



**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Xenia Community School District (the District), Greene County, as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Xenia Community School District, Greene County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

During the year ended June 30, 2001, the District reclassified funds from non-expendable to expendable trust, as described in Note 3.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

February 20, 2002

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**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS			
Equity in pooled cash and cash equivalents	\$3,364,408	\$1,450,305	\$334,081
Restricted cash and cash equivalents	626,415		
Cash in Segregated Accounts - Payroll			
Receivables:			
Taxes	10,207,896	2,885,969	368,314
Accounts	107,098		
Intergovernmental	7,285	63,040	
Interfund receivable	3,231		
Due from other funds	1,147		
Prepaid items	62,243		
Inventory held for resale			
Materials and supplies inventory			
Fixed assets (Net, where applicable, of accumulated depreciation)			
Amount to be provided from general government resources			
Total Assets	14,379,723	4,399,314	702,395
LIABILITIES			
Accounts payable	444,095	107,943	8,712
Accrued wages and benefits	2,242,165	187,578	6,520
Compensated absences payable	126,285		
Pension obligation payable	479,577	14,712	680
Interfund payable	40	2,657	
Due to other governments	81,599	22,286	252
Deferred revenue	8,434,329	2,636,513	338,494
Due to students			
Due to other funds			
Capital lease payable			
General obligation notes payable			
Total Liabilities	11,808,090	2,971,689	354,658
FUND EQUITY			
Investment in general fixed assets			
Retained earnings:			
Unreserved: undesignated			
Fund balance:			
Reserved for encumbrances	373,928	90,252	124,681
Reserved for prepaid items	62,243		
Reserved for property taxes	791,534	271,029	29,820
Reserved for textbook	53,062		
Reserved for budget stabilization	573,353		
Reserved for donations			
Unreserved:			
Undesignated	717,513	1,066,344	193,236
Total Fund Equity	2,571,633	1,427,625	347,737
Total Liabilities and Fund Equity	\$14,379,723	\$4,399,314	\$702,395

See accompanying notes to the general purpose financial statements.

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$434,078	\$177,318			\$5,760,190
	1,147			626,415
				1,147
				13,462,179
247				107,345
93,846				164,171
395				3,626
				1,147
826				63,069
31,455				31,455
2,178				2,178
100,746		33,443,773		33,544,519
			4,398,541	4,398,541
<u>663,771</u>	<u>178,465</u>	<u>33,443,773</u>	<u>4,398,541</u>	<u>58,165,982</u>
12,369	9,755			582,874
63,334				2,499,597
33,640			2,443,063	2,602,988
46,637			211,564	753,170
929				3,626
2,727				106,864
26,814				11,436,150
	58,484			58,484
	1,147			1,147
			38,914	38,914
			1,705,000	1,705,000
186,450	69,386		4,398,541	19,788,814
		33,443,773		33,443,773
477,321				477,321
				588,861
				62,243
				1,092,383
				53,062
				573,353
	43,879			43,879
	<u>65,200</u>			<u>2,042,293</u>
<u>477,321</u>	<u>109,079</u>	<u>33,443,773</u>		<u>38,377,168</u>
<u>\$663,771</u>	<u>\$178,465</u>	<u>\$33,443,773</u>	<u>\$4,398,541</u>	<u>\$58,165,982</u>

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2001**

	Governmental Fund Types			Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
REVENUES:					
Taxes	\$12,470,429	\$2,895,886	\$364,112		\$15,730,427
Intergovernmental	15,709,759	3,725,378	315,011		19,750,148
Interest	502,315	1,757	2,294	11,704	518,070
Tuition and fees	147,258				147,258
Extracurricular activities		367,464			367,464
Transportation fees	55,586				55,586
Classroom materials and fees	149,896	124			150,020
Miscellaneous	83,374	68,239		47,603	199,216
Total Revenues	29,118,617	7,058,848	681,417	59,307	36,918,189
EXPENDITURES:					
Instruction:					
Regular	10,076,449	4,056,609	85,629		14,218,687
Special	2,515,180	1,309,546			3,824,726
Vocational	529,942				529,942
Other	408,227				408,227
Support Services:					
Pupils	2,137,450	62,726			2,200,176
Instructional staff	1,486,884	420,583	56,565		1,964,032
Board of education	15,770				15,770
Administration	3,479,621	95,049	19,257	190	3,594,117
Fiscal	366,173	1,000			367,173
Business	589,134				589,134
Operation and maintenance of plant	3,151,331	9,129	193,020		3,353,480
Pupil transportation	2,196,971	2,920	19,360		2,219,251
Central	55,469	1	7,500		62,970
Operation of non-instructional services		283,175		21,906	305,081
Extracurricular activities	431,847	412,716			844,563
Capital outlay	152,672		135,638	230,552	518,862
Debt Service:					
Principal retirement	85,000		147,289		232,289
Interest and fiscal charges	168,391		5,985		174,376
Total Expenditures	27,846,511	6,653,454	670,243	252,648	35,422,856
Excess of Revenues Over/(Under) Expenditures	1,272,106	405,394	11,174	(193,341)	1,495,333
Other Financing Sources/(Uses):					
Proceeds from Sale of Fixed Assets	11,650	300			11,950
Refund of prior year expenditures	488	2			490
Refund of prior year receipts		(1,300)			(1,300)
Transfer in	39,000		139,641		178,641
Transfer out	(139,641)		(39,000)		(178,641)
Total Other Financing Sources/(Uses)	(88,503)	(998)	100,641		11,140
Excess of Revenues, Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	1,183,603	404,396	111,815	(193,341)	1,506,473
Fund Balance/(Deficit) - July 1	1,388,030	1,023,229	235,922	258,541	2,905,722
Fund Balance/(Deficit) - June 30	<u>\$2,571,633</u>	<u>\$1,427,625</u>	<u>\$347,737</u>	<u>\$65,200</u>	<u>\$4,412,195</u>

See accompanying notes to the general purpose financial statements.

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**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable/ (Unfavorable)	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES:						
Taxes	\$10,292,047	\$11,728,575	\$1,436,528	\$3,360,000	\$2,991,115	(\$368,885)
Tuition and fees	63,728	137,584	73,856			
Transportation fees	17,193	46,661	29,468			
Interest	441,648	506,895	65,247		1,757	1,757
Extracurricular activities				364,612	367,462	2,850
Classroom materials and fees	166,297	148,840	(17,457)		124	124
Intergovernmental	17,569,696	15,706,124	(1,863,572)	3,490,075	3,683,912	193,837
Miscellaneous	90,471	82,845	(7,626)	74,852	68,240	(6,612)
Total Revenues	28,641,080	28,357,524	(283,556)	7,289,539	7,112,610	(176,929)
EXPENDITURES:						
Instruction:						
Regular	10,556,823	10,399,869	156,954	4,240,313	4,076,854	163,459
Special	2,489,765	2,513,806	(24,041)	1,661,653	1,311,674	349,979
Vocational Educating	694,184	544,917	149,267			
Other Instruction	425,055	317,609	107,446			
Support Services:						
Pupils	2,149,230	2,137,006	12,224	154,973	58,849	96,124
Instructional support	1,472,915	1,498,694	(25,779)	537,186	437,008	100,178
Board of education	22,537	15,884	6,653			
Administration	3,576,129	3,400,787	175,342	112,016	95,287	16,729
Fiscal	426,677	365,603	61,074	1,000	1,000	
Business	1,654,381	566,384	1,087,997			
Operation and maintenance of plant	3,754,022	3,312,533	441,489	10,843	9,102	1,741
Pupil transportation	2,506,789	2,212,761	294,028	5,957	2,920	3,037
Central	76,500	48,767	27,733	1	1	
Operation of noninstructional services				347,355	322,841	24,514
Extracurricular activities	567,470	432,554	134,916	572,643	451,765	120,878
Capital outlay	252,686	247,524	5,162			
Debt Service:						
Principal payments	1,436,000	1,436,000				
Interest and fiscal charges	168,391	168,391				
Total Expenditures	32,229,554	29,619,089	2,610,465	7,643,940	6,767,301	876,639
Excess of Revenues Over/(Under) Expenditures	(3,588,474)	(1,261,565)	2,326,909	(354,401)	345,309	699,710
Other Financing Sources/(Uses):						
Transfers in		39,000	39,000	45		(45)
Transfers out	(139,641)	(139,641)				
Sale and loss of assets	15,290	11,650	(3,640)		300	300
Proceeds from the sale of notes	1,548,537	1,351,000	(197,537)			
Refund of prior year receipts				(1,300)	(1,300)	
Refund of prior year expenditures	31,688	488	(31,200)		2	2
Total Other Financing Sources/(Uses)	1,455,874	1,262,497	(193,377)	(1,255)	(998)	257
Excess of Revenues, Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,132,600)	932	2,133,532	(355,656)	344,311	699,967
Fund Balance/(Deficit) July 1	2,968,758	2,968,758		805,461	805,461	
Prior year encumbrances appropriated	424,106	424,106		141,049	141,049	
Fund Balance/(Deficit) June 30	\$1,260,264	\$3,393,796	\$2,133,532	\$590,854	\$1,290,821	\$699,967

See accompanying notes to the general purpose financial statements.

Capital Projects Funds			Expendable Trust Fund			Total - (Memorandum Only)		
Revised Budget	Actual	Variance Favorable/ (Unfavorable)	Revised Budget	Actual	Variance Favorable/ (Unfavorable)	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
\$410,824	\$373,329	(\$37,495)				\$14,062,871	\$15,093,019	\$1,030,148
						63,728	137,584	73,856
						17,193	46,661	29,468
2,229	2,294	65	24,872	11,704	(13,168)	468,749	522,650	53,901
						364,612	367,462	2,850
						166,297	148,964	(17,333)
439,673	315,011	(124,662)				21,499,444	19,705,047	(1,794,397)
			125,128	48,303	(76,825)	290,451	199,388	(91,063)
852,726	690,634	(162,092)	150,000	60,007	(89,993)	36,933,345	36,220,775	(712,570)
193,110	153,359	39,751				14,990,246	14,630,082	360,164
						4,151,418	3,825,480	325,938
						694,184	544,917	149,267
						425,055	317,609	107,446
72,500	49,209	23,291				2,304,203	2,195,855	108,348
						2,082,601	1,984,911	97,690
						22,537	15,884	6,653
81,875	65,970	15,905				3,770,020	3,562,044	207,976
			839	210	629	428,516	366,813	61,703
						1,654,381	566,384	1,087,997
326,757	214,991	111,766				4,091,622	3,536,626	554,996
22,050	19,360	2,690				2,534,796	2,235,041	299,755
7,796	6,875	921				84,297	55,643	28,654
			11,600	17,551	(5,951)	358,955	340,392	18,563
220,780	200,894	19,886	284,317	282,463	1,854	1,140,113	884,319	255,794
						757,783	730,881	26,902
135,000	135,000					1,571,000	1,571,000	
4,641	4,641					173,032	173,032	
1,064,509	850,299	214,210	296,756	300,224	(3,468)	41,234,759	37,536,913	3,697,846
(211,783)	(159,665)	52,118	(146,756)	(240,217)	(93,461)	(4,301,414)	(1,316,138)	2,985,276
194,574	139,641	(54,933)				194,619	178,641	(15,978)
(39,000)	(39,000)					(178,641)	(178,641)	
228		(228)				15,518	11,950	(3,568)
						1,548,537	1,351,000	(197,537)
						(1,300)	(1,300)	
						31,688	490	(31,198)
155,802	100,641	(55,161)				1,610,421	1,362,140	(248,281)
(55,981)	(59,024)	(3,043)	(146,756)	(240,217)	(93,461)	(2,690,993)	46,002	2,736,995
84,777	84,777		69,893	69,893		3,928,889	3,928,889	
175,851	175,851		239,856	239,856		980,862	980,862	
<u>\$204,647</u>	<u>\$201,604</u>	<u>(\$3,043)</u>	<u>\$162,993</u>	<u>\$69,532</u>	<u>(\$93,461)</u>	<u>\$2,218,758</u>	<u>\$4,955,753</u>	<u>\$2,736,995</u>

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**COMBINED STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2001**

	Proprietary Fund Types	Fiduciary Fund Types	Total
	Enterprise	Non-Expendable Trust	(Memorandum Only)
Operating revenues:			
Sales	\$893,337		\$893,337
Materials and supplies fees	41,822		41,822
Interest		2,772	2,772
Miscellaneous	13,980		13,980
Total Operating Revenues	949,139	2,772	951,911
Operating expenses:			
Salaries	556,475		556,475
Fringe benefits	234,773		234,773
Purchased services	26,826		26,826
Materials and supplies	210,971		210,971
Cost of sales	562,558		562,558
Depreciation expense	24,917		24,917
Other expenses		1,525	1,525
Total Operating Expenses	1,616,520	1,525	1,618,045
Operating Income/(Loss)	(667,381)	1,247	(666,134)
Nonoperating revenues/(expenses):			
Federally donated commodities	94,636		94,636
Intergovernmental	663,120		663,120
Interest	2,280		2,280
Refund of prior year expenditures	52		52
Other non-operating revenues	6,603		6,603
Total Nonoperating revenues/(expenses)	766,691		766,691
Net Income/(Loss)	99,310	1,247	100,557
Retained Earnings/Fund Balance - July 1	378,011	42,632	420,643
Retained Earnings/Fund Balance - June 30	\$477,321	\$43,879	\$521,200

See accompanying notes to the general purpose financial statements.

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**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (NON GAAP, BUDGET BASIS)
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Enterprise Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
OPERATING REVENUES:			
Sales	\$903,034	\$893,337	(\$9,697)
Materials and supplies	450	41,675	41,225
Interest			
Miscellaneous	12,900	13,980	1,080
Total Operating Revenues	916,384	948,992	32,608
OPERATING EXPENSES:			
Salaries	616,291	555,503	60,788
Fringe benefits	275,630	267,853	7,777
Purchased services	47,427	31,707	15,720
Materials and supplies	790,532	752,051	38,481
Capital outlay	30,760	13,545	17,215
Other operating expenses			
Total Operating Expenses	1,760,640	1,620,659	139,981
Excess of Operating Revenues Over/(Under) Operating Expenses	(844,256)	(671,667)	172,589
NON-OPERATING REVENUES/(EXPENSES):			
Intergovernmental	682,214	569,274	(112,940)
Interest	3,063	2,280	(783)
Refund of prior year expenditures		51	51
Miscellaneous revenues	7,048	6,503	(545)
Total Non-Operating Revenues/(Expenses)	692,325	578,108	(114,217)
Excess of Revenues, Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(151,931)	(93,559)	58,372
Fund Equity July 1	331,269	331,269	
Prior year encumbrances appropriated	107,962	107,962	
Fund Equity June 30	<u>\$287,300</u>	<u>\$345,672</u>	<u>\$58,372</u>

See accompanying notes to the general purpose financial statements.

<u>Non-Expendable Trust Funds</u>			<u>Total (Memorandum Only)</u>		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
			\$903,034	\$893,337	(\$9,697)
			450	41,675	41,225
8,280	2,772	(5,508)	8,280	2,772	(5,508)
3,220		(3,220)	16,120	13,980	(2,140)
11,500	2,772	(8,728)	927,884	951,764	23,880
			616,291	555,503	60,788
			275,630	267,853	7,777
			47,427	31,707	15,720
			790,532	752,051	38,481
			30,760	13,545	17,215
10,725	1,525	9,200	10,725	1,525	9,200
10,725	1,525	9,200	1,771,365	1,622,184	149,181
775	1,247	472	(843,481)	(670,420)	173,061
			682,214	569,274	(112,940)
			3,063	2,280	(783)
				51	51
			7,048	6,503	(545)
			692,325	578,108	(114,217)
775	1,247	472	(151,156)	(92,312)	58,844
42,632	42,632		373,901	373,901	
			107,962	107,962	
<u>\$43,407</u>	<u>\$43,879</u>	<u>\$472</u>	<u>\$330,707</u>	<u>\$389,551</u>	<u>\$58,844</u>

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**COMBINED STATEMENT OF CHANGES IN CASH FLOWS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2001**

	Enterprise	Non-Expendable Trust	Total (Memorandum Only)
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$948,992		\$948,992
Cash Received from Interest Income (Nonexpendable Trust Fund Only)		2,772	2,772
Cash Received from Other Operating Revenue			
Cash Payments to Suppliers for Goods and Services	(701,782)		(701,782)
Cash Payments to Employees for Services	(555,503)		(555,503)
Cash Payments for Employees Benefits	(267,852)		(267,852)
Cash Payments for Miscellaneous		(1,525)	(1,525)
Net Cash Provided By (Used for) Operating Activities	(576,145)	1,247	(574,898)
 Cash Flows from Non-Capital Financial Activities:			
Operating Grants Received	569,274		569,274
Refund of Prior Year Expenses	52		52
Miscellaneous	6,503		6,503
Net Cash Provided by (Used by) Non-Capital Financing Activities	575,829		575,829
 Cash Flows from Investing Activities:			
Interest on Investments	2,280		2,280
Net Cash Provided by (Used by) Investing Activities	2,280		2,280
 Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(7,116)		(7,116)
Net Cash Provided by (Used by) Capital and Related Financing Activities	(7,116)		(7,116)
Net Increase (Decrease) in Cash and Cash Equivalents	(5,152)	1,247	(3,905)
Cash and Cash Equivalents at Beginning of Year	439,230	42,632	481,862
Cash and Cash Equivalents at End of Year	434,078	43,879	477,957
 Reconciliation of Operating Income (Loss) to			
Net Cash Provided by (Used by) Operating Activities:			
Operating Income (Loss)	(679,601)	1,247	3,211
 Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided by (Used by) Operating Activities:			
Depreciation	24,917		24,917
Donated Commodities Used During Year	94,636		94,636
(Increase)/Decrease in Assets:			
Accounts Receivable	(247)		(247)
Prepaid Items	(301)		(301)
Inventory Held for Resale	(3,944)		(3,944)
Materials and Supplies Inventory	(1,200)		(1,200)
Increase/(Decrease) in Liabilities:			
Accounts Payable	2,022		2,022
Accrued Wages and Benefits	121		121
Compensated Absences Payable	(13,203)		(13,203)
Pension Obligation Payable	46,637		46,637
Deferred Revenue	4,232		4,232
Due to Other Governments	(50,214)		(50,214)
Net Cash Provided By (Used for) Operating Activities	(\$576,145)	\$1,247	\$106,667

See accompanying notes to the general purpose financial statements.

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

1. DESCRIPTION OF THE SCHOOL DISTRICT

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

The District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by 225 non-certificated personnel and 358 certificated full time teaching and administrative personnel to provide services to students and other community members. The Average Daily Membership (ADM) as of October 1, 2000 was 5,156. It currently operates 7 elementary schools, 2 middle schools (grades 6-8), and 1 high school (grades 9-12.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

For the fiscal year 2001, the School District does not have any component units.

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

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation-fund Accounting

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

1. Governmental Fund Types:

Governmental fund types are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Revenue – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and received 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 corrected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal. For the School District, available means expected to be received within sixty days of fiscal year end.

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue.

Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Expenditures:

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. Principal and interest on general long-term debt are recorded as fund liabilities due when due or when amounts have been accumulated in the debt service funds for payments to be made require the current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

General Fund

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

Specific Revenue Funds

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

Capital Projects Funds

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

3. Proprietary Fund Type:

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

Enterprise Funds

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

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Fiduciary Fund Types:

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

5. Account Groups:

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

General Fixed Assets Account Group

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

General Long-term Obligations Account Group

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

C. Measurement Focus And/basis of Accounting

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

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

The modified accrual basis of accounting is followed for Governmental and Expendable Trust Funds. Under this basis of accounting revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after fiscal year end. Revenue accrued at the end of the fiscal year included delinquent property taxes, interest, tuition, and state and federal grants. Property taxes measurable as of June 30, 2001 and delinquent property taxes whose availability is indeterminable and which are intended to finance fiscal year 2002 operations, have been recorded as deferred revenue. Expenditures are recognized in the period in which the related fund liability is incurred, except interest on long term debt which is recorded when due.

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

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each function and fund. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

1. Tax Budget:

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

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

2. Estimated Resources:

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

3. Appropriations:

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

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the board during fiscal 2000-01.

4. Lapsing of Appropriations:

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

5. Encumbrances:

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

E. Cash and Investments

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

Under existing Ohio statutes, all investments earnings accrue to the general fund except those specifically related to Agency Funds, certain trust funds and those funds individually authorized by Board resolution. Interest earnings are allocated to these funds based on average monthly cash balances. Interest income earned in fiscal 2001 for all funds (excluding Agency fund operations) totaled \$523,122.

For purposes of the combined statement of cash flows (GASB Statement No. 9) and for presentation on the combined balance sheet, investments of the cash management pool are considered to be cash equivalents.

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

F. Inventory (Materials and Supplies)

Inventories are valued at lower of cost (first-in, first-out) or market and are determined by physical count. The proprietary fund inventories are recorded as expenses when used. Inventory in governmental funds consists of expendable supplies which are recorded as an expenditure when individual inventory items are purchased. The governmental fund inventories are offset by a fund balance reserve which indicated they do not constitute "available expendable resources" and are not available for appropriations. The District did not have any significant governmental fund inventories for the fiscal year ended June 30, 2001.

G. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

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

2. Proprietary Funds

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

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

H. Intergovernmental Revenues

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

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Interfund Transactions

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

1. Routine transfers of resources from one fund to another fund through which transactions resources to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and as a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans are reflected as interfund loans payable/receivable, while long term interfund loans (greater than one year in length) are recorded as advances to/from other funds. The District has no long term advances as of June 30, 2001.

J. Compensated Absences

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

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

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

Vacation	Certified	Administrators and Exempt	Non-Certificated
How earned	Not Eligible	25 days	10-20 days for each service year depending on length of service
Maximum Accumulation	Not Applicable	25 days	25 days
Vested	Not Applicable	25 days	25 days
Termination Entitlement	Not Applicable	Paid Upon Termination	Paid Upon Termination

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sick Leave	Certified	Administrators and Exempt	Non-Certificated
How earned	1 ¼ days per month of employment (15 days per year)	1 ¼ days per month of employment (15 days per year)	1 ¼ days per month of employment (15 days per year)
Maximum Accumulation	Unlimited	Unlimited	Unlimited
Vested	As Earned	As Earned	As Earned
Termination Entitlement	Per Contract	Per Contract	Per Contract

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

K. Long-term Obligations

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

L. Fund Equity

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

M. Proprietary Fund Accounting Policies

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

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Memorandum Only-total Columns

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

O. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. During fiscal year 2001, the School District transferred \$53,062 into the set-aside textbook reserve. The total amount reserved for budget stabilization as of June 30, 2001 is \$573,353.

P. Estimates

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

3. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

For the fiscal year ending June 30, 2001, the School District has adopted the new accounting provision GASB Statement 33, *Accounting and Financial Reporting for Non-exchange Transactions*. The School District has also adopted the new provision GASB 36, *Recipient Reporting for Certain Shared Non-exchange Revenue*. The implementation of GASB 33 and GASB 36 had no effect on fund balance as it was previously reported as of June 30, 2000.

For fiscal year 2001, the District reclassified certain trust funds from Non-Expendable to Expendable. The originating documents for these trusts were reviewed and these documents did not stipulate that the principal should remain in tact. Therefore, the District has posted the following adjustments to the fiscal year 2001 financial statements:

	Non- Expendable Trust Fund	Expendable Trust Fund
Ending Fund Balance- June 30, 2000	\$ 83,429	\$ 217,744
Restatement Amount	(40,797)	40,797
Beginning Fund Balance- July 1, 2000	\$42,632	\$ 258,541

The reclassification had the following effect on the Net Income for the Non-Expendable Trust Funds, and the Excess of Revenue over Expenditures for the Expendable Trust Funds.

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

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

	Non- Expendable Trust Fund	Expendable Trust Fund
Net Loss/ Excess of Revenues over Expenditures, prior to reclassification	(\$1,333)	(\$190,761)
Net Loss/ Excess of Revenues over Expenditures, as reported	\$1,247	(\$193,341)

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Proprietary Fund Types and Similar Trust Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as a note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payment on bond tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Total</u>
Budget Basis	\$932	\$344,311	\$(59,024)	\$(240,217)	\$46,002
Adjustments:					
Revenue Accruals	(589,907)	(53,762)	(9,217)	(700)	(653,586)
Expenditure Accruals	1,175,555	(45,646)	47,577	46,711	1,224,197
Encumbrances	<u>597,023</u>	<u>159,493</u>	<u>132,479</u>	<u>865</u>	<u>889,860</u>
GAAP Basis	<u>\$1,183,603</u>	<u>\$404,396</u>	<u>\$111,815</u>	<u>\$(193,341)</u>	<u>\$1,506,473</u>

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

	<u>Enterprise</u>	<u>Non-Expendable Trust</u>
Budget Basis	\$(93,559)	\$(1,247)
Adjustments:		
Revenue Accruals	188,730	0
Expense Accruals	(109,183)	0
Depreciation Expense	24,917	0
Encumbrances	<u>88,405</u>	<u>0</u>
GAAP Basis	<u>\$ 99,310</u>	<u>\$(1,247)</u>

5. DEPOSITS AND INVESTMENTS

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

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

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

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

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

5. DEPOSITS AND INVESTMENTS

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

- 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;
- Bonds, notes debentures, or any other obligations or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Bonds and other obligations of the State of Ohio
- No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasurer's investment pool (STAR Ohio);
- Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time, and
- Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

Cash on Hand: At fiscal year end, the School District had \$7,960 in undeposited cash in hand which is included on the balance sheet of the School District as part of "Equity in pooled cash and cash equivalents."

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$2,539,565 and the bank balance was \$4,458,2921, of which \$200,019 is covered by federal depository insurance. \$4,258,272 was uninsured and uncollateralized. The bank balance includes \$581,342 in a payroll clearing account.

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

The School District's investments at year end included mutual funds in the amount of \$1,771,531 and money market funds consisting of U.S. Treasury obligations in the amount of \$2,068,696, which are classified as a Category 3 investment. These amounts represent the carrying value and fair value for these investments.

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

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

	Cash and Cash Equivalents/Deposits	Investment
GASB Statement 9	\$6,387,752	\$ 0
Cash on Hand	(7,960)	0
Investments:		
U.S. Treas Money Market Funds	(2,068,696)	2,068,696
Mutual Funds	<u>(1,771,531)</u>	<u>1,771,531</u>
GASB Statement 3	<u>(\$2,539,565)</u>	<u>\$3,840,227</u>

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

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

6. PROPERTY TAXES

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 2001 were based are as follows:

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Property				
Agricultural/Residential	\$412,787,060	85.48%	\$417,814,000	85.61%
Public Utilities	73,610	0.02%	73,610	0.02%
Tangible Personal Property	70,003,108	14.50%	70,134,640	14.37%
Total Assessed Value	<u>\$482,863,778</u>	<u>100.00%</u>	<u>\$488,022,250</u>	<u>100.00%</u>

In 2001, real property taxes were levied in January 1, 2000, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent revaluation was completed in January 1996. Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25% of true value (as defined). In 2001, each business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2001, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due June 20th. The County Auditor remits portions of the taxes collected to all taxing Districts with periodic settlements of Real and Public Utility property taxes in February and August and Tangible Personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which become measurable at June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001 was \$791,534 and is recognized as revenue in the General Fund, \$271,029 in the Special Revenue Funds and \$29,820 in the Capital Project Funds.

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

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

8. RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes and income taxes, accounts, interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

9. FIXED ASSETS

A summary of the changes in general fixed assets during fiscal year 2001 follows:

<u>Asset Category</u>	<u>Balance on 6/30/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance on 6/30/01</u>
Land and Improvements	\$ 450,091	\$ 0	\$ 0	\$ 0	\$ 450,091
Buildings and Improvements	24,725,199	637,525	0	322	25,363,046
Improvements Other Than Buildings	74,721	0	0	(70,736)	3,985
Furniture and Equipment	5,622,587	556,406	(5,061)	29,920	6,203,852
Vehicles	<u>1,515,908</u>	<u>32,966</u>	<u>0</u>	<u>(126,075)</u>	<u>1,422,799</u>
Total General Fixed Assets	<u>\$32,388,506</u>	<u>\$1,226,897</u>	<u>\$(5,061)</u>	<u>\$(166,569)</u>	<u>\$33,443,773</u>

A summary of the Proprietary Funds' fixed assets at June 30, 2001 follows:

	<u>Enterprise Funds</u>
Furniture, Equipment & Vehicles	\$513,416
Less Accumulated Depreciation	<u>(412,670)</u>
Net Fixed Assets	<u>\$100,746</u>

10. NOTE DEBT

A summary of changes in notes payable during fiscal year 2001 follows:

	<u>Principal Outstanding 6/30/00</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/01</u>
General Fund:				
Cash Flow Borrowing, 5.13%	<u>\$0</u>	<u>\$1,351,000</u>	<u>\$(1,351,000)</u>	<u>\$0</u>
Total Notes Payable	<u>\$0</u>	<u>\$1,351,000</u>	<u>\$(1,351,000)</u>	<u>\$0</u>

All of the notes were backed by the full faith and credit of the School District and mature within one year. The note liability is reflected in the fund that received the proceeds. The School District does not have any outstanding short-term notes on June 30, 2001.

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

11. LONG-TERM OBLIGATIONS

	Principal Outstanding 6/30/00	Additions	Deductions	Adjustment	Principal Outstanding 6/30/01
Energy Conservation Notes 1991, 6.5%	\$135,000	\$ 0	\$(135,000)	\$ 0	\$ 0
Energy Conservation Notes 1999, 5.2%	<u>1,790,000</u>	<u>0</u>	<u>(85,000)</u>	<u>0</u>	<u>1,705,000</u>
Total Long-Term Notes	1,925,000	0	(220,000)	0	1,705,000
Capital Lease	51,203	0	(12,289)	0	38,914
Intergovernmental Payable	228,341	0	0	(228,341)	0
Pension Obligation	0	0	(16,777)	228,341	211,564
Payable Compensated Absences	<u>2,436,478</u>	<u>6,585</u>	<u>0</u>	<u>0</u>	<u>2,443,063</u>
Total General Long- Term Obligations	\$4,641,022	\$6,585	\$(249,066)	\$ 0	\$4,398,541

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

Compensated absences, and the pension obligation will be paid from the fund from which the employees' salaries are paid. The current year activity for compensated absences is netted for practical purposes.

The School District's overall legal debt margin was \$43,922,003 with an unvoted debt margin of \$488,022 at June 30, 2001.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2001 are as follows:

Fiscal Year June 30	Principal	Interest	Total
2002	\$90,000	\$95,480	\$185,480
2003	95,000	90,440	185,440
2004	105,000	85,120	190,120
2005	110,000	79,240	189,240
2006	115,000	73,080	188,080
2007-2011	680,000	261,240	941,240
2012-2014	<u>510,000</u>	<u>58,240</u>	<u>568,240</u>
Totals	<u>\$1,705,000</u>	<u>\$742,840</u>	<u>\$2,447,840</u>

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

12. CAPITAL LEASES

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2001.

Fiscal Year Ending June 30	General Long-Term Debt
2002	\$13,633
2003	13,633
2004	13,633
2005	<u>2,271</u>
Total Minimum Lease Payments	43,170
Less: Amount Representing Interest	<u>(4,256)</u>
Net Present Value of Minimum Lease Payments	<u><u>\$38,914</u></u>

13. SEGMENT INFORMATION

Enterprise Funds - The District maintains Enterprise Funds to account for the operations of Food Service, Uniform School Supplies, and Employability Lab. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 2001.

	Lunchroom	Uniform School Supplies	Employability Labs	Total Enterprise Funds
Operating Revenues	\$ 893,337	\$41,822	\$13,980	\$ 949,139
Operating Expenses less				
Depreciation	1,536,920	37,931	16,752	1,592,603
Depreciation Expense	24,917	0	0	24,917
Operating Income (Loss)	(668,500)	3,891	(2,772)	(667,381)
Federally Donated Commodities	94,636	0	0	94,636
Other Non-operating Revenues	663,120	0	6,655	669,775
Interest Income	2,280	0	0	2,280
Net Income (Loss)	91,536	3,891	3,883	99,310
Changes in Property, Plant and Equipment, net of Depreciation	14,915			14,915
Net Working Capital	300,541	93,798	15,876	410,215
Total Assets	552,738	94,727	16,306	663,771
Total Equity	367,647	93,798	15,876	477,321
Encumbrances Outstanding on June 30, 2001	66,162	18,055	4,188	88,405

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

14. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9% of their annual covered salary and the Xenia Community School District is required to contribute an actuarially determined rate of 14%. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's contributions to SERS for the years ending June 30, 2001, 2000, 1999 were \$621,384, \$694,380, and \$571,362, respectively; 76.7 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$144,522 represents the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

B. State Teachers Retirement System

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

Plan members are required to contribute 9.3% of their annual covered salary and the Xenia Community School District is required to contribute 14%. 9.5% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ending June 30, 2001, 2000, and 1999 were \$2,386,728, \$2,389,584, and \$2,407,258 respectively, 83.4 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$397,084 represents the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

15. POST EMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The balance in the Health Care Reserve Fund was \$3.419 billion on June 30, 2000. The Health Care Reserve Fund allocation for the year ended June 30, 2001, and after, will be 4.5% of covered payroll. For the School District, this amount equaled \$767,163 during fiscal 2000.

STRS pays health care benefits from the Health Care Reserve Fund. For the year ended June 30, 2000 (the latest information available) net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 9.8 percent of covered payroll for the fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000 SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$451,999 during the 2001 fiscal year.

16. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2001, the School District contracted with Nationwide Insurance Company for general liability insurance with \$1,000,000 single occurrence limit and a \$3,000,000 aggregate. Property is protected by Indiana Insurance. The School District's vehicles are covered under a business policy with Indiana Insurance with additional vehicle coverage under Monticello.

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

17. CONTINGENT LIABILITIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2001.

B. Litigation

Currently, the school district is involved in civil rights and wrongful death matters. It is uncertain if the case will have an impact on the school district's financial status.

18. JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Educational Computer Association (MVECA) - The School District is a participant in MVECA, which is a computer consortium. MVECA is an association of public school districts within the geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of two representatives from each of the participating members. The School District paid MVECA \$47,832 for services provided during the year. Complete financial statements can be obtained from MVECA located in Yellow Springs, Ohio 45387.

Southwestern Ohio Educational Purchasing Council (SOEPC) - SOEPC is a purchasing cooperative made up of nearly 100 school districts in 12 counties. Per most recent audit SOEPC handles its own financial accounting and reporting. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture, and supplies purchased by the SOEPC is held in trust by the member school districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. A one year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member will be liable for all member obligations during this one year period.

Payments to SOEPC are made from the General (Governmental Fund). The District contributed \$11,210 for the operation of the cooperative during the 2001 fiscal year.

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

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

19. SET-ASIDE REQUIREMENTS

Substitute House Bill 412, as amended, required the District to “set aside” certain percentages of defined revenues for (1) textbook and instructional materials purchases and (2) capital and maintenance expenditures. As of April 10, 2001, any money on hand in a School District’s budget reserve set-aside account may at the discretion of the Board be left in the account and used by the Board to offset any budget deficit the District may experience in future years. The amendment places special conditions on any refunds or rebates from the Bureau of Workers’ Compensation. These monies are to be used to offset a budget deficit; for school facility construction, renovation or repair; for textbook or instructional materials; for purchases of school buses; or for teachers’ professional development. It also required five year budget projections, amended the fiscal watch and fiscal emergency statutes, created a state school district solvency fund, and amended “spending reserve” provisions.

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

	<u>Textbooks</u>	<u>Capital Improvement</u>	<u>Budget Reserve</u>	<u>Total</u>
Set-aside balance as of June 30, 2000	\$(35,958)	\$(65,133)	\$573,353	\$ 472,262
Current year set-aside requirement	725,599	725,599	0	1,451,198
Current year offset	0	(416,790)	0	(416,790)
Qualifying expenditures	<u>(636,579)</u>	<u>(626,617)</u>	<u>0</u>	<u>(1,263,196)</u>
Totals	<u>\$ 53,062</u>	<u>\$(382,941)</u>	<u>\$573,353</u>	<u>\$ 243,474</u>
Cash balance carried forward to FY 2002	53,062	0	573,353	626,415
Amount restricted for budget stabilization				573,353
Total restricted assets				<u>\$ 626,415</u>

Although the District had qualifying expenditures during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are not presented as being carried forward to the next fiscal year.

20. SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State’s school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A. A change in the school district that is used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- B. Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

20. SCHOOL FUNDING DECISION (Continued)

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of January 31, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture						
(Passed Through Ohio Department of Education)						
<i>Nutrition Cluster:</i>						
Food Distribution Program	10.550	N/A		\$94,636		\$90,404
National School Breakfast Program	10.553	05-PU	81,599		81,599	
National School Lunch Program	10.555	LL-P4	312,103		312,103	
Summer Food Service Program	10.559	N/A	137,876		137,876	
Total U.S. Department of Agriculture - Nutrition Cluster			531,578	94,636	531,578	90,404
FEDERAL EMERGENCY MANAGEMENT AGENCY						
(Passed Through Ohio Emergency Management Agency)						
Public Assistance Grants	83.544	N/A	3,856		3,844	
Total Federal Emergency Management Agency			3,856		3,844	
U.S. Department of Education						
(Passed through Ohio Department of Education)						
<i>Special Education Cluster:</i>						
Special Education Grants to States (IDEA Part B)	84.027	6B-SF	403,249		430,676	
Special Education - Grants to States	84.173	PG-S1	30,508		32,331	
Total Special Education Cluster			433,757		463,007	
(Passed through Ohio Department of Education)						
Goals 2000	84.276	G2-S2	61,000		30,381	
(Administered by Greene County Educational Service Center)						
Goals 2000	84.276	N/A	52,993		39,318	
Total Goals 2000			113,993		69,699	
Grants to Local Educational Agencies (ESEA Title 1)	84.010	C1-S1	1,421,786		1,179,861	
Drug-Free Education Grant	84.186	DR-S1	22,096		21,981	
Eisenhower Professional Development State Grant	84.281	MS-S1	39,912		41,705	
Innovative Education Program	84.298	C2-S1	45,107		38,425	
Class Size Reduction Subsidy	84.340	CR-S1	164,361		151,133	
Total U.S. Department of Education			2,241,012		1,965,811	
U.S. DEPARTMENT OF LABOR						
(Passed Through Ohio Department of Education)						
(Administered by Greene County Educational Service Center)						
Employment Services and Job Training - School to Work	17.249	STW			1,028	
Total U.S. Department of Labor					1,028	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
(Passed Through Ohio Department of MR/DD)						
Community Alternative Funding System	93.778	N/A	19,498		19,498	
Total U.S. Department of Health and Human Services			19,498		19,498	
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE						
(Passed Through Ohio Department of Education)						
Learn and Serve America	94.004	SV-S4	8,202		10,948	
Total Corporation for National and Community Service			8,202		10,948	
Total Federal Assistance			<u>\$2,804,146</u>	<u>\$94,636</u>	<u>\$2,532,707</u>	<u>\$90,404</u>

See accompanying notes to the Schedule of Federal Awards Expenditures

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - NUTRITION CLUSTER

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

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

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

To the Board of Education:

We have audited the financial statements of the Xenia Community School District (the District), Greene County, as of and for the year ended June 30, 2001, and have issued our report thereon dated February 20, 2002, in which we noted the District reclassified trust funds. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 20, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 20, 2002.

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

Jim Petro
Auditor of State

February 20, 2002



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

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

To the Board of Education:

Compliance

We have audited the compliance of the Xenia Community School District (the District), Greene County, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

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

**Internal Control Over Compliance
(Continued)**

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

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

Jim Petro
Auditor of State

February 20, 2002

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .550
FOR THE YEAR ENDED JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**XENIA COMMUNITY SCHOOL DISTRICT
GREENE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
FISCAL YEAR END JUNE 30, 2001**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-10329-001	Student Activity Accounting	Yes	



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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
APRIL 9, 2002**