . .	779,269	17,907	-	(761,362)
Business . . . . .	654,648	-	-	(654,648)
Operations and maintenance . . . . .	2,869,448	13,888	-	(2,855,560)
Pupil transportation . . . . .	2,334,590	-	99,625	(2,234,965)
Central . . . . .	547,009	-	14,400	(532,609)
Operation of non-instructional services:				
Other non-instructional services . . . . .	447,217	403	399,105	(47,709)
Food service operations . . . . .	1,490,074	444,763	1,313,250	267,939
Extracurricular activities . . . . .	722,775	234,600	100,180	(387,995)
Interest and fiscal charges . . . . .	3,036,020	-	1,180,575	(1,855,445)
<b>Total governmental activities . . . . .</b>	<b>\$ 51,018,027</b>	<b>\$ 1,607,371</b>	<b>\$ 8,793,841</b>	<b>(40,616,815)</b>
<b>General revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				18,853,182
Debt service . . . . .				1,656,965
Capital outlay . . . . .				365,242
Classroom facilities maintenance . . . . .				291,610
Payments in lieu of taxes . . . . .				24,331
Income taxes levied for:				
General purposes . . . . .				3,514,282
Grants and entitlements restricted for Ohio School Facilities Commission . . . . .				916,410
Grants and entitlements not restricted to specific programs . . . . .				20,720,008
Investment earnings . . . . .				23,724
Miscellaneous . . . . .				117,041
<b>Total general revenues . . . . .</b>				<b>46,482,795</b>
<b>Change in net position . . . . .</b>				<b>5,865,980</b>
<b>Net position at beginning of year (restated)</b>				<b>45,772,910</b>
<b>Net position at end of year . . . . .</b>				<b>\$ 51,638,890</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in pooled cash and investments. . . . .	\$ 11,886,080	\$ 6,214,006	\$ 18,100,086
Cash and cash equivalents with escrow agents . . . . .	-	490,277	490,277
Receivables:			
Property taxes. . . . .	18,998,554	2,188,069	21,186,623
Income taxes . . . . .	1,575,511	-	1,575,511
Payment in lieu of taxes . . . . .	12,512	-	12,512
Accounts . . . . .	596	100,000	100,596
Accrued interest . . . . .	1,330	195	1,525
Intergovernmental. . . . .	322,848	1,085,007	1,407,855
Materials and supplies inventory. . . . .	6,652	16,236	22,888
Total assets . . . . .	<u>\$ 32,804,083</u>	<u>\$ 10,093,790</u>	<u>\$ 42,897,873</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 134,842	\$ 306,990	\$ 441,832
Retainage payable. . . . .	-	490,277	490,277
Accrued wages and benefits payable . . . . .	2,762,634	337,173	3,099,807
Compensated absences payable . . . . .	145,530	-	145,530
Early retirement incentive payable . . . . .	114,600	-	114,600
Intergovernmental payable . . . . .	168,874	53,810	222,684
Pension obligation payable . . . . .	702,573	97,061	799,634
Total liabilities. . . . .	<u>4,029,053</u>	<u>1,285,311</u>	<u>5,314,364</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year. . . . .	16,380,833	2,104,645	18,485,478
Delinquent property tax revenue not available. . . . .	813,631	39,042	852,673
Accrued interest not available. . . . .	-	184	184
Intergovernmental revenues not available. . . . .	216,537	671,161	887,698
Income tax revenue not available . . . . .	224,212	-	224,212
Payment in lieu of taxes not available . . . . .	12,512	-	12,512
Total deferred inflows of resources . . . . .	<u>17,647,725</u>	<u>2,815,032</u>	<u>20,462,757</u>
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory. . . . .	6,652	16,236	22,888
Restricted:			
Debt service . . . . .	-	1,034,713	1,034,713
Capital improvements . . . . .	-	2,689,273	2,689,273
Classroom facilities maintenance . . . . .	-	1,545,662	1,545,662
Food service operations . . . . .	-	429,597	429,597
Non-public schools . . . . .	-	27,611	27,611
Public school preschool . . . . .	-	7,506	7,506
Special education . . . . .	-	31,800	31,800
Targeted academic assistance . . . . .	-	128,787	128,787
Other purposes. . . . .	-	50,113	50,113
Extracurricular activities . . . . .	-	127,515	127,515
Assigned:			
Student instruction . . . . .	81,619	-	81,619
Student and staff support. . . . .	892,474	-	892,474
Extracurricular activities . . . . .	60	-	60
Facilities acquisition and construction . . . . .	500	-	500
Subsequent year's appropriations . . . . .	7,326	-	7,326
Preschool . . . . .	82,640	-	82,640
Unassigned (deficit). . . . .	10,056,034	(95,366)	9,960,668
Total fund balances . . . . .	<u>11,127,305</u>	<u>5,993,447</u>	<u>17,120,752</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 32,804,083</u>	<u>\$ 10,093,790</u>	<u>\$ 42,897,873</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2014

<b>Total governmental fund balances</b>		\$	17,120,752
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			76,222,767
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	852,673	
Income taxes receivable		224,212	
Payment in lieu of taxes receivable		12,512	
Accrued interest receivable		184	
Intergovernmental receivable		887,698	
Total		1,977,279	1,977,279
Unamortized premiums on bonds issued are not recognized in the funds.			(3,245,734)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(179,554)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(35,741,413)	
Capital lease obligations		(336,793)	
Compensated absences		(1,963,414)	
Notes payable		(2,215,000)	
Total		(40,256,620)	(40,256,620)
<b>Net position of governmental activities</b>		\$	51,638,890

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<b>General</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 18,747,344	\$ 2,317,055	\$ 21,064,399
Income taxes . . . . .	3,502,121	-	3,502,121
Payment in lieu of taxes . . . . .	25,024	-	25,024
Tuition . . . . .	720,445	-	720,445
Earnings on investments . . . . .	22,973	1,126	24,099
Charges for services . . . . .	-	444,763	444,763
Extracurricular . . . . .	115,030	122,453	237,483
Classroom materials and fees . . . . .	157,010	-	157,010
Rental income . . . . .	13,888	-	13,888
Contributions and donations . . . . .	5,066	160,356	165,422
Contract services . . . . .	33,782	-	33,782
Other local revenues . . . . .	33,952	78,023	111,975
Intergovernmental - state . . . . .	22,995,516	1,859,172	24,854,688
Intergovernmental - federal . . . . .	121,272	6,142,033	6,263,305
Total revenues . . . . .	<u>46,493,423</u>	<u>11,124,981</u>	<u>57,618,404</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	19,775,017	415,652	20,190,669
Special . . . . .	6,427,292	2,297,175	8,724,467
Vocational . . . . .	412,978	-	412,978
Other . . . . .	394,736	14,060	408,796
Support services:			
Pupil . . . . .	2,346,184	310,574	2,656,758
Instructional staff . . . . .	412,962	986,454	1,399,416
Board of education . . . . .	60,794	-	60,794
Administration . . . . .	3,378,922	125,170	3,504,092
Fiscal . . . . .	732,947	22,861	755,808
Business . . . . .	624,962	12,316	637,278
Operations and maintenance . . . . .	2,714,256	71,235	2,785,491
Pupil transportation . . . . .	2,157,558	232	2,157,790
Central . . . . .	516,186	14,400	530,586
Operation of non-instructional services:			
Other non-instructional services . . . . .	14,866	429,061	443,927
Food service operations . . . . .	-	1,607,608	1,607,608
Extracurricular activities . . . . .	512,101	190,359	702,460
Facilities acquisition and construction . . . . .	3,818	419,663	423,481
Debt service:			
Principal retirement . . . . .	409,991	965,000	1,374,991
Interest and fiscal charges . . . . .	78,942	2,175,251	2,254,193
Total expenditures . . . . .	<u>40,974,512</u>	<u>10,057,071</u>	<u>51,031,583</u>
Excess of revenues over expenditures . . . . .	<u>5,518,911</u>	<u>1,067,910</u>	<u>6,586,821</u>
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	-	10,000	10,000
Transfers (out) . . . . .	(10,000)	-	(10,000)
Total other financing sources (uses) . . . . .	<u>(10,000)</u>	<u>10,000</u>	<u>-</u>
Net change in fund balances . . . . .	5,508,911	1,077,910	6,586,821
<b>Fund balances at beginning of year . . . . .</b>	<u>5,618,394</u>	<u>4,915,537</u>	<u>10,533,931</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 11,127,305</u>	<u>\$ 5,993,447</u>	<u>\$ 17,120,752</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Net change in fund balances - total governmental funds** \$ 6,586,821

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital asset additions	\$	1,625,990	
Current year depreciation		(2,241,177)	
Total			(615,187)

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

Property taxes		102,600	
Income taxes		12,161	
Payment in lieu of taxes		(693)	
Earnings on investments		184	
Intergovernmental		(848,649)	
Total			(734,397)

Repayment of bond, notes and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:

Bonds		1,120,000	
Notes		125,000	
Capital leases		129,991	
Total			1,374,991

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:

Decrease in accrued interest payable		501	
Accreted interest on capital appreciation bonds		(910,624)	
Amortization of bond premiums		128,296	
Total			(781,827)

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

			35,579
<b>Change in net position of governmental activities</b>	<b>\$</b>		<b>5,865,980</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 17,208,480	\$ 17,208,337	\$ 18,578,841	\$ 1,370,504
Income taxes . . . . .	3,132,766	3,132,741	3,382,238	249,497
Payment in lieu of taxes . . . . .	23,178	23,178	25,024	1,846
Tuition . . . . .	648,187	648,182	699,804	51,622
Earnings on investments . . . . .	20,890	20,890	22,554	1,664
Extracurricular . . . . .	66,916	66,916	72,245	5,329
Classroom materials and fees . . . . .	117,035	117,034	126,355	9,321
Rental income . . . . .	12,864	12,864	13,888	1,024
Contributions and donations . . . . .	116	116	125	9
Contract services . . . . .	31,290	31,290	33,782	2,492
Other local revenues . . . . .	25,766	25,766	27,818	2,052
Intergovernmental - state . . . . .	21,200,913	21,200,739	22,889,205	1,688,466
Intergovernmental - federal . . . . .	112,327	112,326	121,272	8,946
<b>Total revenues . . . . .</b>	<b>42,600,728</b>	<b>42,600,379</b>	<b>45,993,151</b>	<b>3,392,772</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	21,140,050	21,140,050	19,815,248	1,324,802
Special . . . . .	6,181,474	6,181,474	6,132,178	49,296
Vocational . . . . .	507,891	507,891	434,388	73,503
Other . . . . .	562,739	562,739	415,455	147,284
Support services:				
Pupil . . . . .	2,829,075	2,829,075	2,421,901	407,174
Instructional staff . . . . .	838,959	838,959	739,049	99,910
Board of education . . . . .	43,386	43,386	62,722	(19,336)
Administration . . . . .	3,808,499	3,808,499	3,565,560	242,939
Fiscal . . . . .	822,755	822,755	748,314	74,441
Business . . . . .	640,789	640,789	690,101	(49,312)
Operations and maintenance . . . . .	3,119,035	3,119,035	2,995,907	123,128
Pupil transportation . . . . .	3,141,821	3,141,821	2,618,804	523,017
Central . . . . .	209,544	209,544	515,350	(305,806)
Other operation of non-instructional services . . . . .	10,500	10,500	14,309	(3,809)
Extracurricular activities . . . . .	517,410	517,410	464,059	53,351
Facilities acquisition and construction . . . . .	29,418	29,418	4,568	24,850
Debt service:				
Principal . . . . .	410,076	410,076	409,991	85
Interest and fiscal charges . . . . .	78,859	78,859	79,024	(165)
<b>Total expenditures . . . . .</b>	<b>44,892,280</b>	<b>44,892,280</b>	<b>42,126,928</b>	<b>2,765,352</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(2,291,552)	(2,291,901)	3,866,223	6,158,124
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	20,925	20,925	20,925	-
Transfers in . . . . .	130,000	130,000	-	(130,000)
Transfers (out) . . . . .	(159,715)	(159,715)	(30,000)	129,715
Sale of assets . . . . .	5,146	5,495	5,051	(444)
<b>Total other financing sources (uses) . . . . .</b>	<b>(3,644)</b>	<b>(3,295)</b>	<b>(4,024)</b>	<b>(729)</b>
Net change in fund balance . . . . .	(2,295,196)	(2,295,196)	3,862,199	6,157,395
<b>Fund balance at beginning of year . . . . .</b>	<b>6,014,235</b>	<b>6,014,235</b>	<b>6,014,235</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>770,388</b>	<b>770,388</b>	<b>770,388</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 4,489,427</b>	<b>\$ 4,489,427</b>	<b>\$ 10,646,822</b>	<b>\$ 6,157,395</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 43,016	\$ 295,623
Total assets. . . . .	43,016	\$ 295,623
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 1,253
Due to students. . . . .	-	27,960
Undistributed monies . . . . .	-	266,410
Total liabilities . . . . .	-	\$ 295,623
<b>Net position:</b>		
Held in trust for scholarships . . . . .	43,016	
Total net position. . . . .	\$ 43,016	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 95
Total additions. . . . .	95
<b>Deductions:</b>	
Scholarships awarded . . . . .	9,125
Change in net position . . . . .	(9,030)
<b>Net position at beginning of year. . . . .</b>	<b>52,046</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 43,016</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

Xenia Community School District (the "School District") was chartered by Ohio State Legislature. In 1953 State laws were enacted to create local Boards of Education. Today, the School District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The School District operates under a locally-elected five member Board form of government and provides educational services as mandated by State statute and federal guidelines. The School District currently operates 5 elementary schools, 2 middle schools (grades 6-8) and 1 high school (grades 9-12).

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

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 School District's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's Governing Board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; or (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the School District has no component units. The basic financial statements of the reporting entity include only those of the School District (the primary government).

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

The School District participates in three jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 16 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

Miami Valley Educational Computer Association  
Southwestern Ohio Educational Purchasing Council  
Greene County Career Center

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council Workers'  
Compensation Group Rating Plan

**B. Basis of Presentation**

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

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

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

*Fund Financial Statements* - During the fiscal year, the School District segregates transactions related to certain School District functions or activities 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 School District at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**C. Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The School District divides its funds into two categories: governmental and fiduciary.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

*GOVERNMENTAL FUNDS*

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

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

Other governmental funds of the School District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust which accounts for a college scholarship program for students. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The School District's agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor. The agency fund also accounts for moneys owed to individuals outside of the School District.

**D. Measurement Focus**

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

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

The private purpose trust fund is reported using the economic resources measurement focus. The agency funds do not report a measurement focus as it does not report operations.

**E. 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 also use the accrual basis of accounting.

*Revenues - Exchange and Nonexchange 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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from income taxes is recognized in the fiscal year in which the underlying exchange transaction occurred (See Note 7).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from 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, interest, tuition, grants, student fees and rentals.

*Deferred Inflows of Resources and Deferred Outflows of Resources* -A deferred inflow of resources is an acquisition of net position by the School District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the School District that is applicable to a future reporting period.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Income taxes, payment in lieu of taxes and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows on the governmental fund financial statements.

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

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**F. Cash and Cash Equivalents**

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

During fiscal year 2014, the School District invested in negotiable certificates of deposit, U. S. Government money market funds and U. S. Government mutual funds (INVESCO STIT funds).

Investments are reported at fair value. For investments in open-ended mutual funds, fair value is determined by the fund's share price.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$22,973, which includes \$7,439 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are reported as cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**G. Inventory**

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories consist of expendable supplies held for consumption and purchased and donated food held for resale. On the fund financial statements, reported materials and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.



**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed. On the fund financial statements, reported prepayments is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. There were no prepaid items at June 30, 2014.

**I. Interfund Balances**

On the fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund loans receivable/payable." Interfund balances amounts are eliminated in the statement of net position. There were no interfund balances at June 30, 2014.

**J. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District follows the policy of not capitalizing assets with a cost of less than \$1,000 and a useful life of less than 3 years. 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.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	15-50 years
Furniture/Equipment/Fixtures	5-20 years
Vehicles	8 years

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

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

In general, payables and accrued liabilities those, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Capital leases, permanent improvement notes, general obligation bonds and the energy conservation loan are recognized as a liability in the fund financial statements when due.

**L. Compensated Absences**

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees who have reached the age of 50.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Compensated Absences Payable" in the funds from which the employees will be paid. The non-current portion of the liability is not reported.

**M. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

**N. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

**O. Bond and Long-Term Note Premiums/Issuance Costs**

Bond and long-term note premiums are deferred and amortized over the term of the debt using the straight-line method since the results are not significantly different from the effective interest method. Bond and long-term note premiums are presented as a reduction/addition of the face amount of the payable. Issuance costs are expensed in the year they occur.

**P. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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 to the funds that initially paid for them are not presented on the financial statements.

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items at June 30, 2014.

**R. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**S. Budgetary Data**

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate.

The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Although the legal level of budgetary control was established at the fund level of expenditures, the School District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2014.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2014, the School District has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the School District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Race to the Top	\$ 94,421
School Improvement Stimulus A	753
Miscellaneous Federal Grants	192

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

**C. Restatement of Net Position**

The net position at June 30, 2013 has been restated to restate capital assets due to a reappraisal of the School District's capital assets. This restatement had the following effect on net position:

	<u>Governmental Activities</u>
Net position as previously reported	\$ 45,319,517
Restatement of capital assets	<u>453,393</u>
Net position at July 1, 2013	<u>\$ 45,772,910</u>

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

Interim monies are to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and,

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

**A. Cash and Cash Equivalents with Escrow Agents**

At fiscal year end, the School District had \$490,277 in escrow accounts for retainage obligations related to the Ohio School Facilities Construction project. The balance in these accounts are reported as cash and cash equivalents with escrow agents on the School District's Balance Sheet and Statement of Net Position and are included in the amount of deposits with financial institutions below.

**B. Deposits with Financial Institutions**

At June 30, 2014, the carrying amount of all School District deposits was \$16,762,478. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$16,311,644 of the School District's bank balance of \$16,981,152 was exposed to custodial risk as discussed below, while \$669,508 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

As of June 30, 2014, the School District had the following investments and maturities:

<u>Investment</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>
Negotiable CD's	\$ 750,025	\$ 249,928	\$ 249,830	\$ 250,267
U.S. Government money market	267,102	267,102	-	-
U.S. Government mutual funds	<u>1,149,397</u>	<u>1,149,397</u>	-	-
Total	<u>\$ 2,166,524</u>	<u>\$ 1,666,427</u>	<u>\$ 249,830</u>	<u>\$ 250,267</u>

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the School District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The School District's investments in the U. S. Government money market and mutual funds obtained an AAAM money market rating by Standard & Poor's. The School District's investment policy does not specifically address credit risk beyond requiring the School District to only invest in securities authorized by State Statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School 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 agency securities 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 School District's name. The School 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 School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School District at June 30, 2014:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Negotiable CD's	\$ 750,025	34.62
U.S. Government money market	267,102	12.33
U.S. Government mutual funds	<u>1,149,397</u>	<u>53.05</u>
Total	<u>\$ 2,166,524</u>	<u>100.00</u>

**D. Reconciliation of Cash to the Statement of Net Position**

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 16,762,478
Investments	<u>2,166,524</u>
Total	<u>\$ 18,929,002</u>



**XENIA COMMUNITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 18,590,363
Private purpose trust funds	43,016
Agency funds	<u>295,623</u>
 Total	 <u>\$ 18,929,002</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended June 30, 2014, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	<u>\$ 10,000</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, 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 property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Greene and Warren Counties. The County Auditors periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$1,804,090 in the general fund, \$24,649 in the permanent improvement fund (a nonmajor governmental fund) and \$31,913 in the classroom facilities fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2013 was \$1,635,587 in the general fund, \$31,387 in the permanent improvement fund (a nonmajor governmental fund) and \$25,100 in the classroom facilities fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 6 - PROPERTY TAXES - (Continued)**

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 629,775,760	96.46	\$ 629,136,660	96.62
Public utility personal	<u>23,123,840</u>	<u>3.54</u>	<u>22,025,310</u>	<u>3.38</u>
Total	<u>\$ 652,899,600</u>	<u>100.00</u>	<u>\$ 651,161,970</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$45.45		\$42.60	
Bond	3.00		2.90	
Permanent improvement	0.80		0.80	
Classroom facilities	0.50		0.50	

**NOTE 7 - INCOME TAX**

The School District levies a voted tax of 1/2% percent for general operations on the income of residents and of estates. The tax had an original effective date of January 1, 1998, and has subsequently been renewed through December 31, 2016. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2014, consisted of property and income taxes, payment in lieu of taxes, accounts (tuition and student fees), accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

**XENIA COMMUNITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 8 - RECEIVABLES - (Continued)**

A summary of the principal items of intergovernmental receivables are as follows:

**Governmental activities:**

Ohio Facilities Construction Commission	\$	397,260
Catastrophic Special Education Aid		106,311
Medicaid School Program		216,537
State Breakfast Program		2,027
Early Childhood		31,708
Race to the Top		131,907
Title VI-B IDEA		129,673
School Improvement Stimulus A		2,589
Title I		357,239
Title II-A		24,861
Green County History Project		<u>7,743</u>
Total Intergovernmental Receivable	\$	<u><u>1,407,855</u></u>

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2014, was as follows. Capital assets at June 30, 2013 have been restated as described in Note 3.C.

	Balance <u>June 30, 2013</u>	<u>Adjustments</u>	Restated Balance <u>June 30, 2013</u>
Capital assets, not being depreciated:			
Land	\$ 450,091	\$ -	\$ 450,091
Total capital assets, not being depreciated	<u>450,091</u>	<u>-</u>	<u>450,091</u>
Capital assets, being depreciated:			
Buildings and improvements	82,393,545	3,495,481	85,889,026
Other Improvements	302,504	(302,504)	-
Infrastructure	17,125	(17,125)	-
Furniture/Equipment/Fixtures	13,110,603	(10,941,187)	2,169,416
Vehicles	2,994,218	(139,225)	2,854,993
Total capital assets, being depreciated	<u>98,817,995</u>	<u>(7,904,560)</u>	<u>90,913,435</u>
Less: accumulated depreciation			
Buildings and improvements	(14,410,423)	3,861,607	(10,548,816)
Other Improvements	(122,566)	122,566	-
Infrastructure	(10,132)	10,132	-
Furniture/Equipment/Fixtures	(5,859,636)	4,462,516	(1,397,120)
Vehicles	(2,480,768)	(98,868)	(2,579,636)
Total accumulated depreciation	<u>(22,883,525)</u>	<u>8,357,953</u>	<u>(14,525,572)</u>
Governmental activities capital assets, net	<u>\$ 76,384,561</u>	<u>\$ 453,393</u>	<u>\$ 76,837,954</u>

**XENIA COMMUNITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 9 - CAPITAL ASSETS - (Continued)**

	Restated Balance <u>June 30, 2013</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2014</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 450,091	\$ -	\$ -	\$ 450,091
Total capital assets, not being depreciated	<u>450,091</u>	<u>-</u>	<u>-</u>	<u>450,091</u>
<i>Capital assets, being depreciated:</i>				
Buildings and Improvements	85,889,026	-	-	85,889,026
Furniture/Equipment/Fixtures	2,169,416	1,625,990	-	3,795,406
Vehicles	2,854,993	-	-	2,854,993
Total capital assets, being depreciated	<u>90,913,435</u>	<u>1,625,990</u>	<u>-</u>	<u>92,539,425</u>
<i>Less: accumulated depreciation:</i>				
Buildings and Improvements	(10,548,816)	(1,837,138)	-	(12,385,954)
Furniture/Equipment/Fixtures	(1,397,120)	(285,725)	-	(1,682,845)
Vehicles	(2,579,636)	(118,314)	-	(2,697,950)
Total accumulated depreciation	<u>(14,525,572)</u>	<u>(2,241,177)</u>	<u>-</u>	<u>(16,766,749)</u>
Governmental activities capital assets, net	<u>\$ 76,837,954</u>	<u>\$ (615,187)</u>	<u>\$ -</u>	<u>\$ 76,222,767</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,335,572
Special	240,432
Vocational	11,381
Other	11,266
<u>Support services:</u>	
Pupil	73,216
Instructional staff	38,566
Board of education	1,675
Administration	105,541
Fiscal	20,829
Business	17,562
Operations and maintenance	86,757
Pupil transportation	176,800
Central	14,622
<u>Operation of non-instructional services:</u>	
Other non-instructional services	12,384
Food service operations	75,080
Extracurricular	<u>19,494</u>
Total depreciation expense	<u>\$ 2,241,177</u>

**XENIA COMMUNITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 10 - RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2014, the School District contracted with Indiana Insurance Company for general liability insurance with \$1,000,000 single occurrence with a \$3,000,000 aggregate. Property is protected by Indiana Insurance. The School District's vehicles are covered under a business policy with Indiana Insurance. Settled claims have not exceeded this commercial coverage in the past three fiscal years. There has been no significant reduction in insurance coverage from last fiscal year.

**B. Workers' Compensation**

For fiscal year 2014, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School 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 ensures 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 Hunter Consulting provides administrative, cost control and actuarial services to the GRP.

**NOTE 11 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

**XENIA COMMUNITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - PENSION PLANS - (Continued)**

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 14 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 School District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$409,169, \$443,421 and \$752,940, respectively; 56.56 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**B. State Teachers Retirement System of Ohio**

Plan Description - The School 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 website at [www.strsoh.org](http://www.strsoh.org), under "Publications".

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 fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**XENIA COMMUNITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 11 - PENSION PLANS - (Continued)**

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$2,561,078, \$2,611,088 and \$2,783,345, respectively; 84.49 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$118,573 made by the School District and \$93,164 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Board of Education have elected Social Security. The School District's liability is 6.2 percent of wages paid.

**NOTE 12- POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The School District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. 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. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

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 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

**XENIA COMMUNITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)**

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$88,245, \$94,048 and \$121,240, respectively; 56.56 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$23,738, \$25,048 and \$44,465, respectively; 56.56 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**B. State Teachers Retirement System of Ohio**

Plan Description - The School District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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), under "Publications" 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 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$197,006, \$200,853 and \$214,103, respectively; 84.49 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**NOTE 13 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service with a maximum accumulation of 22 days. Teachers do not earn vacation time. The Superintendent and Treasurer earn twenty days per calendar year, with a maximum accumulation of 27 days.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated for all personnel. Upon retirement, payment is made for twenty-five percent of accrued, but unused sick leave credit to a maximum of 81 days for certificated employees, twenty-eight percent of accrued, but unused sick leave credit to a maximum of 91 days for classified employees, one-third of accrued, but unused sick leave credit to a maximum of 119 days for administrators and forty percent of accrued, but unused sick leave credit to a maximum of 143 days for the positions of Assistant Superintendent and Director. For the Assistant and Director, severance is split into two payments, one at retirement and one in January 1 of the following year.



**XENIA COMMUNITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - OTHER EMPLOYEE BENEFITS - (Continued)**

**B. Early Retirement Incentive Program**

The School District offers the following retirement incentive program:

Certified Employees:

1. Any employee eligible to retire and has ten years of service with the School District shall receive an incentive of \$3,000 for providing the School District with notification of their retirement on or before March 1. Employees must retire between June 1 and August 1 of that year.
2. Employees who retire in the first year they are eligible, shall receive a monthly payment of \$450, which shall continue for a period of 24 months, to defray the cost of medical insurance.
3. Employees who have earned thirty-five years of service and elect to retire prior to exceeding thirty-six years of service, and notifies the School District by March 1 indicating pending retirement on or before August 31 of that year shall receive a \$10,000 stipend upon retirement. Employees electing the benefit noted in benefit 2 above are not eligible to receive this benefit.

Administrative Employees:

1. Any administrator who reaches eligibility of either 30 years or more at any age or 25 years and at least age 55 for retirement with STRS and who retires for the first time under STRS regulation and notifies the Board of Education in writing by February 1, shall receive a one-time incentive of \$5,000.
2. Administrators shall also receive a monthly payment of \$500, which shall continue for a period of 24 months, to defray the cost of medical insurance.

During the year ended June 30, 2014, nine employees notified the School District of their pending retirement who met the requirements of the retirement incentive program. In addition, the School District had eight employees from fiscal year 2013 and four employees from fiscal year 2014 who they are still paying their monthly payment that help defray the cost of medical insurance. As a result, a liability of \$114,600 has been accrued for the retirement incentive associated with these individuals at June 30, 2014.

**C. Insurance Benefits**

The School District provides medical, life, vision and dental insurance to most employees. Medical insurance is through United Healthcare, life insurance is through Unimerica Insurance Company, vision insurance is through Vision Service Plan and dental insurance is through Superior Dental.

**NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE**

In prior fiscal years, the School District entered into capital leases for the acquisition of school buses to be used by the students of the School District. Each lease meets the criteria of a capital lease which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The School District made \$129,991 in principal payments on the leases during fiscal year 2014.

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)**

Capital assets acquired by lease have been capitalized in the statement of net position for governmental activities in the amount of \$1,174,145, which is equal to the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation on these assets at June 30, 2014, was \$1,055,182 and the carrying value was \$118,963.

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, 2014.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 149,718
2016	147,653
2017	28,300
2018	28,299
2019	<u>9,424</u>
Total minimum lease payments	363,394
Less: amount representing interest	<u>(26,601)</u>
Total	<u>\$ 336,793</u>

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**XENIA COMMUNITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2014 were as follows:

	Balance June 30, 2013	Increase	Decrease	Balance June 30, 2014	Amounts Due in One Year
School Facilities Construction and Improvement Refunding Notes 2010	\$ 170,000	\$ -	\$ (170,000)	\$ -	\$ -
Unamortized Premium on Notes	2,530	-	(2,530)	-	-
School Facilities Construction and Improvement Bonds					
Series 2010A, Term Bonds	14,160,000	-	-	14,160,000	-
Series 2010B Capital Appreciation Bonds	189,982	-	(96,154)	93,828	50,151
Series 2010B Accredited Interest	1,125,807	910,624	(853,846)	1,182,585	629,676
Series 2010C, Term Bonds	20,305,000	-	-	20,305,000	-
Unamortized Premium on Bonds	3,146,270	-	(116,529)	3,029,741	-
Unamortized Premium on Notes	201,867	-	(7,477)	194,390	-
Energy Conservation Notes	1,700,000	-	(110,000)	1,590,000	115,000
Unamortized Premium on Notes	22,449	-	(1,727)	20,722	-
Permanent Improvement Notes	640,000	-	(15,000)	625,000	15,000
Unamortized Premium on Notes	914	-	(33)	881	-
<b>Total Loans and Notes</b>	<u>41,664,819</u>	<u>910,624</u>	<u>(1,373,296)</u>	<u>41,202,147</u>	<u>809,827</u>
Capital Leases	466,784	-	(129,991)	336,793	134,992
Compensated Absences	<u>1,998,993</u>	<u>436,623</u>	<u>(472,202)</u>	<u>1,963,414</u>	<u>396,263</u>
<b>Total Governmental Activities Long-Term Liabilities</b>	<u>\$ 44,130,596</u>	<u>\$ 1,347,247</u>	<u>\$ (1,975,489)</u>	<u>\$ 43,502,354</u>	<u>\$ 1,341,082</u>

*School Facilities Construction and Improvement Refunding Notes* - The School District issued \$670,000 in notes that were used to pay off the 1999 Energy Conservation Loan. The interest rates on the notes range from 1% to 2%. Principal and interest is paid from the general fund. The final maturity on the notes was June 1, 2014. The School District completed the current refunding to reduce its total debt service payments over the life of the note by \$55,010.

*School Facilities Construction and Improvement Bonds* - On July 28, 2010, the School District paid off its school facilities construction and improvement notes with proceeds from bonds and long-term notes. The School District issued a total of \$34,664,982 in bonds and notes. Principal and interest is paid from the debt fund (a nonmajor governmental fund). At June 30, 2014, there were \$755,796 in unspent proceeds.

A. *2010A* - The School District issued \$14,160,000 in school facilities construction and improvement qualified school construction bonds (QSCB) with a 6% interest rate, \$670,000 in Series 2010 notes with an interest rate ranging from .8% to 2%. The final maturity is June 1, 2027.

**XENIA COMMUNITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

The following is a summary of the future debt service requirements to maturity of the Series 2010 A School Facilities Construction and Improvement Bonds:

Fiscal Year Ending June 30,	Series 2010A Bonds		
	Principal	Interest	Total
2015	\$ -	\$ 849,600	\$ 849,600
2016	-	849,600	849,600
2017	-	849,600	849,600
2018	810,000	849,600	1,659,600
2019	1,170,000	849,600	2,019,600
2020 - 2024	6,335,000	4,248,000	10,583,000
2025 - 2028	<u>5,845,000</u>	<u>3,398,400</u>	<u>9,243,400</u>
Total	<u>\$ 14,160,000</u>	<u>\$ 11,894,400</u>	<u>\$ 26,054,400</u>

- B. 2010B** - The School District issued \$10,000 in current interest serial bonds with a 2% interest rate, \$189,982 in Series 2010B capital appreciation bonds with approximate interest rates ranging from 2.02% to 3.5%. The final maturity is December 1, 2017.

Capital appreciation bonds are shown in the table below at original principal amount. While the original principal amount was \$189,982, the accreted value at maturity of the capital appreciation bonds will be \$4,210,000 with bonds maturing December 1, 2013 through 2017. Total accreted interest of \$1,182,585 has been included on the statement of net position at June 30, 2014.

The following is a summary of the future debt service requirements to maturity of the Series 2010B Capital Appreciation Bonds:

Fiscal Year Ending June 30,	Series 2010 B Capital Appreciation Bonds		
	Principal	Interest	Total
2015	\$ 50,151	\$ 899,849	\$ 950,000
2016	27,614	1,002,386	1,030,000
2017	14,301	1,035,699	1,050,000
2018	<u>1,762</u>	<u>253,238</u>	<u>255,000</u>
Total	<u>\$ 93,828</u>	<u>\$ 3,191,172</u>	<u>\$ 3,285,000</u>

- C. 2010C** - The School District issued \$20,305,000 in current interest Build America bonds (BAB) with interest rates ranging from 6.25% to 6.6%. The bonds and notes have a final maturity on December 1, 2040.

The BAB and QSCB bonds federally taxable, direct payment bonds. The School District will receive a tax credit remitted directly back to the School District that will save the School District in interest costs. Over the life of the QSCB, the federal tax credit is \$12,782,420. Over the life of the Build America bonds, the federal tax credit is \$13,123,737. These term bonds are subject to extraordinary optional redemption, in whole at any time or in part on any interest payment date, at a redemption price of 100% of the principal amount thereof, plus accrued interest, to the date fixed for redemption in the event that the QSCB or Build America bonds payments from the federal government cease or are in an amount less than 35% of the corresponding interest payable on the bonds.

**XENIA COMMUNITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

The bonds will be paid from the bond retirement debt service fund (a nonmajor governmental fund).

The following is a summary of the future debt service requirements to maturity of the Series 2010 C School Facilities Construction and Improvement Bonds:

Fiscal Year Ending June 30,	Series 2010 C Bonds		
	Principal	Interest	Total
2015	\$ -	\$ 1,319,187	\$ 1,319,187
2016	-	1,319,187	1,319,187
2017	-	1,319,187	1,319,187
2018	-	1,319,187	1,319,187
2019	-	1,319,187	1,319,187
2020 - 2024	-	6,595,935	6,595,935
2025 - 2029	1,055,000	6,562,967	7,617,967
2030 - 2034	6,435,000	5,302,110	11,737,110
2035 - 2039	8,650,000	2,838,852	11,488,852
2040 - 2041	4,165,000	278,685	4,443,685
Total	<u>\$ 20,305,000</u>	<u>\$ 28,174,484</u>	<u>\$ 48,479,484</u>

*Energy Conservation Notes 2011A* - On May 12, 2011, the School District issued \$1,945,000 of energy conservation notes to finance the design and implementation of energy conservation measures in buildings throughout the School District which are intended to significantly reduce the energy consumption in those buildings. The repayment of these notes will be made from the School District's general fund with the savings realized through the implementation of the energy conservation measures over the ensuing fifteen years. The interest rate on the bonds is between 0.70 - 4.50% with a final maturity on December 1, 2025.

The following is a summary of the future debt service requirements to maturity of the Series 2011A Energy Conservation Notes:

Fiscal Year Ending June 30,	Series 2011 A Energy Conservation Notes		
	Principal	Interest	Total
2015	\$ 115,000	\$ 52,650	\$ 167,650
2016	115,000	50,206	165,206
2017	120,000	47,413	167,413
2018	120,000	44,262	164,262
2019	125,000	40,737	165,737
2020 - 2024	680,000	132,932	812,932
2025 - 2026	315,000	12,700	327,700
Total	<u>\$ 1,590,000</u>	<u>\$ 380,900</u>	<u>\$ 1,970,900</u>

*Permanent Improvement Notes 2011 B* - On May 12, 2011, the School District issued \$675,000 in permanent improvement notes for the purpose of acquiring and constructing permanent improvements. The notes carry interest rates between 4.50% and 5.50% and have a final maturity on December 1, 2040. The bonds will be paid with proceeds received from a permanent improvement levy out of the permanent improvement (a nonmajor governmental) fund. At June 30, 2014, there were \$600,050 in unspent proceeds.

**XENIA COMMUNITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

The following is a summary of the future debt service requirements to maturity of the Series 2011 B Permanent Improvement Notes:

Fiscal Year	<u>Series 2011 B Permanent Improvement Notes</u>		
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 15,000	\$ 30,787	\$ 45,787
2016	15,000	30,113	45,113
2017	15,000	29,437	44,437
2018	15,000	28,763	43,763
2019	15,000	28,087	43,087
2020 - 2024	90,000	129,100	219,100
2025 - 2029	110,000	106,600	216,600
2030 - 2034	125,000	78,543	203,543
2035 - 2039	150,000	42,350	192,350
2040 - 2041	<u>75,000</u>	<u>4,262</u>	<u>79,262</u>
Total	<u>\$ 625,000</u>	<u>\$ 508,042</u>	<u>\$ 1,133,042</u>

Capital leases will be paid from the general fund. Compensated absences will be paid from the general fund and the following nonmajor governmental funds: the Title I fund, Title VI-B fund, Title II fund, School Improvement Grant fund, Miscellaneous Grant fund, Food Service fund and Auxiliary fund.

**Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the School District. The assessed valuation used in determining the School District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2014 are a voted debt margin of \$24,455,462, including available funds of \$1,034,713, an unvoted debt margin of \$651,162 and an energy conservation debt margin of \$4,270,458.

**XENIA COMMUNITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS**

**A. Jointly Governed Organizations**

Miami Valley Educational Computer Association - The School 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, Greene, Madison and Highland Counties. 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 seven representatives from the member districts elected by majority vote of all charter member school districts with in each county plus one representative from the fiscal agent and the executive director. The School District paid MVECA \$85,369 for services provided during the fiscal year. Financial information can be obtained from Thor Sage, Executive Director, at MVECA at 330 East Enon Road, Yellow Springs, Ohio 45387.

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of 126 school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group.

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2014, the School District paid \$25,497 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Vandalia, OH 45377.

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. During fiscal year 2014, the School District did not make payments to the Greene County Career Center. To obtain financial information, write to the Greene County Career Center, Eva Anderson, who serves as Treasurer, at 2960 W. Enon Road, Xenia, Ohio 45385.

**B. Insurance Purchasing Pool**

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

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

**XENIA COMMUNITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 3,862,199
Net adjustment for revenue accruals	400,750
Net adjustment for expenditure accruals	195,789
Net adjustment for other sources/uses	(25,976)
Funds budgeted elsewhere	8,916
Adjustment for encumbrances	1,067,233
GAAP basis	<u>\$ 5,508,911</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, the rotary fund and the public school support fund



**XENIA COMMUNITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 18 - CONTINGENCIES**

**A. Grants**

The School District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the School District.

**B. Litigation**

The School District is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and spending projects. The School District management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

**NOTE 19-SET-ASIDES**

The School District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	750,546
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	
Excess qualified expenditures from prior years	-
Current year offsets	(783,719)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (33,173)</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

**XENIA COMMUNITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 19 - SET-ASIDES - (Continued)**

During fiscal years 1999, 2010 and 2011, the School District issued a total of \$39,210,790 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The amount presented for Prior Year Offset from Bond Proceeds is limited to an amount needed to reduce the reserve for capital improvement to \$0. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$39,210,790 at June 30, 2014.

**NOTE 20 - OTHER COMMITMENTS**

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the School District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 898,081
Other governmental	<u>1,402,791</u>
Total	<u>\$ 2,300,872</u>

**NOTE 21- SUBSEQUENT EVENT**

On October 2, 2014, the School District issued \$18,505,000 in School Facilities Construction and Improvement Refunding Bonds, Series 2014 to refund the \$20,305,000 outstanding on the Series 2010C bonds. The Series 2014 carry interest rates ranging from 4.00 - 5.00% and have a final maturity date of December 1, 2040.

## **SUPPLEMENTARY DATA**

**XENIA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<b>Child Nutrition Grant Cluster</b>				
(D) (E) School Breakfast Program	10.553	2014	\$ 254,298	\$ 254,298
(D) (E) National School Lunch Program	10.555	2014	929,369	929,369
(C) (D) National School Lunch Program - Food Donation	10.555	2014	101,075	101,075
<b>Total National School Lunch Program</b>			<u>1,030,444</u>	<u>1,030,444</u>
(D) (E) Summer Food Service Program for Children	10.559	2014	3,824	3,824
<b>Total U.S. Department of Agriculture and Child Nutrition Grant Cluster</b>			<u>1,288,566</u>	<u>1,288,566</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
(I) Title I Grants to Local Educational Agencies	84.010	2013	109,311	173,670
(I) Title I Grants to Local Educational Agencies	84.010	2014	1,773,069	1,704,342
<b>Total Title I Grants to Local Educational Agencies</b>			<u>1,882,380</u>	<u>1,878,012</u>
<b>Special Education Grant Cluster:</b>				
(F) (I) Special Education_Grants to States	84.027	2013	56,130	133,450
(F) (I) Special Education_Grants to States	84.027	2014	1,015,224	945,287
<b>Total Special Education _Grants to States</b>			<u>1,071,354</u>	<u>1,078,737</u>
(F) Special Education_Preschool Grants	84.173	2013	1,092	12,437
(F) Special Education_Preschool Grants	84.173	2014	38,461	32,011
<b>Total Special Education_Preschool Grants</b>			<u>39,553</u>	<u>44,448</u>
<b>Total Special Education Grant Cluster</b>			<u>1,110,907</u>	<u>1,123,185</u>
(I) Education for Homeless Children and Youth	84.196	2013	(5,438)	346
(I) Education for Homeless Children and Youth	84.196	2014	47,086	45,713
<b>Total Education for Homeless Children and Youth</b>			<u>41,648</u>	<u>46,059</u>
<b>School Improvement Grants Cluster:</b>				
(G) (H) School Improvement Grants	84.377A	2013	89,085	166,631
(G) (H) ARRA - School Improvement Grants, Recovery Act	84.388	2013	12,283	71,847
<b>Total School Improvement Grants Cluster</b>			<u>101,368</u>	<u>238,478</u>
(I) Improving Teacher Quality State Grants	84.367	2013	33,414	42,205
(I) Improving Teacher Quality State Grants	84.367	2014	208,445	196,930
<b>Total Improving Teacher Quality State Grants</b>			<u>241,859</u>	<u>239,135</u>
(I) ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top, Recovery Act	84.395A	2013	9,969	104,303
(I) ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top, Recovery Act	84.395A	2014	168,347	166,757
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top, Recovery Act - My Voice & Cultural Competency	84.395A	2013	8,437	8,437
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top, Recovery Act - Ohio Resident Educator Program	84.395A	2014	2,100	-
(H) ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top, Recovery Act - Peer Assistance and Review (PAR) Grant	84.395A	2012	(135)	93
(H) ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top, Recovery Act - Peer Assistance and Review (PAR) Grant	84.395A	2013	19,047	21,402
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top, Recovery Act - Peer Assistance and Review (PAR) Grant	84.395A	2014	43,736	42,141
<b>Total ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top, Recovery Act</b>			<u>251,501</u>	<u>343,133</u>
(J) Fund for the Improvement of Education	84.215	N/A	90,659	90,757
<b>Total U.S. Department of Education</b>			<u>3,720,322</u>	<u>3,958,759</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 5,008,888</u>	<u>\$ 5,247,325</u>

-Continued

**XENIA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:**

- (A) OAKS did not assign pass-through numbers for fiscal year 2014.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (D) Included as part of "Child Nutrition Grant Cluster" in determining major programs.
- (E) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (F) Included as part of "Special Education Grant Cluster" in determining major programs.
- (G) Included as part of "School Improvement Grants Cluster" in determining major programs.
- (H) During fiscal year 2014, amounts below were returned to the Ohio Department of Education based on the expiration of period of availability:

Program Title	CFDA	Grant Year	Amount paid back
School Improvement Grants	84.377A	2013	\$ 33,974
ARRA - School Improvement Grants, Recovery Act	84.388	2013	175
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top, Recovery Act - Peer Assistance and Review (PAR) Grant	84.395A	2012	135
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top, Recovery Act - Peer Assistance and Review (PAR) Grant	84.395A	2013	998

- (I) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2014, the ODE authorized the following transfers:

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Title I Grants to Local Educational Agencies	84.010	2013	\$ 35,239	
Title I Grants to Local Educational Agencies	84.010	2014		\$ 35,239
Special Education_Grants to States	84.027	2013	44,183	
Special Education_Grants to States	84.027	2014		44,183
Education for Homeless Children and Youth	84.196	2013	5,438	
Education for Homeless Children and Youth	84.196	2014		5,438
Improving Teacher Quality State Grants	84.367	2013	5,047	
Improving Teacher Quality State Grants	84.367	2014		5,047
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top, Recovery Act	84.395A	2013	4,889	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top, Recovery Act	84.395A	2014		4,889
			<u>\$ 94,796</u>	<u>\$ 94,796</u>

- (J) This was a direct award from the U.S. Department of Education



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards***

Xenia Community School District  
Greene County  
819 Colorado Drive  
Xenia, Ohio 45385

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Xenia Community School District, Greene County, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Xenia Community School District's basic financial statements and have issued our report thereon dated January 28, 2015.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Xenia Community School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Xenia Community School District's internal control. Accordingly, we have not opined on it.

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

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

Board of Education  
Xenia Community School District

***Compliance and Other Matters***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Xenia Community School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Xenia Community School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
January 28, 2015



## **Julian & Grube, Inc.**

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### **Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133**

Xenia Community School District  
Greene County  
819 Colorado Drive  
Xenia, Ohio 45385

To the Board of Education:

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

We have audited the Xenia Community School District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Xenia Community School District's major federal programs for the fiscal year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Xenia Community School District's major federal programs.

#### ***Management's Responsibility***

The Xenia Community School District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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

Our responsibility is to opine on the Xenia Community School District's compliance for each of the Xenia Community School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Xenia Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### ***Opinion on Each Major Federal Program***

In our opinion, the Xenia Community School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2014.



Board of Education  
Xenia Community School District

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

The Xenia Community School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Xenia Community School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Xenia Community School District's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
January 28, 2015

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2014**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Title I Grants to Local Educational Agencies (CFDA #84.010); Special Education Grant Cluster: Special Education_Grants to States (CFDA #84.027) and Special Education Preschool Grants Preschool Grants (CFDA #84.173)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

<b>2. FINDING RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
--

None

**XENIA COMMUNITY SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2014**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid</b>
2013-001	<u>Material Weakness</u> – The School District does not have a board approved policy regarding depreciation. As a result, the useful lives of assets were not applied consistently to all assets in each class.	Yes	N/A
2013-002	<u>Noncompliance/Material Weakness</u> - Ohio Administrative Code Section 117-2-02(D)(4)(c) states a public office shall maintain capital asset records including such information as the original cost, acquisition date, voucher number, the asset type, asset description, location and tag number. The School District was unable to provide a detail listing of assets added in the new schools.	Yes	N/A
2013-003	<u>Noncompliance/Questioned Cost/Material Weakness - Allowable Costs/Costs Principles</u> - 2 C.F.R. Part 225, Attachment B, Section 8(h)(3) states where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certification that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. 2 C.F.R. Part 225, Attachment B, Section 8(h)(4) states where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation. The School District did not complete time and effort certifications for any of the classified employees paid from the Special Education Grant.	Yes	N/A

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# Dave Yost • Auditor of State

**XENIA COMMUNITY SCHOOL DISTRICT**

**GREENE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 21, 2015**