

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

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

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2015***

TRACY JARVIS, TREASURER



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Xenia Community School District, Greene County, prepared by Julian & Grube, Inc., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

March 18, 2016

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

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Xenia Community School District, Greene County, Ohio, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Xenia Community School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Xenia Community School District, Greene County, Ohio, as of June 30, 2015, and the respective changes in financial position and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the fiscal year ended June 30, 2015, the Xenia Community School District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, on our consideration of the Xenia Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Xenia Community School District's internal control over financial reporting and compliance.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The management's discussion and analysis of the Xenia Community School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015.

The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- In total, net position of governmental activities increased \$3,620,282 which represents a 40.19% increase from 2014's restated net position.
- General revenues accounted for \$45,696,495 in revenue or 81.08% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$10,664,186 or 18.92% of total revenues of \$56,360,681.
- The School District had \$52,740,399 in expenses related to governmental activities; \$10,664,186 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$45,696,495 were adequate to provide for these programs.
- The School District's major governmental fund is the general fund. The general fund had \$47,306,318 in revenues and \$42,828,921 in expenditures. During fiscal year 2015, the general fund's fund balance increased \$4,477,397 from \$11,127,305 to \$15,604,702.

Using these Basic Financial Statements

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

The School District's statement of net position and statement of activities can be found on pages 15-16 of this report.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental funds begins on page 12. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

Fiduciary Funds

The School District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 22 and 23. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-61 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 64-70 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The School District as a Whole

The statement of net position provides the perspective of the School District as a whole. The table below provides a summary of the School District's net position at June 30, 2015 and 2014. The June 30, 2014 net position was restated as described in Note 3.A.

	Net Position	
	Governmental	Restated
	Activities 2015	Governmental Activities 2014
<u>Assets</u>		
Current and other assets	\$ 47,941,325	\$ 42,897,873
Capital assets, net	<u>74,908,881</u>	<u>76,222,767</u>
Total assets	<u>122,850,206</u>	<u>119,120,640</u>
<u>Deferred Outflows of Resources</u>		
Pension	<u>3,863,299</u>	<u>3,143,435</u>
Total deferred outflows of resources	<u>3,863,299</u>	<u>3,143,435</u>
<u>Liabilities</u>		
Current liabilities	5,631,803	5,493,918
Long-term liabilities:		
Due within one year	987,760	1,341,082
Due in more than one year:		
Net pension liability	53,666,835	63,789,686
Other amounts	<u>39,844,340</u>	<u>42,161,272</u>
Total liabilities	<u>100,130,738</u>	<u>112,785,958</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for next year	19,693,407	18,485,478
Deferred gain on refunding	2,541,350	-
Pensions	<u>9,735,089</u>	<u>-</u>
Total deferred inflows of resources	<u>31,969,846</u>	<u>18,485,478</u>
<u>Net Position</u>		
Net investment in capital assets	36,109,895	37,222,258
Restricted	4,592,926	4,305,680
Unrestricted	<u>(46,089,900)</u>	<u>(50,535,299)</u>
Total net position	<u>\$ (5,387,079)</u>	<u>\$ (9,007,361)</u>

During 2015, the School District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$51,638,890 to (\$9,007,361).

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the School District's liability and deferred inflows of resources exceeded assets and deferred outflows of resources by \$5,387,079. Of this total, (\$46,089,900) is unrestricted in use.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

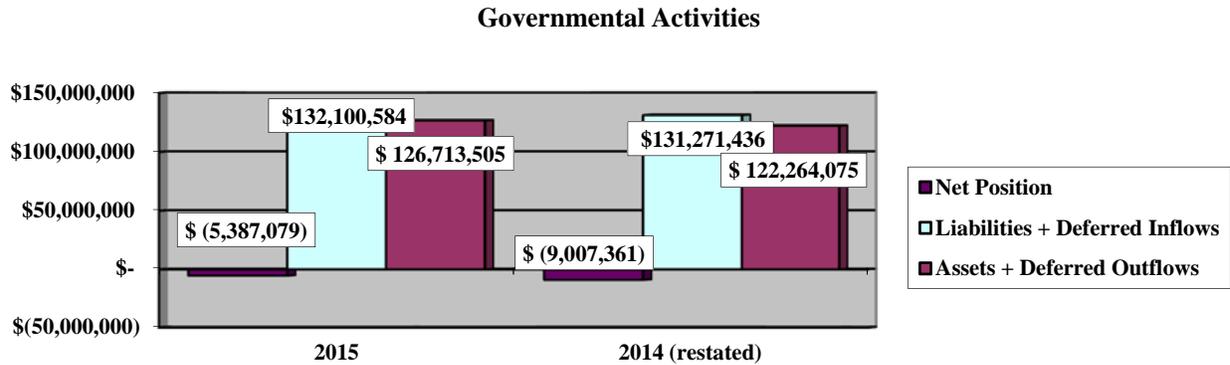
Total assets of the School District increased \$3,729,566 or 3.13%. Current and other assets increased \$5,043,452 or 11.76% due primarily to an increase in equity in pooled cash and investments. This increase can be attributable to an increase in general fund cash balance due to conservative spending related to recent School District cuts. Capital assets decreased \$1,313,886 or 1.72% due mainly current year depreciation exceeding current year additions.

At year-end, capital assets represented 59.12% of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture/equipment/fixtures and vehicles. Net investment in capital assets at June 30, 2015, was \$36,109,895. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Liabilities of the School District decreased \$12,655,220 or 11.22%. The primary reason for this decrease is due a decrease in net pension liability and current year principal payments on its long-term obligations.

A portion of the School District's net position, \$4,592,926, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is (\$46,089,900).

The graph below illustrates the School District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2015 and 2014. The June 30, 2014 amounts have been restated as described in Note 3.A.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The table below shows the change in net position for fiscal year 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

	Change in Net Position	
	Governmental Activities <u>2015</u>	Restated Governmental Activities <u>2014</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,342,886	\$ 1,607,371
Operating grants and contributions	9,321,300	8,793,841
General revenues:	-	
Taxes	23,529,072	24,681,281
Payment in lieu of taxes	19,573	24,331
Restricted grants and entitlements	-	916,410
Unrestricted grants and entitlements	22,035,123	20,720,008
Interest	63,575	23,724
Other	<u>49,152</u>	<u>117,041</u>
 Total revenues	 <u>56,360,681</u>	 <u>56,884,007</u>

(Continued)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Change in Net Position (Continued)	
	Governmental	Restated
	Activities	Governmental
	2015	2014
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 22,157,855	\$ 20,613,637
Special	8,930,431	8,890,201
Vocational	391,609	426,082
Other	463,517	413,088
Support services:		
Pupil	2,812,029	2,728,486
Instructional staff	1,096,775	1,447,357
Board of education	54,169	62,469
Administration	3,367,885	3,555,657
Fiscal	902,766	779,269
Business	714,612	654,648
Operations and maintenance	3,479,724	2,869,448
Pupil transportation	2,828,070	2,334,590
Central	249,803	547,009
Operations of non-instructional services:		
Non-instructional services	393,102	447,217
Food service operations	1,682,912	1,490,074
Extracurricular activities	773,328	722,775
Interest and fiscal charges	2,441,812	3,036,020
Total expenses	52,740,399	51,018,027
Change in net position	3,620,282	5,865,980
Net position at beginning of year (restated)	(9,007,361)	N/A
Net position at end of year	\$ (5,387,079)	\$ (9,007,361)

Governmental Activities

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$3,143,435 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$2,248,526.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$ 52,740,399
Pension expense under GASB 68	(2,248,526)
2015 contractually required contributions	<u>3,356,152</u>
Adjusted 2015 program expenses	53,848,025
Total 2014 program expenses under GASB 27	<u>51,018,027</u>
Increase in program expenses not related to pension	<u>\$ 2,829,998</u>

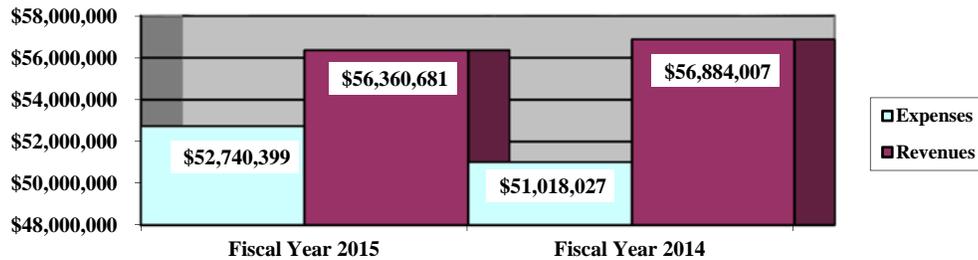
Net position of the School District's governmental activities increased \$3,620,282. Total governmental expenses of \$52,740,399 were offset by program revenues of \$10,664,186 and general revenues of \$45,696,495. Program revenues supported 20.22% of the total governmental expenses.

Revenues of the School District decreased \$523,329 or 0.91%. This decrease is primarily due to a decrease in taxes. Taxes decreased due to the fluctuation in taxes available for advance from the County and a decrease in delinquent taxes. The primary sources of revenue for governmental activities are derived from taxes, and grants and entitlements. These revenue sources represent 80.84% of total governmental revenue.

The largest expense of the School District is for instructional programs. Instruction expenses totaled \$31,943,412 or 60.56% of total governmental expenses for fiscal year 2015. Overall expenses of the School District increased \$1,722,372 or 3.38%. This increase was due to overall increases in wages and benefits paid to employees.

The graph below presents the School District's governmental activities revenues and expenses for fiscal year 2015 and 2014.

Governmental Activities - Revenues and Expenses



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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

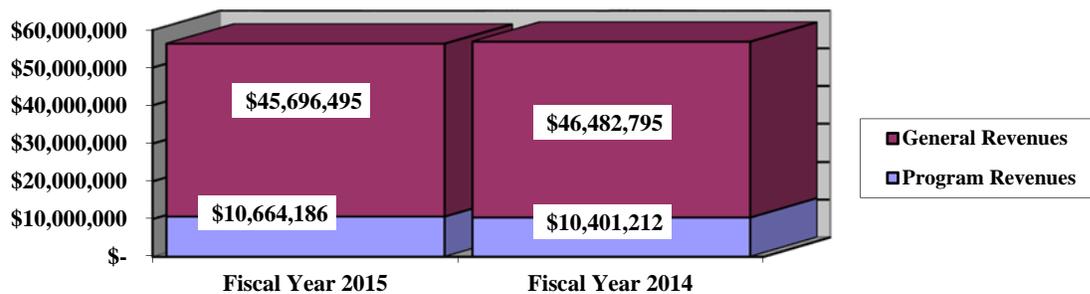
Governmental Activities

	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
Program expenses				
Instruction:				
Regular	\$ 22,157,855	\$ 21,191,534	\$ 20,613,637	\$ 19,582,227
Special	8,930,431	3,030,037	8,890,201	4,431,572
Vocational	391,609	234,989	426,082	338,256
Other	463,517	463,517	413,088	413,088
Support services:				
Pupil	2,812,029	2,511,774	2,728,486	2,456,647
Instructional staff	1,096,775	924,204	1,447,357	819,516
Board of education	54,169	54,169	62,469	62,469
Administration	3,367,885	3,240,699	3,555,657	3,450,686
Fiscal	902,766	902,766	779,269	761,362
Business	714,612	714,612	654,648	654,648
Operations and maintenance	3,479,724	3,454,436	2,869,448	2,855,560
Pupil transportation	2,828,070	2,677,044	2,334,590	2,234,965
Central	249,803	235,403	547,009	532,609
Operations of non-instructional services:				
Other non-instructional services	393,102	(21,085)	447,217	47,709
Food service operations	1,682,912	(92,703)	1,490,074	(267,939)
Extracurricular activities	773,328	113,005	722,775	387,995
Interest and fiscal charges	<u>2,441,812</u>	<u>2,441,812</u>	<u>3,036,020</u>	<u>1,855,445</u>
Total expenses	<u>\$ 52,740,399</u>	<u>\$ 42,076,213</u>	<u>\$ 51,018,027</u>	<u>\$ 40,616,815</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 78.01% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.78%. The School District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for School District's students.

The graph below presents the School District's governmental activities revenue for fiscal year 2015 and 2014.

Governmental Activities - General and Program Revenues



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The School District's Funds

The School District's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$20,857,904, which is higher than last year's total of \$17,120,752. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and 2014.

	Fund Balance <u>June 30, 2015</u>	Fund Balance <u>June 30, 2014</u>	<u>Change</u>	Percentage <u>Change</u>
General	\$ 15,604,702	\$ 11,127,305	\$ 4,477,397	40.24 %
Other governmental	<u>5,253,202</u>	<u>5,993,447</u>	<u>(740,245)</u>	(12.35) %
Total	<u>\$ 20,857,904</u>	<u>\$ 17,120,752</u>	<u>\$ 3,737,152</u>	21.83 %

The School District's general fund balance increased \$4,477,397.

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

	2015 <u>Amount</u>	2014 <u>Amount</u>	<u>Change</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 21,508,842	\$ 22,249,465	\$ (740,623)	(3.33) %
Tuition	452,791	720,445	(267,654)	(37.15) %
Earnings on investments	56,343	22,973	33,370	145.26 %
Intergovernmental	24,937,483	23,116,788	1,820,695	7.88 %
Other	<u>350,859</u>	<u>383,752</u>	<u>(32,893)</u>	(8.57) %
Total	<u>\$ 47,306,318</u>	<u>\$ 46,493,423</u>	<u>\$ 812,895</u>	1.75 %

	2015 <u>Amount</u>	2014 <u>Amount</u>	<u>Change</u>	Percentage <u>Change</u>
<u>Expenditures</u>				
Instruction	\$ 27,752,128	\$ 27,010,023	\$ 742,105	2.75 %
Supporting services	14,070,308	12,944,771	1,125,537	8.69 %
Non-instructional services	7,204	14,866	(7,662)	(51.54) %
Extracurricular activities	594,450	512,101	82,349	16.08 %
Facilities acquisition and construction	-	3,818	(3,818)	(100.00) %
Debt service	<u>404,831</u>	<u>488,933</u>	<u>(84,102)</u>	(17.20) %
Total	<u>\$ 42,828,921</u>	<u>\$ 40,974,512</u>	<u>\$ 1,854,409</u>	4.53 %

Overall revenues of the general fund increased \$812,895. The most significant increase was in the area intergovernmental. Intergovernmental revenue increased \$1,820,695 or 7.88%. This increase was due to an increase in State Foundation funding. Taxes decreased \$740,623 or 3.33% due to the fluctuation in the amount of taxes available for advance from the County and a decrease in delinquent taxes.

Expenditures of the general fund increased \$1,854,409 or 4.53%. The most significant increases were in the areas of instruction and support services which increased \$742,105 and \$1,125,537, respectively. These increases were due to increases in wages and benefits expenditures.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2015, the School District amended its general fund budget several times. For the general fund, original revenues and other financing sources of \$46,446,746 were increased in the final budgeted to \$48,771,032. Actual revenues and other financing sources for fiscal year 2015, were \$47,725,408. This represents a \$1,045,624 decrease over final budgeted revenues.

General fund original appropriations and other financing uses totaled \$46,130,328. These were decreased in final appropriations and other financing uses to \$45,498,482. The actual budget basis expenditures and other financing uses for fiscal year 2015 totaled \$44,334,174, which is lower than the final budget appropriations by \$1,164,308.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the School District had \$74,908,881 invested in land, construction in progress, buildings and improvements, furniture/equipment/fixtures, and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2015 balances compared to June 30, 2014:

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

	Governmental Activities	
	2015	2014
Land	\$ 450,091	\$ 450,091
Construction in progress	551,047	-
Building and improvements	71,824,478	73,503,072
Furniture/equipment/fixtures	1,985,204	2,112,561
Vehicles	98,061	157,043
Total	\$ 74,908,881	\$ 76,222,767

The overall decrease in capital assets of \$1,313,886 is due to current year depreciation of \$2,520,282 exceeding capital outlays of \$1,206,396.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Debt Administration

The following table summarizes the School District's long term debt outstanding at June 30, 2015 and 2014.

	Governmental Activities	
	2015	2014
Energy conservation notes	\$ 1,475,000	\$ 1,590,000
School facilities construction and improvement bonds	33,832,266	35,741,413
Permanent improvement notes	610,000	625,000
Capital leases	114,078	336,793
Unamortized bond & note premiums	2,336,666	3,245,734
Total	\$ 38,368,010	\$ 41,538,940

At June 30, 2014, the School District had \$38,368,010 in current interest bonds, capital appreciation bonds, accreted interest, notes payable, premiums and capital lease obligations. Of this total, \$620,659 is due within one year and \$37,747,351 is due within greater than one year.

See Note 15 to the basic financial statements for additional information on the School District's debt administration.

Current Financial Related Activities

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

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

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

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

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

Contacting the School District's Financial Management

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

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

STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 22,802,418
Cash and cash equivalents with escrow agent	318,767
Receivables:	
Property taxes	21,452,631
Income taxes	1,529,483
Payment in lieu of taxes	10,695
Accrued interest	10,213
Intergovernmental	1,803,049
Inventory held for resale	14,069
Capital assets:	
Nondepreciable capital assets	1,001,138
Depreciable capital assets, net	73,907,743
Capital assets, net	74,908,881
Total assets	122,850,206
 Deferred outflows of resources:	
Pension - STRS	3,117,543
Pension - SERS	745,756
Total deferred outflows of resources	3,863,299
 Liabilities:	
Accounts payable	221,660
Contracts payable	401,807
Retainage payable	318,767
Accrued wages and benefits payable	3,209,826
Compensated absences payable	243,733
Early retirement incentive payable	114,968
Intergovernmental payable	243,268
Pension and postemployment benefits payable	733,124
Accrued interest payable	144,650
Long-term liabilities:	
Due within one year	987,760
Due in more than one year:	
Net pension liability	53,666,835
Other amounts due in more than one year	39,844,340
Total liabilities	100,130,738
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year	19,693,407
Deferred gain on refunding	2,541,350
Pension - STRS	8,351,793
Pension - SERS	1,383,296
Total deferred inflows of resources	31,969,846
 Net position:	
Net investment in capital assets	36,109,895
Restricted for:	
Capital projects	1,946,528
Classroom facilities maintenance	1,775,245
Locally funded programs	33,007
State funded programs	11,611
Federally funded programs	348,317
Food service operations	478,218
Unrestricted (deficit)	(46,089,900)
Total net position	\$ (5,387,079)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 16,647,195	\$ 6,155,223	\$ 22,802,418
Cash and cash equivalents with escrow agent	-	318,767	318,767
Receivables:			
Property taxes	18,974,800	2,477,831	21,452,631
Income taxes	1,529,483	-	1,529,483
Payment in lieu of taxes	10,695	-	10,695
Accrued interest	10,202	11	10,213
Interfund loans	330,000	-	330,000
Intergovernmental	562,484	1,240,565	1,803,049
Inventory held for resale	-	14,069	14,069
Due from other funds	147,981	-	147,981
Total assets	<u>\$ 38,212,840</u>	<u>\$ 10,206,466</u>	<u>\$ 48,419,306</u>
Liabilities:			
Accounts payable	\$ 109,320	\$ 112,340	\$ 221,660
Contracts payable	-	401,807	401,807
Retainage payable	-	318,767	318,767
Accrued wages and benefits payable	2,829,926	379,900	3,209,826
Compensated absences payable	243,733	-	243,733
Early retirement incentive payable	114,968	-	114,968
Intergovernmental payable	203,273	39,995	243,268
Pension and postemployment benefits payable	619,733	113,391	733,124
Interfund loans payable	-	330,000	330,000
Due to other funds	-	147,981	147,981
Total liabilities	<u>4,120,953</u>	<u>1,844,181</u>	<u>5,965,134</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	17,271,427	2,421,980	19,693,407
Delinquent property tax revenue not available	386,595	27,911	414,506
Income tax revenue not available	249,132	-	249,132
Intergovernmental revenue not available	562,484	659,192	1,221,676
Accrued interest not available	6,852	-	6,852
Payment in lieu of taxes not available	10,695	-	10,695
Total deferred inflows of resources	<u>18,487,185</u>	<u>3,109,083</u>	<u>21,596,268</u>
Fund balances:			
Restricted:			
Debt service	-	407,416	407,416
Capital improvements	-	2,513,455	2,513,455
Classroom facilities maintenance	-	1,772,358	1,772,358
Food service operations	-	590,823	590,823
Special education	-	680	680
Targeted academic assistance	-	190,112	190,112
Other purposes	-	36,636	36,636
Assigned:			
Student instruction	861,407	-	861,407
Student and staff support	472,926	-	472,926
Other purposes	206,855	-	206,855
Unassigned (deficit)	14,063,514	(258,278)	13,805,236
Total fund balances	<u>15,604,702</u>	<u>5,253,202</u>	<u>20,857,904</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 38,212,840</u>	<u>\$ 10,206,466</u>	<u>\$ 48,419,306</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2015

Total governmental fund balances		\$	20,857,904
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			74,908,881
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	414,506	
Income taxes receivable		249,132	
Payment in lieu of taxes receivable		10,695	
Accrued interest receivable		6,852	
Intergovernmental receivable		1,221,676	
Total			1,902,861
Unamortized premiums on bonds issued are not recognized in the funds.			(2,336,666)
Unamortized gains on refundings are not recognized in the funds.			(2,541,350)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(144,650)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:			
Deferred outflows of resources - pension		3,863,299	
Deferred inflows of resources - pension		(9,735,089)	
Net pension liability		(53,666,835)	
Total			(59,538,625)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(33,832,266)	
Capital lease obligations		(114,078)	
Compensated absences		(1,883,458)	
Retirement incentives		(580,632)	
Notes payable		(2,085,000)	
Total			(38,495,434)
Net position of governmental activities		\$	(5,387,079)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Property taxes	\$ 18,100,893	\$ 2,433,477	\$ 20,534,370
Income taxes	3,407,949	-	3,407,949
Payment in lieu of taxes	21,390	-	21,390
Tuition	452,791	-	452,791
Earnings on investments	56,343	1,174	57,517
Charges for services	-	403,645	403,645
Extracurricular	95,717	198,442	294,159
Classroom materials and fees	155,835	-	155,835
Rental income	6,527	-	6,527
Contributions and donations	9,890	391,830	401,720
Contract services	29,929	-	29,929
Other local revenues	31,571	8,371	39,942
Intergovernmental - state	24,402,520	1,024,752	25,427,272
Intergovernmental - federal	534,963	4,667,090	5,202,053
Total revenues	<u>47,306,318</u>	<u>9,128,781</u>	<u>56,435,099</u>
Expenditures:			
Current:			
Instruction:			
Regular	20,575,421	386,780	20,962,201
Special	6,313,487	2,622,260	8,935,747
Vocational	405,098	-	405,098
Other	458,122	-	458,122
Support services:			
Pupil	2,462,958	311,412	2,774,370
Instructional staff	939,640	158,904	1,098,544
Board of education	53,555	-	53,555
Administration	3,212,313	139,966	3,352,279
Fiscal	862,488	46,621	909,109
Business	700,950	36,435	737,385
Operations and maintenance	2,917,364	284,064	3,201,428
Pupil transportation	2,688,707	9,535	2,698,242
Central	232,333	14,400	246,733
Operation of non-instructional services:			
Other non-instructional services	7,204	451,095	458,299
Food service operations	-	1,630,625	1,630,625
Extracurricular activities	594,450	178,018	772,468
Facilities acquisition and construction	-	897,446	897,446
Debt service:			
Principal retirement	337,715	965,000	1,302,715
Interest and fiscal charges	67,116	1,409,060	1,476,176
Bond issuance costs	-	296,839	296,839
Total expenditures	<u>42,828,921</u>	<u>9,838,460</u>	<u>52,667,381</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,477,397</u>	<u>(709,679)</u>	<u>3,767,718</u>
Other financing sources (uses):			
Premium on bonds sold	-	2,381,390	2,381,390
Sale of refunding bonds	-	18,505,000	18,505,000
Payment to refunded bond escrow agent	-	(20,916,956)	(20,916,956)
Total other financing sources (uses)	<u>-</u>	<u>(30,566)</u>	<u>(30,566)</u>
Net change in fund balances	4,477,397	(740,245)	3,737,152
Fund balances at beginning of year	<u>11,127,305</u>	<u>5,993,447</u>	<u>17,120,752</u>
Fund balances at end of year	<u>\$ 15,604,702</u>	<u>\$ 5,253,202</u>	<u>\$ 20,857,904</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds	\$	3,737,152
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 1,206,396	
Current year depreciation	<u>(2,520,282)</u>	
Total		(1,313,886)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(438,167)	
Income taxes	24,920	
Payment in lieu of taxes	(1,817)	
Earnings on investments	6,668	
Intergovernmental	<u>333,978</u>	
Total		(74,418)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	950,000	
Notes	130,000	
Capital leases	<u>222,715</u>	
Total		1,302,715
Issuances of bonds and premiums on those bonds are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
Bonds	(18,505,000)	
Premiums	<u>(2,381,390)</u>	
Total		(20,886,390)
Payment to refunded bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities. The following refunding transactions occurred during the year:		
Bonds refunded	20,305,000	
Premiums refunded	3,224,131	
Deferred gain on refundings	<u>(2,612,175)</u>	
Total		20,916,956
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Change in accrued interest payable	34,904	
Accreted interest on capital appreciation bonds	(840,853)	
Amortization of bond premiums	66,327	
Amortization of deferred gain	<u>70,825</u>	
Total		(668,797)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		3,356,152
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(2,248,526)
Some expenses reported in the statement of activities, such as compensated absences and early retirement incentives, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(500,676)</u>
Change in net position of governmental activities	\$	<u>3,620,282</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 17,690,577	\$ 18,578,841	\$ 18,588,205	\$ 9,364
Income taxes	3,220,532	3,382,238	3,478,897	96,659
Payment in lieu of taxes	23,828	25,024	21,390	(3,634)
Tuition	2,874,606	3,018,943	420,037	(2,598,906)
Transportation fees	34,187	35,904	-	(35,904)
Earnings on investments	67,085	70,453	40,449	(30,004)
Extracurricular	78,715	82,667	13,978	(68,689)
Classroom materials and fees	192,077	201,721	2,243	(199,478)
Rental income	13,224	13,888	6,527	(7,361)
Contributions and donations	119	125	-	(125)
Contract services	42,713	44,858	29,928	(14,930)
Other local revenues	46,390	48,719	26,743	(21,976)
Intergovernmental - state	21,881,334	22,980,019	24,558,557	1,578,538
Intergovernmental - federal	124,938	131,211	534,963	403,752
Total revenues	<u>46,290,325</u>	<u>48,614,611</u>	<u>47,721,917</u>	<u>(892,694)</u>
Expenditures:				
Current:				
Instruction:				
Regular	21,841,709	21,564,763	21,208,447	356,316
Special	6,610,725	6,298,476	6,442,182	(143,706)
Vocational	467,968	467,691	411,771	55,920
Other	603,992	475,582	474,610	972
Support services:				
Pupil	2,878,010	2,686,283	2,448,749	237,534
Instructional staff	787,145	1,018,899	957,217	61,682
Board of education	49,570	52,238	53,483	(1,245)
Administration	3,687,125	3,524,816	3,249,029	275,787
Fiscal	855,476	884,449	891,733	(7,284)
Business	685,988	781,247	723,772	57,475
Operations and maintenance	3,186,802	3,120,485	3,093,565	26,920
Pupil transportation	3,237,369	2,887,820	2,893,355	(5,535)
Central	225,316	259,718	242,976	16,742
Other operation of non-instructional services	10,494	10,000	6,284	3,716
Extracurricular activities	511,188	492,143	502,070	(9,927)
Facilities acquisition and construction	30,765	29,318	-	29,318
Debt service:				
Principal	430,317	250,081	336,147	(86,066)
Interest and fiscal charges	30,369	69,373	68,684	689
Total expenditures	<u>46,130,328</u>	<u>44,873,382</u>	<u>44,004,074</u>	<u>869,308</u>
Excess of revenues over expenditures	<u>159,997</u>	<u>3,741,229</u>	<u>3,717,843</u>	<u>(23,386)</u>
Other financing sources (uses):				
Refund of prior year's expenditures	20,925	20,925	66	(20,859)
Refund of prior year's receipts	-	(100)	(100)	-
Transfers in	130,000	130,000	-	(130,000)
Advances (out)	-	(625,000)	(330,000)	295,000
Sale of capital assets	5,496	5,496	3,425	(2,071)
Total other financing sources (uses)	<u>156,421</u>	<u>(468,679)</u>	<u>(326,609)</u>	<u>142,070</u>
Net change in fund balance	316,418	3,272,550	3,391,234	118,684
Fund balance at beginning of year	10,646,822	10,646,822	10,646,822	-
Prior year encumbrances appropriated	1,067,233	1,067,233	1,067,233	-
Fund balance at end of year	<u>\$ 12,030,473</u>	<u>\$ 14,986,605</u>	<u>\$ 15,105,289</u>	<u>\$ 118,684</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 42,723	\$ 263,462
Total assets.	42,723	\$ 263,462
Liabilities:		
Accounts payable.	-	\$ 1,517
Due to students.	-	33,954
Undistributed monies	-	227,991
Total liabilities	-	\$ 263,462
Net position:		
Held in trust for scholarships	42,723	
Total net position.	\$ 42,723	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 84
Gifts and contributions	4,223
Total additions.	4,307
 Deductions:	
Scholarships awarded	4,600
Change in net position	(293)
Net position at beginning of year.	43,016
Net position at end of year	\$ 42,723

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

Jointly Governed Organizations:

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

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council Workers'
Compensation Group Rating Plan

B. Basis of Presentation

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

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

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

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

C. Fund Accounting

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

GOVERNMENTAL FUNDS

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

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

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

FIDUCIARY FUNDS

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

D. Measurement Focus

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources have been reported for the following two items related the School District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the School District's contributions to the pension systems subsequent to the measurement date.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The School District also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the School District's net pension liability. In addition, deferred inflows of resources include a deferred gain on debt refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

F. Cash and Cash Equivalents

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

During fiscal year 2015, the School District invested in negotiable certificates of deposit, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA securities and U. S. Government money market funds.

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

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$56,343, which includes \$14,468 assigned from other School District funds.

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

G. Inventory

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories consist of expendable supplies held for consumption and purchased and donated food held for resale. Donated commodities are presented at their entitlement value.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed. On the fund financial statements, reported prepayments is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. There were no prepaid items at June 30, 2015.

I. Interfund Balances

On the fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund loans receivable/payable." Outstanding interfund loans related to negative cash balances are reported as "due to/due from other funds". Interfund balances amounts are eliminated in the statement of net position.

J. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District follows the policy of not capitalizing assets with a cost of less than \$1,000 and a useful life of less than 3 years. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

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

K. Accrued Liabilities and Long-term Obligations

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

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

L. Compensated Absences

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

M. Fund Balance

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

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

N. Net Position

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

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

O. Bond Issuance Costs/Unamortized Bond Premium and Discount/Unamortized Accounting Gain or Loss

On government-wide financial statements, bond issuance costs are expensed in the year they occur.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred inflow of resources on the statement of net position.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 15.

P. Interfund Activity

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

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items at June 30, 2015.

S. Estimates

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

T. Budgetary Data

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

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2015.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2015, the School District has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27", GASB Statement No. 69 "Government Combinations and Disposals of Government Operations", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the School District.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the School District's pension plan disclosures, as presented in Note 11 to the financial statements, and added required supplementary information which is presented on pages 64 - 70.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities at July 1, 2014 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ 51,638,890
Deferred outflows - payments subsequent to measurement date	3,143,435
Net pension liability	(63,789,686)
Restated net position at July 1, 2014	\$ (9,007,361)

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2015 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
District management activities	\$ 31,232
Auxiliary	4,466
Public school preschool	17,026
Race to the top	13,326
Title VI-B	116,129
Title I	74,597
Title II-A	1,405
Miscellaneous federal grants	97

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

A. Cash and Cash Equivalents with Escrow Agents

At fiscal year end, the School District had \$318,767 in escrow accounts for retainage obligations related to the Ohio School Facilities Construction project. The balance in these accounts are reported as cash and cash equivalents with escrow agents on the School District's Balance Sheet and Statement of Net Position and are included in the amount of deposits with financial institutions below.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all School District deposits was \$17,381,291. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2015, \$17,338,967 of the School District’s bank balance of \$18,008,391 was exposed to custodial risk as discussed below, while \$669,424 was covered by the FDIC.

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

C. Investments

As of June 30, 2015, the School District had the following investments and maturities:

<u>Investment</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>More than 24 months</u>
FFCB	\$ 1,017,038	\$ -	\$ -	\$ -	\$ 501,945	\$ 515,093
FHLB	1,000,405	-	1,000,405	-	-	-
FHLMC	2,002,620	-	-	-	501,115	1,501,505
FNMA	999,000	-	-	-	-	999,000
Negotiable CD's	250,478	250,478	-	-	-	-
U.S. Government money market	<u>776,538</u>	<u>776,538</u>	-	-	-	-
Total	<u>\$ 6,046,079</u>	<u>\$ 1,027,016</u>	<u>\$ 1,000,405</u>	<u>\$ -</u>	<u>\$ 1,003,060</u>	<u>\$ 3,015,598</u>

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

Credit Risk: The School District’s investment in federal agency securities were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. The School District’s investments in the U. S. Government money market obtained an AAAM money market rating by Standard & Poor’s. The School District’s investment policy does not specifically address credit risk beyond requiring the School District to only invest in securities authorized by State Statue.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty’s trust department or agent, but not in the School District’s name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School District at June 30, 2015:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
FFCB	\$ 1,017,038	16.82
FHLB	1,000,405	16.55
FHLMC	2,002,620	33.12
FNMA	999,000	16.52
Negotiable CD's	250,478	4.14
U.S. Government money market	<u>776,538</u>	<u>12.84</u>
Total	<u>\$ 6,046,079</u>	<u>99.99</u>

D. Reconciliation of Cash to the Statement of Net Position

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of June 30, 2015:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 17,381,291
Investments	<u>6,046,079</u>
Total	<u>\$ 23,427,370</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 23,121,185
Private purpose trust funds	42,723
Agency funds	<u>263,462</u>
Total	<u>\$ 23,427,370</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund loans receivable/payable consisted of the following at June 30, 2015, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u>\$ 330,000</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide Statement of Net Position.

**XENIA COMMUNITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Due to/from other funds consisted of the following at June 30, 2015, as reported on the fund statement:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 147,981</u>

The primary purpose of the amount due to the general fund from the nonmajor governmental fund was to eliminate negative cash balances. The amount will be repaid once cash is received.

Amounts due to/from between governmental funds are eliminated on the government-wide statements.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Greene County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$1,316,778 in the general fund, \$25,024 in the permanent improvement fund (a nonmajor governmental fund) and \$20,121 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2014 was \$1,804,090 in the general fund, \$24,649 in the permanent improvement fund (a nonmajor governmental fund) and \$31,913 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 629,136,660	96.62	\$ 626,442,760	96.50
Public utility personal	<u>22,025,310</u>	<u>3.38</u>	<u>22,710,730</u>	<u>3.50</u>
Total	<u>\$ 651,161,970</u>	<u>100.00</u>	<u>\$ 649,153,490</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$42.60		\$42.55	
Bond	2.90		3.40	
Permanent improvement	0.80		0.80	
Classroom facilities	0.50		0.50	

NOTE 7 - INCOME TAX

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

NOTE 8 - RECEIVABLES

Receivables at June 30, 2015, consisted of property and income taxes, payment in lieu of taxes, accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

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

Governmental activities:	
Ohio Facilities Construction Commission	\$ 397,260
Medicaid School Program	562,484
State Breakfast Program	1,886
Early Childhood	29,141
Race to the Top	5,454
Title VI-B IDEA	130,841
School Improvement Stimulus A	265,875
School Improvement Competitive	147,294
Title I	218,085
Title II-A	<u>44,729</u>
Total Intergovernmental Receivable	<u>\$ 1,803,049</u>

**XENIA COMMUNITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 450,091	\$ -	\$ -	\$ 450,091
Construction in Progress	-	551,047	-	551,047
Total capital assets, not being depreciated	<u>450,091</u>	<u>551,047</u>	<u>-</u>	<u>1,001,138</u>
<i>Capital assets, being depreciated:</i>				
Buildings and Improvements	85,889,026	151,614	-	86,040,640
Furniture/Equipment/Fixtures	3,795,406	503,735	(2,293)	4,296,848
Vehicles	2,854,993	-	-	2,854,993
Total capital assets, being depreciated	<u>92,539,425</u>	<u>655,349</u>	<u>(2,293)</u>	<u>93,192,481</u>
<i>Less: accumulated depreciation:</i>				
Buildings and Improvements	(12,385,954)	(1,830,208)	-	(14,216,162)
Furniture/Equipment/Fixtures	(1,682,845)	(631,092)	2,293	(2,311,644)
Vehicles	(2,697,950)	(58,982)	-	(2,756,932)
Total accumulated depreciation	<u>(16,766,749)</u>	<u>(2,520,282)</u>	<u>2,293</u>	<u>(19,284,738)</u>
Governmental activities capital assets, net	<u>\$ 76,222,767</u>	<u>\$ (1,313,886)</u>	<u>\$ -</u>	<u>\$ 74,908,881</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,296,842
Special	238,038
Vocational	12,126
Other	12,195
<u>Support services:</u>	
Pupil	73,852
Instructional staff	29,242
Board of education	1,426
Administration	97,969
Fiscal	24,200
Business	22,130
Operations and maintenance	99,149
Pupil transportation	129,828
Central	6,568
<u>Operation of non-instructional services:</u>	
Other non-instructional services	383,784
Food service operations	20,698
Extracurricular	72,235
Total depreciation expense	<u>\$ 2,520,282</u>

**XENIA COMMUNITY SCHOOL DISTRICT
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NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2015, the School District contracted with Indiana Insurance Company for general liability insurance with \$1,000,000 single occurrence with a \$3,000,000 aggregate. Property is protected by Indiana Insurance. The School District's vehicles are covered under a business policy with Indiana Insurance. Settled claims have not exceeded this commercial coverage in the past three fiscal years. There has been no significant reduction in insurance coverage from last fiscal year.

B. Workers' Compensation

For fiscal year 2015, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting provides administrative, cost control and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$673,217 for fiscal year 2015. Of this amount \$132,529 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$2,682,935 for fiscal year 2015. Of this amount, \$475,676 is reported as pension and postemployment benefits payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 8,522,932	\$ 45,143,903	\$ 53,666,835
Proportion of the net pension liability	0.168406%	0.18559819%	
Pension expense	\$ 497,369	\$ 1,751,157	\$ 2,248,526

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 72,539	\$ 434,608	\$ 507,147
School District contributions subsequent to the measurement date	673,217	2,682,935	3,356,152
Total deferred outflows of resources	\$ 745,756	\$ 3,117,543	\$ 3,863,299
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	\$ 1,383,296	\$ 8,351,793	\$ 9,735,089
Total deferred inflows of resources	\$ 1,383,296	\$ 8,351,793	\$ 9,735,089

\$3,356,152 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	\$ (327,689)	\$ (1,979,296)	\$ (2,306,985)
2017	(327,689)	(1,979,296)	(2,306,985)
2018	(327,689)	(1,979,296)	(2,306,985)
2019	(327,690)	(1,979,297)	(2,306,987)
Total	\$ (1,310,757)	\$ (7,917,185)	\$ (9,227,942)

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

**XENIA COMMUNITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease █ (6.75%)	Current █ Discount Rate (7.75%)	1% Increase █ (8.75%)
School District's proportionate share of the net pension liability	\$12,159,691	\$ 8,522,932	\$ 5,464,103

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

**XENIA COMMUNITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	\$64,628,419	\$ 45,143,903	\$28,666,559

**XENIA COMMUNITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the School District's surcharge obligation was \$87,016.

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$125,363, \$88,245, and \$94,048, respectively. For fiscal year 2015, 82.40 percent has been contributed, with the balance being reported as pension and postemployment benefits payable. The full amount has been contributed for fiscal years 2014 and 2013.

B. State Teachers Retirement System

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$197,006, and \$200,853 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Early Retirement Incentive Program

The School District offers the following retirement incentive program:

Certified Employees:

1. Any employee eligible to retire and has ten years of service with the School District shall receive an incentive of \$3,000 for providing the School District with notification of their retirement on or before March 1. Employees must retire between June 1 and August 1 of that year.
2. Employees who retire in the first year they are eligible, shall receive a monthly payment of \$450, which shall continue for a period of 24 months, to defray the cost of medical insurance.
3. Employees who have earned thirty-five years of service and elect to retire prior to exceeding thirty-six years of service, and notifies the School District by March 1 indicating pending retirement on or before August 31 of that year shall receive a \$10,000 stipend upon retirement. Employees electing the benefit noted in benefit 2 above are not eligible to receive this benefit.
4. \$45,000 retirement incentive if the employee retires in the first year eligible.

**XENIA COMMUNITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 13 - OTHER EMPLOYEE BENEFITS - (Continued)

Administrative Employees:

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

During the year ended June 30, 2015, 14 employees notified the School District of their pending retirement who met the requirements of the retirement incentive program. In addition, the School District had four employees from fiscal year 2014 who they are still paying their monthly payment that help defray the cost of medical insurance. As a result, a liability of \$695,600 has been accrued for the retirement incentive associated with these individuals at June 30, 2015. Of this amount, \$114,968 due in one year and \$580,632 in due in more than one year.

C. Insurance Benefits

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

NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior fiscal years, the School District entered into capital leases for the acquisition of school buses to be used by the students of the School District. Each lease meets the criteria of a capital lease which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The School District made \$222,715 in principal payments on the leases during fiscal year 2015.

Capital assets acquired by lease have been capitalized in the statement of net position for governmental activities in the amount of \$1,174,145, which is equal to the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation on these assets at June 30, 2015, was \$1,103,883 and the carrying value was \$70,262.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2015.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2016	<u>\$ 119,402</u>
Total minimum lease payments	119,402
Less: amount representing interest	<u>(5,324)</u>
Total	<u>\$ 114,078</u>

**XENIA COMMUNITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 15 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2015 were as follows. Long-term obligations were restated at June 30, 2014 as described in Note 3.A.

	Restated Balance			Balance	Amounts Due in
	<u>June 30, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2015</u>	<u>One Year</u>
School Facilities Construction and Improvement Bonds					
Series 2010A, Term Bonds	\$ 14,160,000	\$ -	\$ -	\$ 14,160,000	\$ -
Series 2010B Capital Appreciation Bonds	93,828	-	(50,151)	43,677	27,614
Series 2010B Accredited Interest	1,182,585	840,853	(899,849)	1,123,589	348,967
Series 2010C, Term Bonds	20,305,000	-	(20,305,000)	-	-
Unamortized Premium on Bonds	3,029,741	-	(3,029,741)	-	-
Unamortized Premium on Bonds	194,390	-	(194,390)	-	-
Energy Conservation Notes	1,590,000	-	(115,000)	1,475,000	115,000
Unamortized Premium on Notes	20,722	-	(1,727)	18,995	-
Permanent Improvement Notes	625,000	-	(15,000)	610,000	15,000
Unamortized Premium on Notes	881	-	(33)	848	-
Refunding Bonds, Series 2014	-	18,505,000	-	18,505,000	-
Unamortized Premium on Notes	-	2,381,390	(64,567)	2,316,823	-
Total Loans and Notes	<u>41,202,147</u>	<u>21,727,243</u>	<u>(24,675,458)</u>	<u>38,253,932</u>	<u>506,581</u>
Capital Leases	336,793	-	(222,715)	114,078	114,078
Net Pension Liability	63,789,686	-	(10,122,851)	53,666,835	-
Early Retirement Incentives	-	580,632	-	580,632	-
Compensated Absences	1,963,414	146,741	(226,697)	1,883,458	367,101
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 107,292,040</u>	<u>\$ 22,454,616</u>	<u>\$ (35,247,721)</u>	<u>\$ 94,498,935</u>	<u>\$ 987,760</u>

School Facilities Construction and Improvement Bonds - On July 28, 2010, the School District paid off its school facilities construction and improvement notes with proceeds from bonds and long-term notes. The School District issued a total of \$34,664,982 in bonds and notes. Principal and interest is paid from the debt fund (a nonmajor governmental fund). At June 30, 2015, there were \$386,735 in unspent proceeds.

A. 2010A - The School District issued \$14,160,000 in school facilities construction and improvement qualified school construction bonds (QSCB) with a 6% interest rate. The final maturity is June 1, 2027.

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

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

Fiscal Year Ending June 30,	Series 2010A Bonds		
	Principal	Interest	Total
2016	\$ -	\$ 849,600	\$ 849,600
2017	810,000	849,600	1,659,600
2018	1,170,000	849,600	2,019,600
2019	1,180,000	849,600	2,029,600
2020	1,190,000	849,600	2,039,600
2021 - 2025	6,800,000	4,248,000	11,048,000
2026 - 2027	3,010,000	1,699,200	4,709,200
Total	<u>\$ 14,160,000</u>	<u>\$ 10,195,200</u>	<u>\$ 24,355,200</u>

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

Capital appreciation bonds are shown in the table below at original principal amount. While the original principal amount was \$189,982, the accreted value at maturity of the capital appreciation bonds will be \$4,210,000 with bonds maturing December 1, 2015 through 2017. Total accreted interest of \$1,123,589 has been included on the statement of net position at June 30, 2015.

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

Fiscal Year Ending June 30,	Series 2010 B Capital Appreciation Bonds		
	Principal	Interest	Total
2016	\$ 27,614	\$ 1,002,386	\$ 1,030,000
2017	14,301	1,035,699	1,050,000
2018	1,762	253,238	255,000
Total	<u>\$ 43,677</u>	<u>\$ 2,291,323</u>	<u>\$ 2,335,000</u>

- C. 2010C** - The School District issued \$20,305,000 in current interest Build America bonds (BAB) with interest rates ranging from 6.25% to 6.6%. These bonds were refunded by the Series 2014 refunding bonds. There is no further obligation on this debt.

**XENIA COMMUNITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

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

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

Fiscal Year	<u>Series 2011 A Energy Conservation Notes</u>		
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 115,000	\$ 50,206	\$ 165,206
2017	120,000	47,413	167,413
2018	120,000	44,262	164,262
2019	125,000	40,737	165,737
2020	125,000	36,832	161,832
2021 - 2025	710,000	105,600	815,600
2026	<u>160,000</u>	<u>3,200</u>	<u>163,200</u>
Total	<u>\$ 1,475,000</u>	<u>\$ 328,250</u>	<u>\$ 1,803,250</u>

Permanent Improvement Notes 2011 B - On May 12, 2011, the School District issued \$675,000 in permanent improvement notes for the purpose of acquiring and constructing permanent improvements. The notes carry interest rates between 4.50% and 5.50% and have a final maturity on December 1, 2040. The bonds will be paid with proceeds received from a permanent improvement levy out of the permanent improvement (a nonmajor governmental) fund. At June 30, 2015, there were \$600,050 in unspent proceeds.

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

Fiscal Year	<u>Series 2011 B Permanent Improvement Notes</u>		
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 15,000	\$ 30,113	\$ 45,113
2017	15,000	29,437	44,437
2018	15,000	28,763	43,763
2019	15,000	28,087	43,087
2020	15,000	27,413	42,413
2021 - 2025	95,000	124,737	219,737
2026 - 2030	115,000	101,738	216,738
2031 - 2035	125,000	72,042	197,042
2036 - 2040	160,000	33,825	193,825
2041	<u>40,000</u>	<u>1,100</u>	<u>41,100</u>
Total	<u>\$ 610,000</u>	<u>\$ 477,255</u>	<u>\$ 1,087,255</u>

**XENIA COMMUNITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

Capital leases will be paid from the general fund. Compensated absences will be paid from the general fund and the following nonmajor governmental funds: the Title I fund, Title VI-B fund, Title II fund, School Improvement Grant fund, Miscellaneous Grant fund, Food Service fund and Auxiliary fund. See Note 11 for details on the net pension liability.

Series 2014 Refunding Bonds - On October 2, 2014, the District issued \$18,505,000 in general obligation bonds to refund the \$20,305,000 in Series 2010C bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The bonds mature on December 1, 2040 and bear an annual interest rate of 4.00% - 5.00%. The source of payment is derived from a current bonded debt tax levy. Principal and interest payments are due on December 1 and June 1 each year. The balance of the refunded bonds at June 30, 2015 was \$20,305,000.

The net carrying amount of the old debt exceeded the reacquisition price by \$2,612,175. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2040. This advance refunding was undertaken to reduce the combined total debt service payments over the next 26 years by \$655,858 and resulted in an economic gain of \$658,452.

The following is a summary of the future debt service requirements to maturity for the Series 2014 refunding bonds:

Fiscal Year Ending June 30,	Current Interest Bonds		
	Principal	Interest	Total
2016	\$ -	\$ 884,050	\$ 884,050
2017	-	884,050	884,050
2018	-	884,050	884,050
2019	-	884,050	884,050
2020	-	884,050	884,050
2021 - 2025	-	4,420,250	4,420,250
2026 - 2030	1,920,000	4,344,450	6,264,450
2031 - 2035	6,155,000	3,400,575	9,555,575
2036 - 2040	8,410,000	1,599,250	10,009,250
2041	2,020,000	50,500	2,070,500
Total	\$ 18,505,000	\$ 18,235,275	\$ 36,740,275

**XENIA COMMUNITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the School District. The assessed valuation used in determining the School District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2015 are a voted debt margin of \$26,122,553, including available funds of \$407,416, an unvoted debt margin of \$643,153 and an energy conservation debt margin of \$4,367,381.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS

A. Jointly Governed Organizations

Miami Valley Educational Computer Association - The School District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark, Clinton, Fayette, Greene, Madison and Highland Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Governing Board of MVECA consists of seven representatives from the member districts elected by majority vote of all charter member school districts with in each county plus one representative from the fiscal agent and the executive director. The School District paid MVECA \$83,643 for services provided during the fiscal year. Financial information can be obtained from Thor Sage, Executive Director, at MVECA at 330 East Enon Road, Yellow Springs, Ohio 45387.

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

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2015, the School District paid \$47,252 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Vandalia, OH 45377.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS -
(Continued)**

Greene County Career Center - The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected Boards, which possesses its own budgeting and taxing authority. During fiscal year 2015, the School District did not make payments to the Greene County Career Center. To obtain financial information, write to the Greene County Career Center, Eva Anderson, who serves as Treasurer, at 2960 W. Enon Road, Xenia, Ohio 45385.

B. Insurance Purchasing Pool

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

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 3,391,234
Net adjustment for revenue accruals	(695,573)
Net adjustment for expenditure accruals	(46,698)
Net adjustment for other sources/uses	326,609
Funds budgeted elsewhere	120,787
Adjustment for encumbrances	<u>1,381,038</u>
GAAP basis	<u>\$ 4,477,397</u>

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

NOTE 18 - CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 19-SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2014	\$ -
Current year set-aside requirement	736,872
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	-
Excess qualified expenditures from prior years	-
Current year offsets	(809,702)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (72,830)</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2015	<u>\$ -</u>

During fiscal years 1999, 2010 and 2011, the School District issued a total of \$39,210,790 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The amount presented for Prior Year Offset from Bond Proceeds is limited to an amount needed to reduce the reserve for capital improvement to \$0. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$39,210,790 at June 30, 2015.

NOTE 20 - OTHER COMMITMENTS

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

	<u>Year-End Encumbrances</u>
<u>Fund</u>	
General fund	\$ 1,249,307
Other governmental	<u>919,952</u>
Total	<u>\$ 2,169,259</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

	2014	2013
School District's proportion of the net pension liability	0.16840600%	0.16840600%
School District's proportionate share of the net pension liability	\$ 8,522,932	\$ 10,014,564
School District's covered-employee payroll	\$ 4,893,535	\$ 3,384,892
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.17%	295.86%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

Amounts presented as of the School District's measurement date which is the prior fiscal year.

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

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	2014	2013
School District's proportion of the net pension liability	0.18559819%	0.18559819%
School District's proportionate share of the net pension liability	\$ 45,143,903	\$ 53,775,122
School District's covered-employee payroll	\$ 18,963,008	\$ 20,085,292
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	267.73%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

Amounts presented as of the School District's measurement date which is the prior fiscal year.

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

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 673,217	\$ 678,244	\$ 468,469	\$ 797,405
Contributions in relation to the contractually required contribution	<u>(673,217)</u>	<u>(678,244)</u>	<u>(468,469)</u>	<u>(797,405)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	\$ 5,107,868	\$ 4,893,535	\$ 3,384,892	\$ 5,928,662
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 776,326	\$ 1,127,067	\$ 693,332	\$ 604,786	\$ 683,350	\$ 612,766
<u>(776,326)</u>	<u>(1,127,067)</u>	<u>(693,332)</u>	<u>(604,786)</u>	<u>(683,350)</u>	<u>(612,766)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,176,022	\$ 8,323,981	\$ 7,046,057	\$ 6,158,717	\$ 6,398,408	\$ 5,791,739
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

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

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 2,682,935	\$ 2,465,191	\$ 2,611,088	\$ 2,783,345
Contributions in relation to the contractually required contribution	<u>(2,682,935)</u>	<u>(2,465,191)</u>	<u>(2,611,088)</u>	<u>(2,783,345)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	\$ 19,163,821	\$ 18,963,008	\$ 20,085,292	\$ 21,410,346
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 3,212,896	\$ 3,201,298	\$ 3,098,554	\$ 2,919,536	\$ 2,724,205	\$ 2,645,543
<u>(3,212,896)</u>	<u>(3,201,298)</u>	<u>(3,098,554)</u>	<u>(2,919,536)</u>	<u>(2,724,205)</u>	<u>(2,645,543)</u>
<u>\$ -</u>					
\$ 24,714,585	\$ 24,625,369	\$ 23,835,031	\$ 22,457,969	\$ 20,955,423	\$ 20,350,331
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statement for the methods and assumptions in this calculation.

SUPPLEMENTARY INFORMATION

XENIA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Child Nutrition Grant Cluster:			
(D) (E) School Breakfast Program	10.553	2014	\$ 284,965
(D) (E) National School Lunch Program	10.555	2014	950,323
(C) (D) National School Lunch Program - Food Donation	10.555	2014	107,988
Total National School Lunch Program			1,058,311
(D) (E) Summer Food Service Program for Children	10.559	2014	2,027
Total U.S. Department of Agriculture and Child Nutrition Grant Cluster			1,345,303
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
(G) Title I Grants to Local Educational Agencies	84.010	2014	424,608
(G) Title I Grants to Local Educational Agencies	84.010	2015	1,301,032
Total Title I Grants to Local Educational Agencies			1,725,640
Special Education Grant Cluster:			
(F) (G) Special Education_Grants to States	84.027	2014	170,827
(F) (G) Special Education_Grants to States	84.027	2015	896,965
Total Special Education _Grants to States			1,067,792
(F) (G) Special Education_Preschool Grants	84.173	2014	3,367
(F) (G) Special Education_Preschool Grants	84.173	2015	28,286
Total Special Education_Preschool Grants			31,653
Total Special Education Grant Cluster			1,099,445
(G) Education for Homeless Children and Youth	84.196	2014	173
(G) Education for Homeless Children and Youth	84.196	2015	60,661
Total Education for Homeless Children and Youth			60,834
School Improvement Grants	84.377A	2015	156,159
(G) Improving Teacher Quality State Grants	84.367	2014	32,057
(G) Improving Teacher Quality State Grants	84.367	2015	227,391
Total Improving Teacher Quality State Grants			259,448
(G) ARRA - Race to the Top, Recovery Act	84.395A	2014	16,442
(G) ARRA - Race to the Top, Recovery Act	84.395A	2015	15,368
ARRA - Race to the Top, Recovery Act - My Voice & Cultural Competency	84.395A	2014	100,445
ARRA - Race to the Top, Recovery Act - Peer Assistance and Review (PAR) Grant	84.395A	2014	5,828
Total ARRA - Race to the Top, Recovery Act			138,083
Total U.S. Department of Education			3,439,609
Fund for the Improvement of Education	84.215	N/A	7,742
Total Federal Financial Assistance			\$ 4,792,654

-Continued

**XENIA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

- (A) OAKS did not assign pass-through numbers for fiscal year 2015.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (D) Included as part of "Child Nutrition Grant Cluster" in determining major programs.
- (E) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (F) Included as part of "Special Education Grant Cluster" in determining major programs.
- (G) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2015, the ODE authorized the following transfers:

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Title I Grants to Local Educational Agencies	84.010	2014	\$ 3,948	
Title I Grants to Local Educational Agencies	84.010	2015		\$ 3,948
Special Education_Grants to States	84.027	2014	28,783	
Special Education_Grants to States	84.027	2015		28,783
Special Education_Preschool Grants	84.173	2014	3,084	
Special Education_Preschool Grants	84.173	2015		3,084
Education for Homeless Children and Youth	84.196	2014	1,199	
Education for Homeless Children and Youth	84.196	2015		1,199
Improving Teacher Quality State Grants	84.367	2014	4,319	
Improving Teacher Quality State Grants	84.367	2015		4,319
ARRA - Race to the Top, Recovery Act	84.395A	2014	12,377	
ARRA - Race to the Top, Recovery Act	84.395A	2015		12,377
			<u>\$ 53,710</u>	<u>\$ 53,710</u>



Julian & Grube, Inc.

Serving Ohio Local Governments

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

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Xenia Community School District, Greene County, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Xenia Community School District's basic financial statements and have issued our report thereon dated December 23, 2015, wherein we noted as discussed in Note 3, the Xenia Community School District adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

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

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

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

Board of Education
Xenia Community School District

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 23, 2015



Julian & Grube, Inc.

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

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Xenia Community School District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Xenia Community School District's major federal programs for the fiscal year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Xenia Community School District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Xenia Community School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2015.

Board of Education
Xenia Community School District

Report on Internal Control Over Compliance

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

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

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

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



Julian & Grube, Inc.
December 23, 2015

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Child Nutrition Grant Cluster: School Breakfast Program (CFDA #10.553), National School Lunch Program (CFDA #10.555) and Summer Food Service Program for Children (CFDA # 10.559); Title I Grants to Local Educational Agencies (CFDA #84.010);
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



Dave Yost • Auditor of State

XENIA COMMUNITY SCHOOL DISTRICT

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 31, 2016**