
Xenia Community School District
Greene County, Ohio

Basic Financial Statements

June 30, 2009

(with Independent Auditors' Report)



Mary Taylor, CPA
Auditor of State

Board of Education
Xenia Community School District
578 East Market Street
Xenia, Ohio 45385

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 3, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Education
Xenia Community School District
578 East Market Street
Xenia, Ohio 45385

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Xenia Community School District (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2009, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 10, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Clark, Schaefer, Hachett & Co." The signature is written in a cursive style with a large initial 'C' and a stylized ampersand at the end.

Springfield, Ohio
December 31, 2009

Xenia Community School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

The discussion and analysis of Xenia Community School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. 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 notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- For governmental activities, net assets decreased \$645,387, which represents an 4 percent decrease from 2008. Net assets of business-type activities decreased \$19,524 or 11.6 percent from 2008.
- General revenues and transfers accounted for \$44,607,411 in revenue or 87 percent of all governmental revenues. Program specific revenues in the form of charges for services, operating grants and contributions and interest and capital grants and contributions accounted for \$6,918,733 or 13 percent of total governmental revenues of \$51,526,144.
- The School District had \$52,171,531 in expenses related to governmental activities; only \$6,918,733, of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and unrestricted state aid) and transfers of \$44,607,411 were able to provide for these programs.
- The General Fund had \$45,134,796 in revenues and \$46,123,803 in expenditures. The General Fund's balance decreased \$927,437 from 2008.
- Net assets for business-type activities decreased \$19,524 due to an increase in salaries and fringe benefits. Total business-type expenses were \$2,001,378; \$1,952,661 received in program revenues contributed to covering these expenses.

Using this Generally Accepted Accounting Principles Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Xenia Community 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 Assets 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 Xenia Community School District, the General Fund is by far the most significant fund.

Xenia Community School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Reporting the School District as a Whole

Statement of Net Assets 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 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets 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, and some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental Activities – Most of the School District's programs and services are reported here including instruction, support service, operation and maintenance of plant, pupil transportation and extracurricular activities.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's food service, Pre-school, and uniform school supplies program are reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements 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 only major 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 fiscal year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the 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

Xenia Community School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

(reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the School District as a whole. Internal service funds are used to report activities that provide services to the School District's other programs or functions.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not used to support the School District's own programs. Fiduciary fund reporting focuses on net assets and changes in net assets.

The School District as a Whole

Governmental Activities

Table 1 provides a summary of the School District's net assets for 2009 compared to 2008:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
Assets						
Current and Other Assets	\$30,120,825	\$30,008,352	\$327,505	\$333,674	\$30,448,330	\$30,342,026
Capital Assets	12,909,770	12,577,511	65,096	58,753	12,974,866	12,636,264
Total Assets	<u>43,030,595</u>	<u>42,585,863</u>	<u>392,601</u>	<u>392,427</u>	<u>43,423,196</u>	<u>42,978,290</u>
Liabilities						
Long-Term Liabilities	4,734,229	4,422,835	70,346	86,815	4,804,575	4,509,650
Other Liabilities	22,396,573	22,908,622	154,202	157,083	22,550,775	23,065,705
Total Liabilities	<u>27,130,802</u>	<u>27,331,457</u>	<u>224,548</u>	<u>243,898</u>	<u>27,355,350</u>	<u>27,575,355</u>
Net Assets						
Invested in Capital						
Assets, Net of Debt	10,814,192	10,481,909	65,096	58,753	10,879,288	10,540,662
Restricted	1,660,776	1,789,336	0	0	1,660,776	1,789,336
Unrestricted	3,424,825	2,983,161	102,957	89,776	3,527,782	3,072,937
Total Net Assets	<u>\$15,899,793</u>	<u>\$15,254,406</u>	<u>\$168,053</u>	<u>\$148,529</u>	<u>\$16,067,846</u>	<u>\$15,402,935</u>

Contributing to the decrease in governmental assets was a decrease in equity in pooled cash and cash equivalents of \$518,824. Other liabilities increased during fiscal year 2009 due to increases in accrued wages and intergovernmental payables as salaries and fringe benefits increased. In addition, matured compensated absences and early retirement incentive liabilities were higher in fiscal year 2009. The School District had eleven employees elect the early retirement incentive during fiscal year 2009 versus six in fiscal year 2008. Long-term liabilities decreased as the School District continues to make payments

Xenia Community School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

on its energy conservation loan and employees elect to retire under the early retirement incentive program. Governmental activities, unrestricted net assets are the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements. Unrestricted assets for governmental activities decreased \$441,664.

Table 2 shows the changes in net assets for fiscal year 2008 and 2009.

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
Revenues						
Program Revenues:						
Charges for Services	\$1,244,264	\$1,027,752	\$866,286	\$818,102	\$2,110,550	\$1,845,854
Operating Grants and Contributions	5,682,786	5,838,131	1,058,001	1,134,559	6,740,787	6,972,690
Capital Grants and Contributions	42,493	52,850	0	0	42,493	52,850
Total Program Revenues	6,969,543	6,918,733	1,924,287	1,952,661	8,893,830	8,871,394
General Revenues						
Property Taxes and Income Taxes	21,917,417	22,751,207	0	0	21,917,417	22,751,207
Grants and Entitlements Not Restricted	21,261,872	21,671,217	0	0	21,261,872	21,671,217
Other	347,881	209,987	4,849	4,193	352,730	214,180
Transfers	(25,000)	(25,000)	25,000	25,000	0	0
Total General Revenues and Transfers	43,502,170	44,607,411	29,849	29,193	43,532,019	44,636,604
Total Revenues	50,471,713	51,526,144	1,954,136	1,981,854	52,425,849	53,507,998
Program Expenses						
Instruction	29,159,215	30,833,999	0	0	29,159,215	30,833,999
Support Services:						
Pupils and Instructional Staff	6,760,156	7,385,685	0	0	6,760,156	7,385,685
Board of Education, Administration, Fiscal and Business	5,505,332	5,304,982	0	0	5,505,332	5,304,982
Operation and Maintenance of Plant	3,434,794	3,751,404	0	0	3,434,794	3,751,404
Pupil Transportation	2,993,064	2,950,185	0	0	2,993,064	2,950,185
Central	354,191	376,753	0	0	354,191	376,753
Operation of Non-Instructional Services	392,885	497,913	0	0	392,885	497,913
Extracurricular Activities	1,010,829	955,911	0	0	1,010,829	955,911
Interest and Fiscal Charges	122,898	114,699	0	0	122,898	114,699
Food Service	0	0	1,895,000	1,930,482	1,895,000	1,930,482
Uniform School Supplies	0	0	15,060	56,275	15,060	56,275
Pre-School	0	0	69,055	14,621	69,055	14,621
Total Expenses	49,733,364	52,171,531	1,979,115	2,001,378	51,712,479	54,172,909
Increase (Decrease) in Net Assets	\$738,349	(\$645,387)	(\$24,979)	(\$19,524)	\$713,370	(\$664,911)

Governmental Activities

The School District's income tax revenue fell during fiscal year 2009 as a result of the slow economy; however, property tax increases offset the decrease in income tax. Operating grants and contributions increased as a result of the receipt of a \$996,904 Greene County History Grant. However, the School District grant award amounts for Title VI-B fell almost \$445,000, Title I fell \$250,000, and the School District did not receive the 21st Century Grant of \$234,000 during fiscal year 2009.

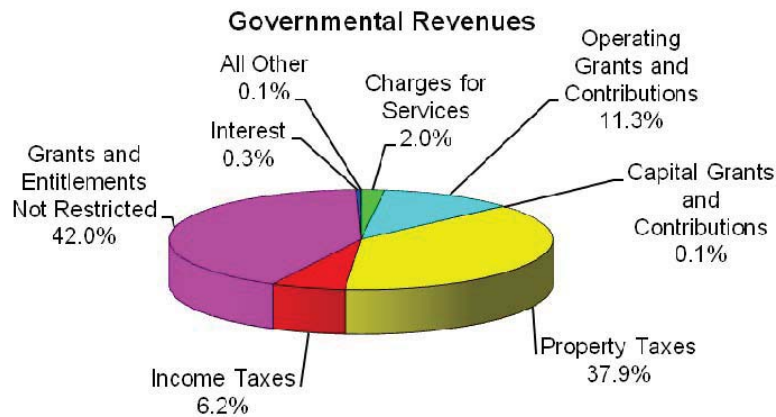
Xenia Community School District
Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2009

Capital grants and contributions increased because the School District bus allocation from the State increased during fiscal year 2009.

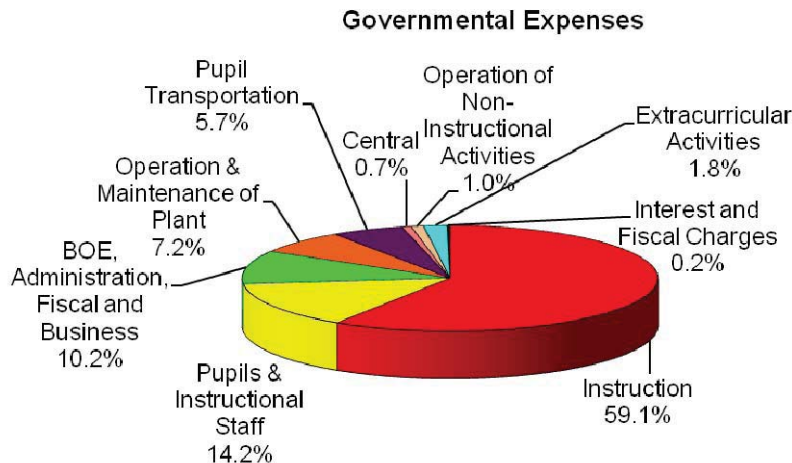
Interest revenue, which is shown with other, decreased as interest rates fell during 2009.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for the School District operations. The overall revenue generated by a voted levy does not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.

The School District, dependent upon property taxes, is hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 38.4 percent of revenues for governmental activities for the Xenia Community School District for fiscal year 2009. Income taxes added another 6.3 percent. Grants and entitlements not restricted, the School District's largest source of revenues consists largely of state foundation monies.



Instruction comprises 59.1 percent of School District expenses. Support services expenses make up 37.9 percent of expenses.



Xenia Community School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows 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 entitlements.

Table 3
Total and Cost of Program Services
Governmental Activities

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2009	Net Cost of Services 2009
Instruction	\$29,159,215	(\$24,801,616)	\$30,833,999	(\$26,703,716)
Support Services:				
Pupils and Instructional Staff	6,760,156	(5,446,797)	7,385,685	(6,382,731)
Board of Education, Administration, Fiscal and Business	5,505,332	(5,327,171)	5,304,982	(5,176,960)
Operation and Maintenance of Plant	3,434,794	(3,423,164)	3,751,404	(3,746,404)
Pupil Transportation	2,993,064	(2,875,359)	2,950,185	(2,848,583)
Central	354,191	(307,456)	376,753	(332,669)
Operation of Non-Instructional Services	392,885	248,383	497,913	33,869
Extracurricular Activities	1,010,829	(707,743)	955,911	(691,199)
Interest and Fiscal Charges	122,898	(122,898)	114,699	(114,699)
Total Expenses	<u>\$49,733,364</u>	<u>(\$42,763,821)</u>	<u>\$52,171,531</u>	<u>(\$45,963,092)</u>

The dependence upon state foundation and tax revenues is apparent. Approximately 87 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 88 percent. The community, as a whole, provides significant support for the Xenia Community School District.

Business-Type Activities

Net assets of business-type activities decreased \$19,524 during fiscal year 2009. This was despite a \$25,000 transfer from the general fund for the uniform school supplies program.

Business-type activities include food service, uniform school supplies and pre-school. Management anticipates future general fund support to business-type activities.

The School District's Funds

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$51,047,849 and expenditures of \$52,617,243. The net change in fund balance for the School District's operating fund, the General Fund, was a decrease of \$927,437. Income taxes decreased with the slow economy. Interest revenue decreased with the decline in interest rates. Intergovernmental revenues increases offset these declines. Expenditures increased as salaries were higher than previous year.

Xenia Community School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

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.

The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, final budgeted revenue was \$932,828 over the original budgeted revenue estimate due to increases in property tax estimates.

Expenditures were tightly monitored which enabled actual expenditures to be \$1,145,858 under the final appropriations.

Capital Assets

At the end of fiscal year 2009, the School District had \$12,577,511 invested in governmental capital assets.

Table 4 shows fiscal year 2009 balances compared to 2008.

Table 4
Capital Assets at June 30,

	Governmental Activities		Business-Type Activities	
	2008	2009	2008	2009
Land	\$450,091	\$450,091	\$0	\$0
Buildings and Improvements	25,969,411	25,991,031	0	0
Other Improvements	280,780	287,129	0	0
Infrastructure	17,125	17,125	0	0
Furniture/Equipment/Fixtures	8,499,727	8,884,585	495,901	495,901
Vehicles	2,656,633	2,931,193	41,218	41,218
Less: Accumulated Depreciation	<u>(24,963,997)</u>	<u>(25,983,643)</u>	<u>(472,023)</u>	<u>(478,366)</u>
	<u>\$12,909,770</u>	<u>\$12,577,511</u>	<u>\$65,096</u>	<u>\$58,753</u>

In fiscal year 2009, capital asset depreciation expense exceeded capital asset additions for governmental capital assets. The School District's governmental assets additions included computers, buses, core aerator, smart boards, scrubbers, and football and volleyball equipment. See accompanying notes to the basic financial statements for more capital asset information.

Xenia Community School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Debt Administration

Table 5 summarizes the debt outstanding:

Table 5
Outstanding Debt at June 30,

	<u>2008</u>	<u>2009</u>
Energy Conservation Loan	\$940,000	\$805,000
Capital Leases	1,155,578	1,290,602
Totals	<u>\$2,095,578</u>	<u>\$2,095,602</u>

The School District's overall legal debt margin was \$61,175,981, the energy conservation debt margin was \$5,312,598 and the un-voted debt margin was \$679,733 at June 30, 2009.

Additional debt information can be found in the notes to the basic financial statements.

Current Financial Issues and Concerns

Xenia Community School District passed a 7.9 mill operation levy in March 2004. The revenue from this levy helped strengthen the School District's financial position. As the preceding information shows, the School District depends heavily on its property taxpayers. With the passage of a 7.9 mill operating levy and collection beginning in January 2005, the School District will be able to continue in its educational programs.

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. This levy will provide \$34,670,000 to finance the local portion of the \$125.4 million school construction project. The remainder of the financing will come from the Ohio School Facilities Commission. The new schools will be 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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Rosalie Townsend, Treasurer at Xenia Community School District, 578 East Market Street, Xenia, Ohio 45385.

Xenia Community School District

Statement of Net Assets

June 30, 2009

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$8,721,894	\$164,329	\$8,886,223
Accounts Receivable	28,665	4,151	32,816
Intergovernmental Receivable	1,239,027	158,869	1,397,896
Inventory Held for Resale	0	14,218	14,218
Internal Balances	8,792	(8,792)	0
Prepaid Assets	9,079	899	9,978
Income Taxes Receivable	1,186,933	0	1,186,933
Property Taxes Receivable	18,813,962	0	18,813,962
Depreciable Capital Assets, Net	12,127,420	58,753	12,186,173
Nondepreciable Capital Assets	450,091	0	450,091
Total Assets	<u>42,585,863</u>	<u>392,427</u>	<u>42,978,290</u>
Liabilities:			
Accounts Payable	307,650	1,880	309,530
Accrued Wages and Benefits Payable	3,737,518	106,117	3,843,635
Intergovernmental Payable	1,360,866	49,086	1,409,952
Unearned Income	16,944,545	0	16,944,545
Accrued Interest Payable	3,757	0	3,757
Matured Compensated Absences Payable	384,036	0	384,036
Early Retirement Incentive	170,250	0	170,250
Long Term Liabilities:			
Due Within One Year	671,292	0	671,292
Due In More Than One Year	3,751,543	86,815	3,838,358
Total Liabilities	<u>27,331,457</u>	<u>243,898</u>	<u>27,575,355</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	10,481,909	58,753	10,540,662
Restricted for:			
Capital Projects	161,779	0	161,779
Other Purposes	1,613,088	0	1,613,088
Bus Purchases	14,469	0	14,469
Unrestricted	2,983,161	89,776	3,072,937
Total Net Assets	<u>\$15,254,406</u>	<u>\$148,529</u>	<u>\$15,402,935</u>

See Accompanying Notes to the Basic Financial Statements

Xenia Community School District
Statement of Activities
 For the Fiscal Year Ended June 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$21,027,137	\$296,608	\$0	(\$20,206,344)	\$0	(\$20,206,344)
Special	7,268,488	1,613,160	0	(5,497,755)	0	(5,497,755)
Vocational	559,380	80,447	0	(478,933)	0	(478,933)
Student Intervention Services	1,599,464	1,458,310	0	(141,154)	0	(141,154)
Other	379,530	0	0	(379,530)	0	(379,530)
Support Services:						
Pupils	3,680,457	78,817	0	(3,601,640)	0	(3,601,640)
Instructional Staff	3,705,228	1,634,431	0	(2,070,797)	0	(2,070,797)
Board of Education	30,172	0	0	(30,172)	0	(30,172)
Administration	3,969,956	72,692	0	(3,897,264)	0	(3,897,264)
Fiscal	614,423	4,113	0	(585,647)	0	(585,647)
Business	690,431	0	0	(663,877)	0	(663,877)
Operation and Maintenance of Plant	3,751,404	5,000	0	(3,746,404)	0	(3,746,404)
Pupil Transportation	2,950,185	45,374	52,850	(2,848,583)	0	(2,848,583)
Central	376,753	0	0	(332,669)	0	(332,669)
Operation of Non-Instructional Services	497,913	531,782	0	33,869	0	33,869
Extracurricular Activities	955,911	20,309	0	(691,199)	0	(691,199)
Interest and Fiscal Charges	114,699	0	0	(114,699)	0	(114,699)
Total Governmental Activities	52,171,531	5,838,131	52,850	(45,252,798)	0	(45,252,798)
Business-Type Activities:						
Food Service	1,930,482	773,513	0	0	(22,410)	(22,410)
Uniform School Supplies	56,275	33,528	0	0	(22,747)	(22,747)
Pre-School	14,621	11,061	0	0	(3,560)	(3,560)
Total Business-Type Activities	2,001,378	1,134,559	0	0	(48,717)	(48,717)
Totals	\$54,172,909	\$6,972,690	\$52,850	(45,252,798)	(48,717)	(45,301,515)
General Revenues and Transfers:						
Property Taxes Levied for:						
General Purposes				19,146,600	0	19,146,600
Capital Outlay				385,177	0	385,177
Income Tax				3,219,430	0	3,219,430
Payments in Lieu of Taxes				23,394	0	23,394
Grants and Entitlements not Restricted to Specific Programs				21,671,217	0	21,671,217
Investment Earnings				177,450	88	177,538
Miscellaneous				9,143	4,105	13,248
Transfers				(25,000)	25,000	0
Total General Revenues and Transfers				44,607,411	29,193	44,636,604
Change in Net Assets				(645,387)	(19,524)	(664,911)
Net Assets Beginning of Year				15,899,793	168,053	16,067,846
Net Assets End of Year				\$15,254,406	\$148,529	\$15,402,935

See Accompanying Notes to the Basic Financial Statements

Xenia Community School District

Balance Sheet

Governmental Funds

June 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$7,104,393	\$1,506,173	\$8,610,566
Receivables:			
Property and Other Taxes	18,462,058	351,904	18,813,962
Income Taxes	1,186,933	0	1,186,933
Accounts	26,194	2,471	28,665
Intergovernmental	74,677	1,164,350	1,239,027
Prepaid Items	8,960	119	9,079
Restricted Asset:			
Equity in Pooled Cash and Cash Equivalents	14,469	0	14,469
Total Assets	\$26,877,684	\$3,025,017	\$29,902,701
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$130,001	\$177,649	\$307,650
Accrued Wages and Benefits Payable	3,399,798	325,578	3,725,376
Intergovernmental Payable	1,029,244	77,381	1,106,625
Interfund Payable	150,039	13,191	163,230
Matured Compensated Absences Payable	366,040	17,996	384,036
Early Retirement Incentive	170,250	0	170,250
Deferred Revenue	17,308,840	1,087,541	18,396,381
Total Liabilities	22,554,212	1,699,336	24,253,548
Fund Balances			
Reserved for Encumbrances	292,223	359,771	651,994
Reserved for Property Taxes	1,153,218	20,076	1,173,294
Reserved for Bus Purchases	14,469	0	14,469
Unreserved, Designated for:			
Budget Reserve	573,354	0	573,354
Unreserved, Undesignated, Reported in:			
General Fund	2,290,208	0	2,290,208
Special Revenue Funds	0	874,533	874,533
Capital Projects Funds	0	71,301	71,301
Total Fund Balances	4,323,472	1,325,681	5,649,153
Total Liabilities and Fund Balances	\$26,877,684	\$3,025,017	\$29,902,701

See Accompanying Notes to the Basic Financial Statements

Xenia Community School District
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2009

Total Governmental Fund Balances \$5,649,153

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	450,091	
Building and Improvements	25,991,031	
Other Improvements	287,129	
Infrastructure	17,125	
Furniture and Equipment	8,884,585	
Vehicles	2,931,193	
Accumulated Depreciation	<u>(25,983,643)</u>	
Total Capital Assets		12,577,511

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property Taxes	696,123	
Intergovernmental	<u>755,713</u>	1,451,836

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Accrued Interest on Loans	(3,757)	
Energy Conservation Loans Payable	(805,000)	
Capital Lease Payable	(1,290,602)	
Compensated Absences	<u>(2,324,735)</u>	<u>(4,424,094)</u>

Net Assets of Governmental Activities \$15,254,406

See Accompanying Notes to the Basic Financial Statements

Xenia Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$18,992,222	\$383,007	\$19,375,229
Income Taxes	3,219,430	0	3,219,430
Tuition and Fees	777,168	0	777,168
Interest	177,450	347	177,797
Intergovernmental	21,854,026	5,289,554	27,143,580
Payments in Lieu of Taxes	23,394	0	23,394
Extracurricular Activities	26,817	217,386	244,203
Charges for Services	51,217	0	51,217
Gifts and Donations	0	22,559	22,559
Rent	5,000	0	5,000
Miscellaneous	8,072	200	8,272
Total Revenues	45,134,796	5,913,053	51,047,849
Expenditures:			
Current:			
Instruction:			
Regular	20,205,297	371,579	20,576,876
Special	5,515,075	1,713,765	7,228,840
Vocational	538,913	0	538,913
Student Intervention Services	1,261	1,547,178	1,548,439
Other	379,530	0	379,530
Support Services:			
Pupils	3,556,110	156,183	3,712,293
Instructional Staff	2,802,971	936,185	3,739,156
Board of Education	29,834	0	29,834
Administration	4,096,987	83,149	4,180,136
Fiscal	639,966	4,051	644,017
Business	685,953	0	685,953
Operation and Maintenance of Plant	3,462,499	132,801	3,595,300
Pupil Transportation	2,656,195	92,401	2,748,596
Central	206,636	158,577	365,213
Operation of Non-Instructional Services	0	539,638	539,638
Extracurricular Activities	680,209	259,012	939,221
Capital Outlay	236,577	348,477	585,054
Debt Service:			
Principal Retirement	321,615	143,290	464,905
Interest and Fiscal Charges	108,175	7,154	115,329
Total Expenditures	46,123,803	6,493,440	52,617,243
Excess of Revenues Under Expenditures	(989,007)	(580,387)	(1,569,394)
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	1,570	0	1,570
Inception of Capital Lease	230,000	234,929	464,929
Transfer In	0	145,000	145,000
Transfer Out	(170,000)	0	(170,000)
Total Other Financing Sources (Uses)	61,570	379,929	441,499
Net Change in Fund Balances	(927,437)	(200,458)	(1,127,895)
Fund Balances at Beginning of Year	5,250,909	1,526,139	6,777,048
Fund Balances at End of Year	<u>\$4,323,472</u>	<u>\$1,325,681</u>	<u>\$5,649,153</u>

See Accompanying Notes to the Basic Financial Statements

Xenia Community School District
*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, 2009*

Net Change in Fund Balances - Total Governmental Funds (\$1,127,895)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	713,716	
Depreciation Expense	<u>(1,044,904)</u>	
Capital Outlay Under Depreciation Expense		(331,188)

Governmental funds report only the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each sale:

Loss on Sale of Capital Assets (1,071)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current fiscal year, these amounts consist of:

Energy Conservation Loans Principal Payments	135,000	
Capital Lease Payments	<u>329,905</u>	464,905

Some revenues that will not be collected for several months after the School District's fiscal year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by these amounts:

Property Taxes	156,548	
Intergovernmental	<u>345,176</u>	501,724

Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability.

(464,929)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in Accrued Interest	630	
Decrease in Compensated Absences	<u>312,437</u>	313,067

Change in Net Assets of Governmental Activities (\$645,387)

See Accompanying Notes to the Basic Financial Statements

Xenia Community School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$18,516,312	\$19,449,140	\$18,729,243	(\$719,897)
Income Taxes	3,233,154	3,233,154	3,308,531	75,377
Tuition and Fees	875,000	875,000	870,751	(4,249)
Interest	275,000	275,000	192,562	(82,438)
Intergovernmental	22,090,220	22,090,220	21,785,753	(304,467)
Payments in Lieu of Taxes	0	0	23,394	23,394
Charges for Services	0	0	51,217	51,217
Extracurricular Activities	30,000	30,000	25,844	(4,156)
Rent	0	0	5,000	5,000
Miscellaneous	120,000	120,000	12,535	(107,465)
Total Revenues	45,139,686	46,072,514	45,004,830	(1,067,684)
Expenditures:				
Instruction:				
Regular	20,624,659	20,776,308	20,059,280	717,028
Special	5,708,662	5,634,669	5,484,470	150,199
Vocational	508,703	548,704	538,501	10,203
Student Intervention Services	0	2,800	1,261	1,539
Other	287,800	353,900	379,530	(25,630)
Support Services:				
Pupils	3,397,460	3,380,666	3,356,327	24,339
Instructional Staff	2,851,486	2,819,495	2,755,085	64,410
Board of Education	29,598	29,598	30,108	(510)
Administration	4,098,203	4,020,606	3,982,368	38,238
Fiscal	605,496	606,998	640,561	(33,563)
Business	690,887	673,437	694,495	(21,058)
Operation and Maintenance of Plant	3,603,982	3,647,902	3,581,892	66,010
Pupil Transportation	2,979,459	2,814,477	2,719,675	94,802
Central	191,225	212,040	212,695	(655)
Extracurricular Activities	712,195	733,382	670,448	62,934
Capital Outlay	6,577	6,577	6,577	0
Debt Service:				
Principal Retirement	426,838	322,342	321,615	727
Interest and Fiscal Charges	125,000	105,020	108,175	(3,155)
Total Expenditures	46,848,230	46,688,921	45,543,063	1,145,858
Excess of Revenues Over (Under) Expenditures	(1,708,544)	(616,407)	(538,233)	78,174
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	1,570	1,570
Refund of Prior Year Expenditures	0	0	294	294
Contingency	(250,000)	(250,000)	0	250,000
Transfers Out	(120,000)	(170,000)	(170,000)	0
Advances In	0	50,000	50,000	0
Total Other Financing Sources (Uses)	(370,000)	(370,000)	(118,136)	251,864
Net Change in Fund Balances	(2,078,544)	(986,407)	(656,369)	330,038
Fund Balance at Beginning of Year	6,951,870	6,951,870	6,951,870	0
Prior Year Encumbrances Appropriated	403,342	403,342	403,342	0
Fund Balance at End of Year	\$5,276,668	\$6,368,805	\$6,698,843	\$330,038

See Accompanying Notes to the Basic Financial Statements

Xenia Community School District

Statement of Fund Net Assets

Proprietary Funds

June 30, 2009

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service Fund
Assets		
<i>Current Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$164,329	\$96,859
Accounts Receivable	4,151	0
Intergovernmental Receivable	158,869	0
Interfund Receivable	0	172,022
Inventory Held for Resale	14,218	0
Prepaid Items	899	0
<i>Total Current Assets</i>	<u>342,466</u>	<u>268,881</u>
 <i>Non-current Assets:</i>		
Depreciable Capital Assets, Net	58,753	0
Total Assets	<u>401,219</u>	<u>268,881</u>
 Liabilities		
<i>Current Liabilities:</i>		
Accounts Payable	1,880	0
Accrued Salaries Payable	106,117	12,142
Intergovernmental Payable	49,086	254,241
Interfund Payable	8,792	0
<i>Total Current Liabilities</i>	<u>165,875</u>	<u>266,383</u>
 <i>Non-current Liabilities:</i>		
Compensated Absences Payable	86,815	2,498
Total Liabilities	<u>252,690</u>	<u>268,881</u>
 Net Assets		
Invested in Capital Assets	58,753	0
Unrestricted	89,776	0
Total Net Assets	<u>\$148,529</u>	<u>\$0</u>

See Accompanying Notes to the Basic Financial Statements

Xenia Community School District
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2009*

	Business-Type Activities <u>Nonmajor Enterprise Funds</u>	Governmental Activities <u>Internal Service Fund</u>
Operating Revenues		
Tuition and Fees	\$11,061	\$0
Charges for Services	807,041	0
Interfund Charges	0	403,116
Other Revenues	4,105	0
Total Operating Revenues	<u>822,207</u>	<u>403,116</u>
Operating Expenses		
Salaries	737,156	29,871
Fringe Benefits	400,050	373,245
Purchased Services	14,180	0
Materials and Supplies	744,552	0
Cost of Sales	99,097	0
Depreciation	6,343	0
Total Operating Expenses	<u>2,001,378</u>	<u>403,116</u>
Operating Loss	<u>(1,179,171)</u>	<u>0</u>
Non-operating Revenues (Expenses)		
Federal Donated Commodities	94,823	0
Intergovernmental	1,039,736	0
Interest	88	0
Total Non-operating Revenues (Expenses)	<u>1,134,647</u>	<u>0</u>
Loss before Transfers	(44,524)	0
Transfers In	<u>25,000</u>	<u>0</u>
Change in Net Assets	(19,524)	0
Net Assets at Beginning of Year	<u>168,053</u>	<u>0</u>
Net Assets at End of Year	<u>\$148,529</u>	<u>\$0</u>

See Accompanying Notes to the Basic Financial Statements

Xenia Community School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Business-Type Activities Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents:		
Cash Flows from Operating Activities		
Cash Received from Customers and Support	\$820,043	\$0
Cash Received from Interfund Charges	0	368,856
Cash Payments for Employee Services	(715,491)	(21,289)
Cash Payments for Employee Benefits	(396,628)	(108,119)
Cash Payments for Goods and Services	(761,911)	(281,933)
Net Cash Used for Operating Activities	<u>(1,053,987)</u>	<u>(42,485)</u>
Cash Flows from Noncapital Financing Activities		
Grants Received	880,867	0
Transfers In	25,000	0
Net Cash Received from Noncapital Financing Activities	<u>905,867</u>	<u>0</u>
Cash Flows from Investing Activities		
Interest on Investments	88	0
Net Decrease in Cash and Cash Equivalents	(148,032)	(42,485)
Cash and Cash Equivalents Beginning of Year	312,361	139,344
Cash and Cash Equivalents End of Year	<u>\$164,329</u>	<u>\$96,859</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating Loss	(\$1,179,171)	\$0
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation	6,343	0
Donated Commodities	94,823	0
Changes in Assets and Liabilities:		
Increase in Accounts Receivable	(2,164)	0
Decrease in Inventory Held for Resale	4,274	0
Increase in Interfund Receivable	0	(34,260)
Decrease in Prepaid Items	1,860	0
Decrease in Accounts Payable	(4,296)	0
Increase in Accrued Salaries Payable	4,180	10,862
Increase in Interfund Payable	698	0
Increase (Decrease) in Intergovernmental Payable	2,997	(20,105)
Increase in Compensated Absences Payable	16,469	1,018
Net Cash Provided Used for Operating Activities	<u>(\$1,053,987)</u>	<u>(\$42,485)</u>

Non-Cash Transaction:

During the fiscal year, the Food Service Enterprise Fund used material and supplies inventory valued at \$94,823. This inventory was donated to the School District and no cash payments were made to acquire the inventory. An expense for the usage was included in the operating loss of the fund and therefore, donated commodities must be recognized as an adjustment to reconcile net cash used for operating activities.

See Accompanying Notes to the Basic Financial Statements

Xenia Community School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$70,337	\$56,296
Liabilities:		
Accounts Payable	0	\$1,306
Undistributed Monies	0	19,394
Due to Students	0	35,596
	0	\$56,296
Net Assets:		
Held in Trust for Scholarships - Non-exendable	25,000	
Held in Trust for Scholarships - Exendable	45,337	
Total Net Assets	\$70,337	

See Accompanying Notes to the Basic Financial Statements

Xenia City School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2009

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$864
Gifts and Contributions	3,350
Total Additions	4,214
Deductions:	
Scholarships Awarded	14,650
Change in Net Assets	(10,436)
Net Assets Beginning of Year	80,773
Net Assets End of Year	\$70,337

See Accompanying Notes to the Basic Financial Statements

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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. This Board controls the School District’s instructional and support facilities that provides services to 5,079 students and other community members. The School District currently operates 7 elementary schools, 2 middle schools (grades 6-8) and 1 high school (grades 9-12).

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Xenia Community 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; 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 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. The School District has no component units.

The School District participates in three jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 15 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

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Xenia Community School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities, business-type activities and propriety funds provided they do not conflict with or contradict GASB pronouncements. The School District has elected not to apply FASB Statements and Interpretations issued after November 30, 1989, to its business-type and to its proprietary funds. The most significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements:

The statement of net assets 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. Internal service fund activity is eliminated to avoid the "doubling up" of revenues and expenses. The government-wide financial statements distinguish between those activities of the School District that are governmental and those that are business-type activities.

The statement of net assets presents the financial condition of the governmental activities and business-type 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 and for the business-type 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 or business activity is self-financing or draws from the general revenues of the School District.

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and enterprise fund 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. 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 three categories: governmental, proprietary and fiduciary.

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 and liabilities 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.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods and services. The School District's enterprise funds are food service, uniform school supply and pre-school.

Internal Service Fund – The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District, or to other governments, on a cost reimbursement basis. The internal service fund of the School District accounts for the collections and disbursements of the workers' compensation premiums.

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Fund Types:

Fiduciary fund reporting focuses on net assets and changes in net assets. 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 unclaimed moneys owed to individuals outside of the school district.

C. Measurement Focus

Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the Statement on Net Assets. The Statement of Activities accounts for increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Fund Financial Statements:

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

The private purpose trust fund is reported using the economic resources measurement focus.

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property and income taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the exchange on which the tax is imposed takes place and revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements and monies from other school districts received before the eligibility requirements are met are also recorded as deferred revenue.

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

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses/Expenditures:

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

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

E. 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 Cash Equivalents."

During fiscal year 2009, the School District invested in Fifth Third Institutional Government Money Market Inst. Class and repurchase agreements. 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 2009 amounted to \$177,450, which includes \$29,821 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.

F. Inventory

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, 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.

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Interfund Balances

On the fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “Interfund Receivables/Payables.” Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balances amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as “Internal Balances”.

I. Capital Assets

General capital assets are those not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in both the business-type activities column of the government-wide statement of net assets and in the respective funds.

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

All reported capital assets except for land 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	50 years
Other Improvements	20 years
Infrastructure	15 years
Furniture	10 years
Equipment	5 years
Fixtures	10 years
Vehicles	10 years

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund 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 and the energy conservation loan are recognized as a liability in the fund financial statements when due.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the 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 "Matured Compensated Absences Payable" in the funds from which the employees will be paid. The non-current portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Fund Balance Reserves and Designations

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Fund balance designations may be established to indicate tentative planned expenditures of financial resources. The designation reflects the School District's intentions and is subject to change. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes and bus purchases. A fund designation has been established for budget stabilization (See Note 16).

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

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Net Assets

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

Net assets restricted for other purposes include activities for music and athletic programs and federal and state grants restricted to expenditures for specified purposes.

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

None of the restricted net assets were restricted by enabling legislation.

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are tuition for preschool, sales for food service and uniform school supplies, and interfund charges for workers' compensation premium. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as non-operating.

O. 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 and after non-operating revenues /expenses in the proprietary funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

P. Estimates

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

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. 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. 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 2009.

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

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

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (continued)

5. The change in the fair market value of investments is not included as revenue on the budget basis operating statement. This amount is included as revenue on the GAAP basis operating statements.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements:

	General
GAAP Basis	(\$927,437)
Revenue Accruals	(130,831)
Expenditure Accruals	771,918
Advances	50,000
Change in Fair Market Value of Investments	1,159
Encumbrances	(421,178)
Budget Basis	(\$656,369)

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 one year 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 and interest by the United States;

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 two percent 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 division (1) or (2) 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 Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest 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.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution in security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

At fiscal year-end, the carrying amount of the School District's deposits was \$1,187,199 and the bank balance was \$1,790,087. \$801,477 of the School District's deposits was insured by federal depository insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$988,610 of the School District's bank balance of \$1,790,087 was exposed to custodial risk as it was uninsured and collateralized by securities held by the institution's trust department.

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Investments

At June 30, 2009, the School District had the following investments.

Investments	Average Maturity	Fair Value
Repurchase Agreement	1 day	\$3,327,580
Fifth Third Institutional Govt Money Market Inst Class	53 days	4,498,077
		<u>\$7,825,657</u>

Interest Rate Risk - The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's investment policy does not further limit its investment choices.

Credit Risk – State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices. The School District's investments in the Fifth Third Institutional Government Money Market is rated AAAM by Standard & Poor's.

Concentration of Credit Risk - The School District places no limits on the amount the School District may invest in any one issuer. More than 5 percent of the School District's investments are in the following:

Investments	Percent
Repurchase Agreement	43%
Fifth Third Institutional Government Money Market	57%

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 possession of an outside party. The School District has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the Treasurer or qualified trustee. The repurchase agreement is exposed to custodial credit risk as it is uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name.

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax receipts received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, 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.

Tangible personal property tax receipts received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes.

Tangible personal property taxes received from telephone companies in calendar year 2009 were levied on October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

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, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, 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 revenue.

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 5 - PROPERTY TAXES (continued)

The amount available as an advance is recognized as revenue. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The amount available as an advance at June 30, 2009, was \$1,153,218 in the General Fund and \$20,076 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2008, was \$890,239 in the General Fund and \$16,367 in the Permanent Improvement Capital Projects Fund.

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

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Property -				
Residential/Agricultural	\$512,097,960	80.85%	\$558,250,140	82.13%
Commercial/Industrial	84,582,830	13.36%	92,664,240	13.63%
Tangible Personal Property	36,682,078	5.79%	28,818,744	4.24%
Total	\$633,362,868	100.00%	\$679,733,124	100.00%
Tax Rate per \$1,000 of Assessed Valuation	\$47.35		\$43.10	

NOTE 6 – INCOME TAX

The School District levies a voted tax of ½ 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, 2011. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 7 - RECEIVABLES

Receivables at June 30, 2009, consisted of property and income taxes, accounts (tuition and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current 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:

Intergovernmental Receivable	Amounts
Governmental Activities:	
High Schools That Work	\$245
Special Education Part B IDEA	158,513
Early Childhood Education	19,569
Title I	160,995
Title I - Delinquent	34,485
School Improvement - Title I	5,295
IDEA ECSE	5,542
Title II-A	30,000
Project More Grant -	2,400
Safe and Drug Free Schools, Tile IV-A	2,639
Greene County History Project	744,667
State Foundation FY 09 adjustments	74,677
Total Governmental Activities	1,239,027
Proprietary Activities:	
Breakfast Reimbursement	1,416
Lunch Reimbursement	144,354
Summer Schools - Food	13,099
Total Proprietary Activities	158,869
Total Intergovernmental Receivable	\$1,397,896

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 8 - CAPITAL ASSETS

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

	Balance 6/30/2008	Additions	Deletions	Balance 6/30/2009
Governmental Assets				
<i>Capital Assets, not being depreciated</i>				
Land	\$450,091	\$0	\$0	\$450,091
<i>Capital Assets, being depreciated</i>				
Building and Improvements	25,969,411	21,620	0	25,991,031
Other Improvements	280,780	6,349	0	287,129
Infrastructure	17,125	0	0	17,125
Furniture/Equipment/Fixtures	8,499,727	396,927	(12,069)	8,884,585
Vehicles	2,656,633	288,820	(14,260)	2,931,193
Total Capital Assets, being depreciated	<u>37,423,676</u>	<u>713,716</u>	<u>(26,329)</u>	<u>38,111,063</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(16,766,328)	(473,771)	0	(17,240,099)
Other Improvements	(71,759)	(8,939)	0	(80,698)
Infrastructure	(5,851)	(856)	0	(6,707)
Furniture/Equipment/Fixtures	(6,695,290)	(352,191)	10,998	(7,036,483)
Vehicles	(1,424,769)	(209,147)	14,260	(1,619,656)
Total Accumulated Depreciation	<u>(24,963,997)</u>	<u>(1,044,904)</u>	<u>25,258</u>	<u>(25,983,643)</u>
Total Capital Assets, being depreciated, net	<u>12,459,679</u>	<u>(331,188)</u>	<u>(1,071)</u>	<u>12,127,420</u>
Governmental Activities Capital Assets, net	<u>\$12,909,770</u>	<u>(\$331,188)</u>	<u>(\$1,071)</u>	<u>\$12,577,511</u>
Business-Type Activities				
<i>Capital Assets, being depreciated</i>				
Furniture and Equipment	\$495,901	\$0	\$0	\$495,901
Vehicles	41,218	0	0	41,218
Total Capital Assets, being depreciated	<u>537,119</u>	<u>0</u>	<u>0</u>	<u>537,119</u>
Less: Accumulated Depreciation				
Furniture and Equipment	(430,804)	(6,343)	0	(437,147)
Vehicles	(41,219)	0	0	(41,219)
Total Accumulated Depreciation	<u>(472,023)</u>	<u>(6,343)</u>	<u>0</u>	<u>(478,366)</u>
Business-Type Activities Capital Assets, net	<u>\$65,096</u>	<u>(\$6,343)</u>	<u>\$0</u>	<u>\$58,753</u>

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 8 - CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$636,562
Special	15,256
Vocational	4,529
Support Services:	
Pupils	9,865
Instructional Staff	10,454
Board of Education	338
Administration	60,001
Fiscal	693
Business	508
Operation and Maintenance of Plant	48,646
Transportation	192,491
Operation of Non-Instructional Services	37,659
Extracurricular Activities	27,902
Total	<u><u>\$1,044,904</u></u>

NOTE 9 - 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 2009, 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 with additional vehicle coverage under Monticello. 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 2009, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 15). 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.

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 9 - RISK MANAGEMENT (Continued)

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

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, up to statutory maximum amounts, by the SERS’ Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rating among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund and Health Care Fund) of the System. For fiscal year 2009, the allocation to pension and death benefits is 9.09 percent of annual covered salary. The remaining 4.91% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District’s required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$693,332, \$604,786, and \$683,350 respectively; 50.33 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio 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. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member’s lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member.

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

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

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$3,098,554, \$2,919,536, and \$2,724,205, respectively; 82.89 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. The School District did not make any contributions to the DC and Combined Plans for fiscal year 2009.

NOTE 11 – POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan.

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999, Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40, SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$57,206, \$43,576, and \$42,230 respectively; 50.33 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

Health Care Plan – ORC 3309.375 and 2209.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2009, the health care allocation is 4.16 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 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 health care surcharge. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund.

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$423,665, \$376,267, and \$306,589 respectively; 50.33 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on the SERS' at www.ohsers.org under employers/audit resources.

B. State Teachers Retirement System of Ohio

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

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 11 – POSTEMPLOYEMENT BENEFITS (Continued)

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$238,350, \$224,580, and \$209,554, respectively; 82.89 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NOTE 12 - 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 and one-third of accrued, but unused sick leave credit to a maximum of 118 days for administrators.

B. Early Retirement Incentive Program

During the fiscal year ended June 30, 2008 and through June 30, 2010, the School District offered a retirement incentive program to its employees who retire for the first time. A summary of the program is as follows:

Certificated Employees:

1. Any employee eligible to retire and has ten year of service with the District shall receive an incentive of \$2,500 for fiscal year 2008 and \$3,000 for fiscal years 2009 and 2010 for providing the 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.

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 12 - OTHER EMPLOYEE BENEFITS (Continued)

Classified Employees (effective through fiscal year 2010):

1. Full-Time employees who retire under SERS regulations for the first time and give the School District timely notices of that retirement will receive a one-time incentive of \$5,000.
2. Part-Time employees who retire under SERS regulations for the first time and give the School District timely notices of that retirement will receive a one-time incentive of \$1,205.
3. For fiscal year 2009, employees must retire after reaching 120 days as required by SERS and must notify the Board in writing of their resignation for retirement purposes 30 days prior to reaching the 120 days to receive the incentive.

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, 2009, eleven employees notified the School District of their pending retirement who met the requirements of the retirement incentive program. As a result, a liability of \$170,250 has been accrued for the retirement incentive associated with these individuals at June 30, 2009.

C. Insurance Benefits

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

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior fiscal years, the School District entered into capital leases for the acquisition of a phone system, computers, and school buses to be used by the students of the School District. During fiscal year 2009, the School District entered into additional leases for school buses and computer equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. New capital leases are reflected in the accounts "capital outlay" and "inception of capital leases" in the General Fund. The School District made \$329,905 in principal payments on the leases during fiscal year 2009.

Capital assets acquired by lease have been capitalized in the statement of net assets for governmental activities in the amount of \$2,234,154, 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, 2009, was \$563,915 and the carrying value was \$1,670,239. The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2009.

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

Fiscal Year Ending June 30,	Total Payments
2010	\$309,571
2011	309,310
2012	212,469
2013	149,440
2014	149,962
2015-2019	362,329
Total	1,493,081
Less: Amount Representing Interest	(202,479)
Present Value of Net Minimum Lease Payments	\$1,290,602

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2009 were as follows:

	Amount Outstanding 6/30/2008	Additions	Deletions	Amount Outstanding 6/30/2009	Amount Due in One Year
Governmental Activities					
Energy Conservation					
Loan 1999 5.6%	\$940,000	\$0	(\$135,000)	\$805,000	\$145,000
Capital Leases	1,155,578	464,929	(329,905)	1,290,602	254,603
Compensated Absences	2,638,651	72,617	(384,035)	2,327,233	271,689
Total Governmental Activities Long-Term Liabilities	\$4,734,229	\$537,546	(\$848,940)	\$4,422,835	\$671,292
Business-Type Activities					
Compensated Absences	\$70,346	\$16,469	\$0	\$86,815	\$0

In June 1999, the School District issued \$1,920,790 in school energy conservation improvement notes to finance the design and implementation of energy conservation measures in buildings throughout the School District which were 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.

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 14 - LONG-TERM OBLIGATIONS (Continued)

Capital leases will be paid from the General Fund and Capital Improvement Fund. Compensated absences will be paid from the General Fund, the Title I, Poverty Based Assistance, Miscellaneous Federal Grants, EMIS, Title VI-B, Title II-A and Auxiliary Special Revenue Funds, and the Food Service Enterprise Fund.

The School District's overall legal debt margin was \$61,175,981, the energy conservation debt margin was \$5,312,598 and the un-voted debt margin was \$679,733 at June 30, 2009.

Principal and interest requirements to retire the energy conservation loan outstanding at June 30, 2009, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$145,000	\$45,080	\$190,080
2011	150,000	36,960	186,960
2012	160,000	28,560	188,560
2013	170,000	19,600	189,600
2014	180,000	10,080	190,080
Totals	<u>\$805,000</u>	<u>\$140,280</u>	<u>\$945,280</u>

NOTE 15 - 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 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 six representatives from the member districts elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent and the executive director. The School District paid MVECA \$149,177 for services provided during the fiscal year. Financial information can be obtained from Norma Stewart, Executive Director, at MVECA at 330 East Enon Road, Yellow Springs, Ohio 45387.

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS (continued)

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 2009, the School District paid \$279,897 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Vandalia, OH 45377.

Greene County Career Center – The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts’ elected Boards, which possesses its own budgeting and taxing authority. During fiscal year 2009, the School District did not make any payments to the Greene County Career Center. To obtain financial information, write to the Greene County Career Center, Judith Geers, 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 16 - SET-ASIDE REQUIREMENTS

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 16 - SET-ASIDE REQUIREMENTS (continued)

	Textbooks	Capital Improvement	Total
Set-aside balance June 30, 2008	\$77,302	\$0	\$77,302
Current year set-aside requirement	753,155	753,155	1,506,310
Current year offset	0	(461,122)	(461,122)
Qualifying expenditures	(830,662)	(418,498)	(1,249,160)
Totals	<u>(\$205)</u>	<u>(\$126,465)</u>	<u>(\$126,670)</u>
Set-aside carried forward to future years	<u>(\$205)</u>	<u>\$0</u>	<u>(\$205)</u>

The School District had qualifying disbursements that reduced the textbooks amounts below zero. This extra amount can be carried forward to future years. The School District had qualifying disbursements and offsets during the fiscal year that reduced the capital acquisitions amounts below zero; however, this extra amount may not be used to reduce the set-aside requirements in future fiscal years.

The \$573,354 reported as unreserved but designated fund balance in the General Fund represents monies that were accumulated in conjunction with the prior requirement that school districts establish a budget reserve account. While the State of Ohio eliminated the mandatory set-aside for budget reserve accounts, the Board of Education deemed it appropriate to maintain the reserve with funds already accumulated.

NOTE 17 – DONOR-RESTRICTED ENDOWMENTS

The School District’s private purpose trust funds include donor-restricted endowments. Net assets held in trust for scholarships – non-expendable of \$25,000 represent the principal portion of the endowment. The amount of appreciation in donor-restricted investments that is available for expenditures by the governing body is \$45,337 and is included as net assets held in trust for scholarships - expendable. State law permits the governing board to appropriate, for purposes consistent with the endowment’s intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used to provide a scholarship each fiscal year.

NOTE 18 – INERFUND ACTIVITY

At June 30, 2009, the General Fund had an interfund payable of \$150,039 to the Internal Service Fund for additional amounts owed for workers’ compensation. The Other Governmental Funds owed an additional \$13,191 and the Food Service Enterprise Fund owed \$8,792.

During fiscal year 2009, the General Fund transferred \$95,000 and \$50,000, respectively, to the EMIS and Athletic Special Revenue Funds which are shown with other governmental funds. The EMIS transfer was to provide additional central services support. The Athletic transfer was to provide support to the school’s athletic programs. Also during fiscal year 2009, the General Fund transferred \$25,000 to the Uniform School Supplies Enterprise fund to help support the purchase of the school supplies.

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 19 – CONTRACTUAL COMMITMENT

On February 27, 2008 the Board of Education approved the purchase of land for \$905,000 or \$12,859 per acre contingent upon the passage of a bond levy by voters in November 2008 or March 2009. Seller agreed to hold the land until November 2009 if the levy did not pass by March 2009; however the purchase price per acre increased to \$13,859 for a total purchase price of \$975,379. The levy was approved in November 2009 (See Note 22.)

NOTE 20 - CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

NOTE 21 – CHANGES IN ACCOUNTING PRINCIPLE

For fiscal year 2009, the School District implemented GASB Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations”, Statement No. 51, “Accounting for Intangible Assets”, Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments”, and Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments”.

GASB Statement No. 49 establishes accounting and financial reporting requirements for pollution remediation obligations by requiring more timely and complete reporting of the obligations and by requiring all governments to account for pollution remediation obligations in the same manner. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing comparability of the accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 52 establishes consistent standards for reporting land and other real estate held as investments. It requires endowments to report land and other real estate investments at fair value, to report the changes in fair value as investment income, and to disclose methods and significant assumptions used to determine fair value. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The implementation of this statement did not result in any changes to the financial statements.

Xenia Community School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 22 – SUBSEQUENT EVENTS

On August 5, 2009, the School District entered into a lease purchase agreement in the amount of \$78,655 for the purchase of Apple computer equipment. Four annual payments of \$20,515 are required under the lease terms. The interest rate on the lease is 2.9%.

In addition on August 5, 2009, the School District entered into a lease purchase agreement in the amount \$106,313 with Dell Financial Services for computer equipment. Four annual payments of \$29,059 are required under the lease terms. The interest rate on the lease is 6.2%.

On September 14, 2009, the School District entered into a contract with A.H. Sturgill for roofing at Xenia High School in the amount \$188,205.

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. This levy will provide \$34,670,000 to finance the local portion of the \$125.4 million school construction project. The remainder of the financing for the project will come from the Ohio School Facilities Commission.

The School District approved issuance of \$34.7 million of general obligation bonds to provide financing for the local portion of the construction project. On December 30, 2009, the School District issued \$19.7 million of bond anticipation notes, series 2009 to provide temporary financing until the general obligation bonds can be issued.

Xenia Community School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2009

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Award Receipts</u>	<u>Award Disbursements</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	N/A	10.555	90,549	90,549
Cash Assistance:				
National School Breakfast Program	05-PU	10.553	76,550	76,550
National School Lunch Program	LLP4	10.555	752,200	752,200
Summer Food Service Program	24-PU	10.559	23,073	23,073
Total Nutrition Cluster			<u>942,372</u>	<u>942,372</u>
Total U.S. Department of Agriculture			<u>942,372</u>	<u>942,372</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education</i>				
Title I Grant	C1-SD	84.010	1,156,544	1,136,733
Special Education Cluster:				
Special Education Grant	6B-SF	84.027	944,727	1,012,522
Special Education - Preschool Grant	PG-S1	84.173	33,770	33,760
Total Special Education Cluster			<u>978,497</u>	<u>1,046,282</u>
Title IV-A Safe & Drug Free Schools and Communities	DR-S1	84.186	20,582	20,529
21st Century Community Learning Center	T1-S1	84.287	4,115	19,481
Innovative Programs Grant	C2-S1	84.298	12,455	9,427
Education Technology Grant	TJ-SL	84.318	1,648	5,838
Improving Teacher Quality Grant	TR-S1	84.367	304,880	322,295
Education for Homeless Children and Youth		84.196	36,802	40,962
<i>Direct Award</i>				
The Greene County History Project	N/A	84.215	252,237	252,237
Total U.S. Department of Education			<u>2,767,760</u>	<u>2,853,784</u>
TOTAL FEDERAL AWARDS			<u>\$ 3,710,132</u>	<u>\$ 3,796,156</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Xenia Community School District
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2009

Note A – Significant Accounting Policies

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

Note B – U.S. Department Of Agriculture Programs

Cash receipts from the U.S. Department of Agriculture are commingled with State and Local funds. It is assumed federal monies are expended first.

Note C – Food Distribution Programs

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule of Expenditures of Federal Awards at the fair market value of the commodities received and consumed. At June 30, 2009, the School District had no significant food commodities in inventory.

Note D – Matching Requirements

Certain federal programs require the School District to contribute non-federal funds (matching funds) to support federally-funded programs. The District has complied with the matching requirements. The expenditure of non-federal (matching) funds is not included on the Schedule of Expenditures of Federal Awards.

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

Board of Education
Xenia Community School District
578 East Market Street
Xenia, Ohio 45385

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Xenia Community School District (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2009-001 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

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

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

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

A handwritten signature in cursive script that reads "Clark, Schaefer, Hachett & Co." The signature is written in black ink and is positioned above the printed name of the firm.

Springfield, Ohio
December 31, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Xenia Community School District
578 East Market Street
Xenia, Ohio 45385

Compliance

We have audited the compliance of the Xenia Community School District (the District), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

A handwritten signature in cursive script that reads "Clark, Schaefer, Hachett & Co." The signature is written in black ink on a white background.

Springfield, Ohio
December 31, 2009

Xenia Community School District
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2009

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	None noted

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	None noted
Identification of major programs:	
Title I Grant - CFDA 84.010	
Title II-A Improving Teacher Quality - CFDA 84.367	
Dollar threshold to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

Finding 2009-001 – Financial Statement Adjustments

The District received the Greene County History Grant in fiscal year 2009, which has a grant period of three years. The District accounted for the portion received in the available period; however the remainder of the grant was not recorded as a receivable during the GAAP conversion process. An adjustment was made to the Other Governmental Funds opinion unit of the financial statements for the remainder portion to the Grant that had not been received as of fiscal year end. The total grant receivable should have been recorded on the financial statements at year-end.

The school district should ensure that all significant transactions are appropriately identified during the GAAP conversion process and reported in the financial statements.

Management Response: The District was made aware of, and agrees, with the adjustment noted above and it has been posted to the financial statements.

Section III – Federal Awards Findings and Questioned Costs

None noted

Section IV – Summary of Prior Audit Findings and Questioned Costs

Finding 2008-001 – Financial Statement Adjustments – Not corrected. See Finding 2009-001.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Education
Xenia Community School District
578 E. Market Street
Xenia, Ohio 45385

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on October 10, 2005 which was amended on December 10, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the “Family Educational Rights and Privacy Act of 1974,” Stat. 571, 20 O.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident.
 - (6) A procedure for documenting any prohibited incident that is reported;

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

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

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



Springfield, Ohio
December 31, 2009



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Mary Taylor, CPA
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 16, 2010