

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT**



**Yellow Springs Schools**

National Schools of Excellence Educating Lifelong Learners

**Single Audit Reports**

**June 30, 2011**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Yellow Springs Exempted Village School District, Greene County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

January 17, 2012

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**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
Passed Through Ohio Department of Education:						
Nutrition Cluster:						
School Breakfast Program	3L70	10.553	\$26,902	\$0	\$26,902	\$0
National School Lunch Program	3L60	10.555	91,974	4,976	91,974	4,976
Total Nutrition Cluster			<u>118,876</u>	<u>4,976</u>	<u>118,876</u>	<u>4,976</u>
Total U.S. Department of Agriculture			<u>118,876</u>	<u>4,976</u>	<u>118,876</u>	<u>4,976</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
Passed Through Ohio Department of Education:						
Special Education Cluster:						
Special Education-Grants to States	3M20	84.027	138,280	0	139,274	0
Special Education-Grants to States - ARRA	3DJ0	84.391	77,528	0	79,117	0
Total Special Education Cluster			<u>215,808</u>	<u>0</u>	<u>218,391</u>	<u>0</u>
Title I Cluster:						
Title I Grants to Local Educational Agencies	3M00	84.010	145,031	0	146,279	0
Title I Grants to Local Educational Agencies - ARRA	3DK0	84.389	25,312	0	29,789	0
Total Title I Cluster			<u>170,343</u>	<u>0</u>	<u>176,068</u>	<u>0</u>
Education Technology State Grants	3S20	84.318	497	0	497	0
Improving Teacher Quality	3Y60	84.367	24,842	0	24,842	0
State Fiscal Stabilization Fund (SFSF) Ed St Grant - ARRA	GRF	84.394	82,116	0	82,116	0
Total Department of Education			<u>493,606</u>	<u>0</u>	<u>501,914</u>	<u>0</u>
Total Federal Assistance			<u>\$612,482</u>	<u>\$4,976</u>	<u>\$620,790</u>	<u>\$4,976</u>

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

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**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**

To the Board of Education  
Yellow Springs Exempted Village School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Yellow Springs Exempted Village School District (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 9, 2011 wherein we noted the District adopted GASB Statement No. 54 as disclosed in Note 18. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

## Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated December 9, 2011.

This report is intended solely for the information and use of management, the Auditor of State, the Board of Education, 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.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
December 9, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

To the Board of Education  
Yellow Springs Exempted Village School District

Compliance

We have audited the Yellow Springs Exempted Village School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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 of the District's compliance with those requirements.

In our opinion, the District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

## Internal Control over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

## Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2011, and have issued our report thereon dated December 9, 2011, which contained an unqualified opinion on those financial statements wherein we noted the District adopted GASB Statement No. 54 as disclosed in Note 18. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the 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 not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the Auditor of State, the Board of Education, 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.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
December 9, 2011

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2011**

**Section I – Summary of Auditor’s Results**

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified	
(d)(1)(ii)	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No	
(d)(1)(ii)	<i>Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?</i>	No	
(d)(1)(iii)	<i>Was there any material reported non-compliance at the financial statement level (GAGAS)?</i>	No	
(d)(1)(iv)	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No	
(d)(1)(iv)	<i>Were there any other significant control deficiencies reported for major federal programs?</i>	No	
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified	
(d)(1)(vi)	<i>Are there any reportable findings under Section .510?</i>	No	
(d)(1)(vii)	<i>Major Programs (list):</i>	Special Education Cluster:	
		Grants to State	CFDA# 84.027
		Grants to State - ARRA	CFDA# 84.391
		Title I Cluster:	
		Title I	CFDA# 84.010
		Title I - ARRA	CFDA# 84.389
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others	
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No	

**Section II – Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
JUNE 30, 2011**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
*OMB CIRCULAR A-133***

<u>Finding Number</u>	<u>Finding Summary / Explanation</u>	<u>Status</u>	<u>Explanation</u>
2010 -001	Financial reporting relating to year-end financial transactions	Fully Corrected	The District corrected year-end financial transactions reporting
2010 - 002	Competitive bidding requirements	Fully Corrected	The District communicated competitive bidding requirements to employees and monitored the bidding process

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT**



**Yellow Springs Schools**  
National Schools of Excellence Educating Lifelong Learners

**Agreed Upon Procedures Report**

**June 30, 2011**

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

To the Board of Education  
Yellow Springs Exempted Village School District

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

1. We noted the Board amended its anti-harassment policy on May 12, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
December 9, 2011



**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT**



**Yellow Springs Schools**  
National Schools of Excellence Educating Lifelong Learners

**Basic Financial Statements**

**June 30, 2011**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Yellow Springs Exempted Village School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Yellow Springs Exempted Village School District (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2011, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 18 to the financial statements, during the year ended June 30, 2011, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
December 9, 2011

**Yellow Springs Exempted Village School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited

The discussion and analysis of Yellow Springs School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. 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 2011 are as follows:

- Assets exceeded liabilities at the close of the most recent fiscal year by \$3,640,087. Of this amount, \$1,271,466 is unrestricted for the School District's discretionary use.
- General revenues accounted for \$6,596,213 in revenue or 80.01 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$1,648,221 or 19.99 percent of total revenues of \$8,244,434.
- The School District had \$9,157,283 in expenses related to governmental activities; only \$1,648,221 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$6,596,213 plus beginning balance were adequate to provide for these programs.
- The general fund is the School District's only major fund. The general fund had \$7,856,852 in revenues and other financing sources and \$8,235,040 in expenditures. The general fund balance decreased \$378,188 from the prior fiscal year.

**Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements:** The *government-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all the School District's assets and liabilities, with the difference between the two is reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The government-wide financial statements can be found on pages 11-12 of this report.

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with

**Yellow Springs Exempted Village School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited

finance-related legal requirements. All the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

*Governmental funds:* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net assets and statement of activities.

The School District maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of fund revenues, expenditures and changes in fund balance for the District's major funds. The general fund is the District's only major fund. Data from the other eighteen governmental funds are combined into a single, aggregate presentation.

The School District adopts an annual appropriation budget for all of its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 13-17 of this report.

*Fiduciary Funds:* Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The basic fiduciary fund financial statements can be found on pages 18-19 of this report.

*Notes to the Financial Statements:* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 21 of this report.

**Yellow Springs Exempted Village School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2011**  
**Unaudited**

**Government-Wide Financial Analysis**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's net assets for 2010 to 2011.

**Table 1**  
**Net Assets**  
**Governmental Activities**

	<u>2011</u>	<u>2010</u>	<u>Change</u>
<b><u>Assets:</u></b>			
Current and Other Assets	\$ 6,586,025	\$ 6,527,679	\$ 58,346
Capital Assets, Net	<u>6,120,662</u>	<u>5,966,560</u>	<u>154,102</u>
<i>Total Assets</i>	<u>12,706,687</u>	<u>12,494,239</u>	<u>212,448</u>
<b><u>Liabilities:</u></b>			
Current and Other Liabilities	3,904,299	3,708,862	195,437
Long-Term Liabilities	<u>5,162,301</u>	<u>4,232,441</u>	<u>929,860</u>
<i>Total Liabilities</i>	<u>9,066,600</u>	<u>7,941,303</u>	<u>1,125,297</u>
<b><u>Net Assets:</u></b>			
Invested in Capital Assets, Net of Related Debt	1,952,481	2,451,560	(499,079)
Restricted For:			
Debt Service	178,241	169,672	8,569
Capital Outlay	190,682	53,775	136,907
Other	47,217	260,939	(213,722)
Unrestricted	<u>1,271,466</u>	<u>1,616,990</u>	<u>(345,524)</u>
<i>Total Net Assets</i>	<u>\$ 3,640,087</u>	<u>\$ 4,552,936</u>	<u>\$ (912,849)</u>

The decrease in net assets from 2010 to 2011 is due largely in part to an increase in liabilities. Current liabilities were higher due to unearned revenue for taxes receivable. Long-term liabilities include a one-time retirement buyout offered in the 2010-11 year but payable in the 2011-12 year and the new debt service requirements for the House Bill 264 energy upgrade project loan received in September, 2010.

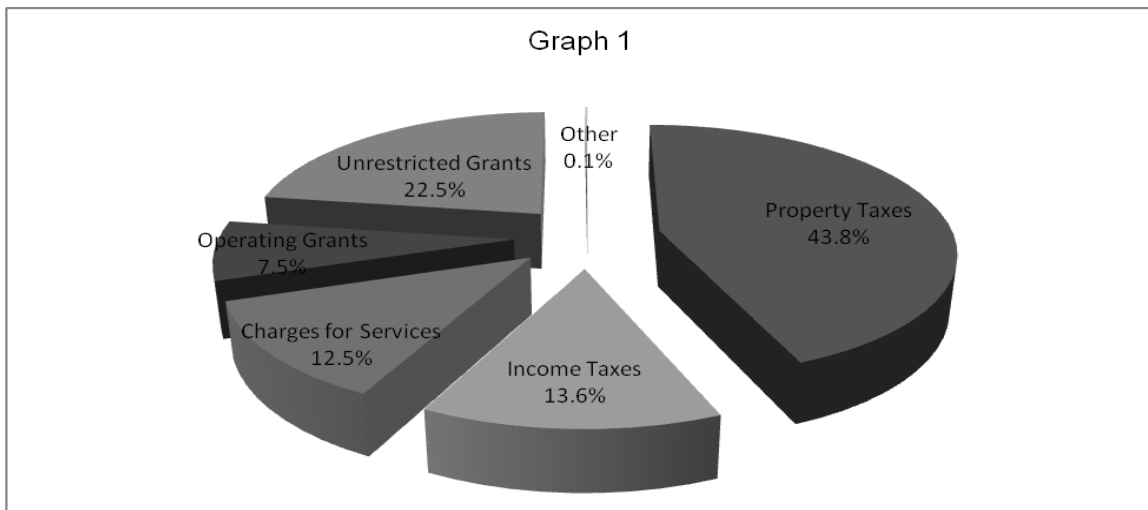
**Yellow Springs Exempted Village School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2011**  
**Unaudited**

Table 2 shows the change in revenue from fiscal year 2010 to 2011.

**Table 2**  
**Changes in Revenue**  
**Governmental Activities**

	<u>2011</u>	<u>2010</u>	<u>Change</u>
<b><u>Revenues:</u></b>			
<i>Program Revenues:</i>			
Charges for Services and Sales	\$ 1,029,224	\$ 1,133,105	\$ (103,881)
Operating Grants and Contributions	618,997	707,853	(88,856)
<i>Total Program Revenues</i>	<u>1,648,221</u>	<u>1,840,958</u>	<u>(192,737)</u>
<i>General Revenues:</i>			
Property Taxes	3,612,402	3,544,136	68,266
Income Taxes	1,118,079	1,083,016	35,063
Grants and Entitlements	1,854,516	1,904,410	(49,894)
Interest	10,509	31,675	(21,166)
Miscellaneous	707	31,100	(30,393)
<i>Total General Revenues</i>	<u>6,596,213</u>	<u>6,594,337</u>	<u>1,876</u>
<b>Total Revenues</b>	<b>\$ 8,244,434</b>	<b>\$ 8,435,295</b>	<b>\$ (190,861)</b>

Graph 1 breaks down the School District's government-wide revenue into percentages by type of revenue.





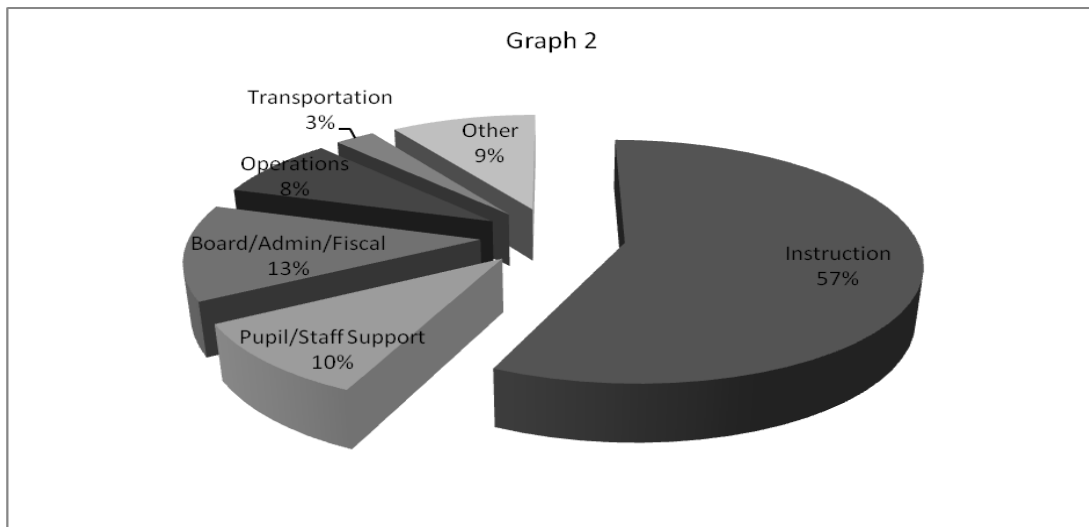
**Yellow Springs Exempted Village School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2011**  
**Unaudited**

Table 3 shows the change in program expenses from 2010 to 2011.

**Table 3**  
**Total Program Expenses**  
**Governmental Activities**

	<u>2011</u>	<u>2010</u>	<u>Change</u>
<b><u>Expenses:</u></b>			
Instruction:			
Regular	\$ 4,144,199	\$ 4,178,268	\$ (34,069)
Special Education	818,462	779,559	38,903
Other	246,674	174,245	72,429
Support Services:			
Pupils	431,905	488,402	(56,497)
Instructional Staff	483,028	593,842	(110,814)
Board of Education	46,346	46,503	(157)
Administration	763,520	680,673	82,847
Fiscal/Business	366,303	368,782	(2,479)
Operation/Maintenance of Plant	747,591	915,400	(167,809)
Pupil Transportation	238,983	223,221	15,762
Central	39,449	36,276	3,173
Non-Instructional	241,787	249,782	(7,995)
Extracurricular Activities	226,104	307,405	(81,301)
Debt Service: Interest & Fiscal Charges	362,932	165,067	197,865
<b>Total Expenses</b>	<b><u>\$ 9,157,283</u></b>	<b><u>\$ 9,207,425</u></b>	<b><u>\$ (50,142)</u></b>
Net Change	(912,849)	(772,130)	<u>\$ (140,719)</u>
Beginning Net Assets	4,552,936	5,325,066	
<b>Ending Net Assets</b>	<b><u>\$ 3,640,087</u></b>	<b><u>\$ 4,552,936</u></b>	

Graph 2 shows a breakdown of expenditures by percentages in the major categories.



**Yellow Springs Exempted Village School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2011**  
**Unaudited**

The School District anticipated losses in revenue and therefore reduced expenditures for the 2010-11 year. Small increases in tax revenues were offset by declines in operating grants and contributions as well as in charges for services and sales. Debt service requirements increased due to the House Bill 264 loan payments that commenced in the 2010-11 year. When removing the increased debt from the expenditure change, the overall expense reduction was about 2.7% of the budget.

**The Major Funds**

The School District's major funds start on page 13. These funds are accounted for using the modified accrual basis of accounting, focusing on the near term financial resources of the School District. The general fund is the only major fund. The general fund accounted for 85.47% of the \$9,192,450 in total revenue and other financing sources and 87.16% of the \$9,447,983 in total expenses. The general fund received a majority of its revenues from property taxes, income taxes and intergovernmental revenues. Expenditures exceeded revenues and other financing sources in the general fund by \$378,188 leaving a year end fund balance of \$1,932,795.

The general fund recognized \$1,104,724 in current liabilities for fiscal year 2011. Accrued salaries and benefits accounted for 61.15% of those liabilities. Taxes receivable accounted for 98.52% of the \$3,580,248 receivables in the general fund. However, the taxes receivable is mostly offset by a deferred revenue because those taxes are not intended to finance the 2011 fiscal year.

**General Fund Budgetary**

Table 4 compares the original and final general fund revenue budgets for the fiscal year ended June 30, 2011.

**Table 4**  
**Original Budget versus Actual Budget for General Fund Revenues**

	Budget		Variance
	Original	Final	
<u>Revenues</u>			
Property/Income Taxes	\$3,813,946	\$4,200,396	\$386,450
Intergovernmental	1,506,235	1,794,514	288,279
Other	904,483	913,697	9,214
Total Revenues	<u>\$6,224,664</u>	<u>\$6,908,607</u>	<u>\$683,943</u>

The original revenue estimates come from February 2010 Official Certificate of Estimated Resources, which is based on the Tax Budget completed in January 2010. The reason for the variance in the tax estimates is that the Official Certificate only certifies a half year of Emergency tax collections, thus not recognizing over \$500,000 in general fund tax revenues. The Intergovernmental variance is largely due to the State's reduction in the funding guarantee: 99% of 2008-09 in 2009-10 and 98% of 2009-10 in 2010-11. The School District is heavily dependent on the open enrollment income, which accounts for the majority of Other revenue. The School District had an unexpected drop in open enrollment from 143 students to 120 students between the 2009-10 and 2010-11 school years. When comparing the final budget to actual, the difference was less than 1.0%. An unexpected increase in Income Tax collections was offset by a significant decrease in Interest Income.

**Yellow Springs Exempted Village School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2011**  
**Unaudited**

Table 5 compares the original and final general fund expenditure budgets for the fiscal year ended June 30, 2011.

**Table 5**  
**Original Budget versus Final Budget for General Fund Expenditures**

	Budget		Variance
	Original	Final	
<u>Expenditures</u>			
Instruction	\$4,401,927	\$4,499,849	\$97,922
Support Services	3,028,994	3,094,686	65,692
Other	1,347,397	1,362,881	15,484
Total Expenditures	<u>\$8,778,318</u>	<u>\$8,957,416</u>	<u>\$179,098</u>

The original budget comes for the Tax Budget filed in January of 2010. Traditionally, the tax budget expenditures include all possible needs for the future year. The final budget to actual budget variance in the Other category is considerable due to the House Bill 264 energy upgrade project being budgeted on the books twice: once in the appropriation budget and also as a carryover encumbrance from 2009-10. Therefore, \$563,000 of Other is in the budget twice. Given that the House Bill 264 project was in the budget at double the amount, the variance between the final and actual budget for Other is more accurately stated at \$8,813. The actual expenditure total came in 1.2% higher than the final budget.

**Capital Assets**

At the end of the year, the School District had \$6,120,662 invested in land, buildings, equipment, infrastructure, and vehicles less accumulated depreciation. Table 6 shows the breakdown of the individual classes for capital assets:

**Table 6**  
**Capital Assets**  
**Governmental Activities**

<u>Class:</u>	<u>2011</u>	<u>2010</u>	<u>Change</u>
Land	\$ 1,238,340	\$ 1,238,340	0.00%
Construction in Progress	-	461,498	-100.00%
Land Improvements	467,477	467,477	0.00%
Buildings and Building Improvements	6,975,672	6,113,308	14.11%
Furniture, Fixtures, Equipment	734,381	992,598	-26.01%
Vehicles	288,394	347,323	-16.97%
Total at Historical Cost	<u>\$ 9,704,264</u>	<u>\$ 9,620,544</u>	<u>0.87%</u>
Less: Accumulated Depreciation	<u>(3,583,602)</u>	<u>(3,653,984)</u>	<u>-1.93%</u>
<b>Capital Assets, Net</b>	<b><u>\$ 6,120,662</u></b>	<b><u>\$ 5,966,560</u></b>	<b><u>2.58%</u></b>

The School District embarked on an \$835,000 House Bill 264 Energy Conservation Project in late 2009-10. The project was completed during the 2010-11 year. Textbooks should not be capitalized fixed assets, therefore a significant net value of previously capitalized textbooks was removed from the fixed asset system during the 2010-11 year. For more information on the School District's capital assets, refer to Note 8 of the financial statements.

**Yellow Springs Exempted Village School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2011**  
**Unaudited**

**Debt Administration**

The School District issued \$835,000 of Qualified School Construction Bonds in September, 2010 to finance a House Bill 264 energy upgrade project. Qualified School Construction Bonds were derived from the American Recovery and Reinvestment Act (ARRA) of 2009; they receive interest rebates from the Federal government and are considered "interest-free." The energy conservation notes retire March 1, 2021 with annual payments being made from the cost savings realized in the general fund.

In June, 2002 the School District issued \$4,420,000 in permanent improvement bonds with final maturity during fiscal year 2028. The bonds are paid from the Bond Retirement Debt Service Fund. The remaining balance at June 30, 2011 is \$3,365,000. For further information on the School District's obligations, refer to Note 14 of the financial statements.

**For the Future**

The School District finished the 2010-11 year in a deficit spending situation. The deficit spending situation was not unforeseen; however the progression at which the ending cash carryover is being depleted has been greatly accelerated. The sluggish economy has made little to no recovery and, in his first six months in office, the newly elected Governor has already made radical changes that have had a considerable, negative impact on school funding. While the School District is not heavily reliant upon State funding, the local property and income tax revenues are declining as expenditures continue to rise. In the last year of the School District's two negotiated agreements, the staff received a 3% raise for the 2010-11 year. To offset the salary increases in a deficit spending situation, at the end of the 2009-10 year the Administration and Board made budget reductions effective in the 2010-11 year. However, these reductions were not enough to sustain the budget throughout this economic downturn, therefore another, more significant, round of reductions will be made for the 2011-12 year.

The short-term financial goal of the School District is to make enough budget reductions to prolong the exhaustion of the cash carryover for three more fiscal years. Three years should provide enough time to have a better understanding of where the economy is going and what, if any, tax revenue recovery may occur. The School District will also use this period of time to research the most reasonable and appropriate new revenue source. The Permanent Improvement Levy provides for all of the School District's technology needs and building maintenance and will need renewed in 2013. The Emergency Levy provides for nearly a third of the general operating property tax revenue and will need to be renewed in 2015. The School District's financial planning will have to include these renewals or will need to find alternative methods of generating these revenues of which the budget is dependent on.

Reducing staff in small school districts is a difficult task, the School District will be looking at alternative education methods through online learning and working with neighboring districts on sharing services. The School District will remain proactive in cutting costs as discussions of additional funding sources will become prevalent in the abrupt future.

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

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Dawn Weller, Treasurer, Yellow Springs Schools, 201 S. Walnut Street, Yellow Springs, OH 45387 (937) 767-7381. Also see: [www.yellow-springs.k12.oh.us](http://www.yellow-springs.k12.oh.us)

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

**Statement of Net Assets  
June 30, 2011**

		<b>Governmental Activities</b>
<b>Assets:</b>		
Equity in Pooled Cash and Investments	\$	2,594,437
Materials and Supplies Inventory		4,158
Accrued Interest Receivable		1,045
Accounts Receivable		26,656
Intergovernmental Receivable		58,223
Taxes Receivable		3,367,883
Income Taxes Receivable		533,623
Capital Assets:		
Non-Depreciable Capital Assets		1,238,340
Depreciable Capital Assets, net		4,882,322
<b>Total Assets</b>		<b><u>12,706,687</u></b>
 <b>LIABILITIES:</b>		
Accounts Payable		25,736
Accrued Wages and Benefits		723,371
Intergovernmental Payable		228,294
Accrued Interest Payable		12,960
Unearned Revenue		2,913,938
Long-Term Liabilities:		
Due Within One Year		526,747
Due in More Than One Year		4,635,554
<b>Total Liabilities</b>		<b><u>9,066,600</u></b>
 <b>NET ASSETS:</b>		
Invested in Capital Assets, Net of Related Debt		1,952,481
Restricted for Debt Service		178,241
Restricted for Capital		190,682
Restricted for Other Purposes		47,217
Unrestricted		1,271,466
<b>Total Net Assets</b>	<b>\$</b>	<b><u>3,640,087</u></b>

See Accompanying Notes to the Basic Financial Statements

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

**Statement of Activities  
For the Fiscal Year Ended June 30, 2011**

	Program Revenues			Net(Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 4,144,199	\$ 826,666	\$ 196,784	\$(3,120,749)
Special	818,462	0	131,064	(687,398)
Student Intervention Services	17,672	0	13,192	(4,480)
Other	229,002	0	5,204	(223,798)
Support Services:				
Pupils	431,905	14,516	42,887	(374,502)
Instructional Staff	483,028	0	51,119	(431,909)
Board of Education	46,346	0	0	(46,346)
Administration	763,520	3,240	0	(760,280)
Fiscal	366,303	0	0	(366,303)
Operation and Maintenance of Plant	747,591	0	10,510	(737,081)
Pupil Transportation	238,983	0	0	(238,983)
Central	39,449	0	9,848	(29,601)
Operation of Non-Instructional Services	241,787	96,067	126,477	(19,243)
Extracurricular Activities	226,104	88,735	13,739	(123,630)
Debt Service:				
Interest and Fiscal Charges	362,932	0	18,173	(344,759)
Totals	\$ <u>9,157,283</u>	\$ <u>1,029,224</u>	\$ <u>618,997</u>	<u>\$(7,509,062)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				3,216,925
Property Taxes, Levied for Capital				121,416
Property Taxes, Levied for Debt Service				274,061
Income Taxes				1,118,079
Grants and Entitlements not Restricted to Specific Programs				1,854,516
Investment Earnings				10,509
Miscellaneous				707
Total General Revenues				<u>6,596,213</u>
Change in Net Assets				(912,849)
Net Assets Beginning of Year				<u>4,552,936</u>
Net Assets End of Year			\$	<u><u>3,640,087</u></u>

See Accompanying Notes to the Basic Financial Statements

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

**Balance Sheet  
Governmental Funds  
June 30, 2011**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 2,226,765	\$ 367,672	\$ 2,594,437
Materials and Supplies Inventory	0	4,158	4,158
Accrued Interest Receivable	1,045	0	1,045
Accounts Receivable	26,656	0	26,656
Intergovernmental Receivable	10,406	47,817	58,223
Interfund Receivable	14,748	0	14,748
Property Taxes Receivable	2,993,770	374,113	3,367,883
Income Taxes Receivable	533,623	0	533,623
<b>Total Assets</b>	<b>\$ <u>5,807,013</u></b>	<b>\$ <u>793,760</u></b>	<b>\$ <u>6,600,773</u></b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	13,999	11,737	25,736
Accrued Wages and Benefits	675,540	47,831	723,371
Intergovernmental Payable	219,210	9,084	228,294
Interfund Payable	0	14,748	14,748
Matured Compensated Absences Payable	195,975	0	195,975
Deferred Revenue	2,769,494	341,204	3,110,698
	<u>3,874,218</u>	<u>424,604</u>	<u>4,298,822</u>
<b>Fund Balances</b>			
Nonspendable	0	4,158	4,158
Restricted	0	407,259	407,259
Assigned	11,020	0	11,020
Unassigned (Deficit)	1,921,775	(42,261)	1,879,514
<b>Total Fund Balances</b>	<b><u>1,932,795</u></b>	<b><u>369,156</u></b>	<b><u>2,301,951</u></b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ <u>5,807,013</u></b>	<b>\$ <u>793,760</u></b>	<b>\$ <u>6,600,773</u></b>

See Accompanying Notes to the Basic Financial Statements

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

**Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
June 30, 2011**

Total Governmental Fund Balances	\$	2,301,951
Amounts reported for governmental activities on the statement of net assets are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		6,120,662
Taxes Receivable that do not provide financial resources are not reported as revenues in governmental fund.		196,760
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Accrued Interest Payable	(12,960)	
Capital Leases Payable	(44,081)	
General Obligation Bonds and Notes Payable	(4,296,420)	
Compensated Absences Payable	(625,825)	
		<u>(4,979,286)</u>
Net Assets of Governmental Activities	\$	<u><u>3,640,087</u></u>

See Accompanying Notes to the Basic Financial Statements



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

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2011**

	<u>General Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>			
Property and Other Local Taxes	\$ 3,184,755	\$ 391,165	\$ 3,575,920
Income Taxes	1,128,705	0	1,128,705
Intergovernmental	1,789,512	763,920	2,553,432
Interest	10,509	0	10,509
Tuition and Fees	826,666	0	826,666
Rent	3,240	0	3,240
Extracurricular Activities	14,799	53,442	68,241
Gifts and Donations	14,516	31,004	45,520
Customer Sales and Services	0	94,768	94,768
Miscellaneous	707	1,299	2,006
<b>Total Revenues</b>	<b>6,973,409</b>	<b>1,335,598</b>	<b>8,309,007</b>
<b>EXPENDITURES:</b>			
Current:			
Instruction:			
Regular	3,776,922	228,251	4,005,173
Special	620,460	183,602	804,062
Student Intervention Services	2,176	15,496	17,672
Other	222,923	6,079	229,002
Support Services:			
Pupils	375,865	69,985	445,850
Instructional Staff	431,398	65,070	496,468
Board of Education	46,346	0	46,346
Administration	811,061	0	811,061
Fiscal	361,974	6,624	368,598
Operation and Maintenance of Plant	643,212	480	643,692
Pupil Transportation	217,403	5,558	222,961
Central	24,168	10,139	34,307
Operation of Non-Instructional Services	3,389	236,204	239,593
Extracurricular Activities	157,652	57,414	215,066
Capital Outlay	443,062	19,668	462,730
Debt Service:			
Principal	77,750	150,000	227,750
Interest	19,279	158,373	177,652
<b>Total Expenditures</b>	<b>8,235,040</b>	<b>1,212,943</b>	<b>9,447,983</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,261,631)</b>	<b>122,655</b>	<b>(1,138,976)</b>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from Sale of Notes	835,000	0	835,000
Inception of Capital Leases	45,931	0	45,931
Proceeds from Sale of Capital Assets	2,512	0	2,512
<b>Total Other Financing Sources</b>	<b>883,443</b>	<b>0</b>	<b>883,443</b>
<b>Net Change in Fund Balances</b>	<b>(378,188)</b>	<b>122,655</b>	<b>(255,533)</b>
Fund Balance at Beginning of Year - Restated	2,310,983	246,501	2,557,484
<b>Fund Balance at End of Year</b>	<b>\$ 1,932,795</b>	<b>\$ 369,156</b>	<b>\$ 2,301,951</b>

See Accompanying Notes to the Basic Financial Statements

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

**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to Statement Activities  
For the Fiscal Year Ended June 30, 2011**

Net Change in Fund Balances - Total Governmental Funds	\$	(255,533)
<p>Amounts reported for governmental activities on the statement of activities are different because of the following:</p> <p>Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital additions	446,797	
Depreciation	<u>(243,787)</u>	203,010
<p>The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a gain (loss) on disposal of capital assets on the statement of activities.</p>		
Gain (Loss) on Disposal of Capital Assets		(48,908)
<p>Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:</p>		
Intergovernmental	(90,429)	
Income Taxes	(10,626)	
Delinquent Property Taxes	<u>36,482</u>	(64,573)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds. The difference in the amount of interest on the Statement of Activities is the result of the following:</p>		
Issuance of notes payable	(835,000)	
Change in compensated absences payable	91,616	
Inception of capital leases	(45,931)	
Increase in accrued interest payable	(12,960)	
Accretion on bonds	<u>(172,320)</u>	(974,595)
<p>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:</p>		
Bond payments	150,000	
Note payments	75,900	
Capital lease payments	<u>1,850</u>	227,750
Change in Net Assets of Governmental Activities	\$	<u><u>(912,849)</u></u>

See Accompanying Notes to the Basic Financial Statements

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

**Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES:</b>				
Property and Other Local Taxes	\$ 2,852,501	\$ 3,125,282	\$ 3,150,700	\$ 25,418
Income Tax	961,445	1,075,114	1,134,077	58,963
Intergovernmental	1,506,235	1,794,514	1,789,512	(5,002)
Interest	44,714	50,000	8,891	(41,109)
Tuition and Fees	838,054	839,414	826,666	(12,748)
Rent	2,131	2,383	3,240	857
Extracurricular Activities	12,430	13,900	14,799	899
Gifts and Donations	6,260	7,000	14,516	7,516
Miscellaneous	894	1,000	49	(951)
Total Revenues	<u>6,224,664</u>	<u>6,908,607</u>	<u>6,942,450</u>	<u>33,843</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	3,556,791	3,635,105	3,632,953	2,152
Special	624,776	638,532	632,773	5,759
Student Intervention Services	2,735	2,795	2,176	619
Other	217,625	223,417	222,919	498
Support Services:				
Pupils	369,875	380,019	379,932	87
Instructional Staff	430,275	439,749	438,021	1,728
Board of Education	48,619	49,689	46,293	3,396
Administration	808,260	827,056	826,134	922
Fiscal	432,902	437,434	374,616	62,818
Operation and Maintenance of Plant	689,545	704,727	694,012	10,715
Pupil Transportation	224,253	229,191	218,133	11,058
Central	25,265	26,821	26,761	60
Operation of Non-Instructional Services	3,425	3,500	3,389	111
Extracurricular Activities	177,690	181,602	154,728	26,874
Capital Outlay	1,092,017	1,101,769	581,531	520,238
Debt Service				
Principal	74,265	75,900	75,900	0
Interest	0	110	18,282	(18,172)
Total Expenditures	<u>8,778,318</u>	<u>8,957,416</u>	<u>8,328,553</u>	<u>628,863</u>
Excess of Revenues (Under) Expenditures	<u>(2,553,654)</u>	<u>(2,048,809)</u>	<u>(1,386,103)</u>	<u>662,706</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from Sale of Notes	0	835,000	835,000	0
Proceeds from Sale of Capital Assets	0	0	2,512	2,512
Refund of Prior Year Expenditures	0	0	29,726	29,726
Transfers Out	(15,000)	(15,000)	0	15,000
Advances Out	(15,000)	(15,000)	(14,748)	252
Total Other Financing Sources and Uses	<u>(30,000)</u>	<u>805,000</u>	<u>852,490</u>	<u>47,490</u>
Net Change in Fund Balances	(2,583,654)	(1,243,809)	(533,613)	710,196
Fund Balance at Beginning of Year	2,171,031	2,171,031	2,171,031	0
Prior Year Encumbrances Appropriated	588,151	588,151	588,151	0
Fund Balance at End of Year	<u>\$ 175,528</u>	<u>\$ 1,515,373</u>	<u>\$ 2,225,569</u>	<u>\$ 710,196</u>

See Accompanying Notes to the Basic Financial Statements

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

**Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2011**

	<b>Private Purpose Trust</b>	<b>Agency Fund</b>
<b>Assets</b>		
Current Assets:		
Equity in Pooled Cash and Investments	\$ 4,966	\$ 37,406
Total Assets	4,966	37,406
<b>Liabilities</b>		
Current Liabilities:		
Accounts Payable	0	509
Undistributed Monies	0	36,897
Total Liabilities	0	37,406
<b>Net Assets</b>		
Held in Trust for Scholarships	4,966	0
Total Net Assets	\$ 4,966	\$ 0

See Accompanying Notes to the Basic Financial Statements

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

**Statement of Changes in Fiduciary Net Assets  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2011**

	<u>Private Purpose Trust</u>
<b>ADDITIONS:</b>	
Gifts and Contributions	\$ 1,641
Total Additions	<u>1,641</u>
<b>DEDUCTIONS:</b>	
Payments in Accordance with Trust Agreements	<u>0</u>
Total Deductions	<u>0</u>
Change in Net Assets	1,641
Net Assets Beginning of Year	<u>3,325</u>
Net Assets End of Year	<u>\$ 4,966</u>

See Accompanying Notes to the Basic Financial Statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Yellow Springs Exempted Village School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Yellow Springs Exempted Village School District is a city school district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

The Board oversees the operations of the District's three instructional/support facilities staffed by 27 non-certified and 50 certified full-time teaching personnel who provide services to 720 students and other community members.

**The Reporting Entity**

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. This includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The District participates in five jointly governed organizations and two insurance purchasing pools. These organizations are Miami Valley Educational Computer Association, Southwestern Ohio Educational Purchasing Council, Southwestern Ohio Instructional Technology Association, Greene County Career Center, Miami Valley Special Education Regional Resource Center, Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan, and Southwestern Ohio Educational Purchasing Council Medical Benefits Plan, respectively. These organizations are presented in Notes 20 and 21 to the basic financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the District's accounting policies.

**A. Basis of Presentation**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the District, except for fiduciary funds.

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

Fund Financial Statements

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

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

Governmental Funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The General Fund is the District's only major governmental fund:

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

The other governmental funds of the District account for grants and other resources, debt service and capital projects of the District whose uses are restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The District maintains two fiduciary funds. One is an agency fund known as the Students Activities Fund, which was established to account for revenues generated by student managed activities. The District's agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. The other is a private purpose trust fund established to provide scholarships to students for higher education.

**C. Measurement Focus**

**Government-Wide Financial Statements** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) of total net assets.

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

**D. Basis of Accounting**

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

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses

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

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

**E. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The primary level of budgetary control is at the fund/object level within the General Fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by the Board of Education.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2011, investments were limited to commercial paper and money market funds.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$10,509 with \$1,270 assigned to other District funds.

For presentation of the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

**G. Inventory**

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased. The balance is reported within the respective fund as a nonspendable fund balance.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District's capitalization threshold is \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 30 years
Buildings and Building Improvements	30 - 50 years
Furniture and Fixtures	5 - 20 years
Vehicles	5 - 15 years
Equipment	10 years
Books	10 years

**I. Compensated Absences**

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

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

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

For the governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

**J. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and special termination benefits and are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

**K. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Of the District's \$416,140 in restricted net assets, none were restricted by enabling legislation.

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

**L. Fund Balance**

The District implemented GASB No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" during the fiscal year. The District no longer reports reservations of fund balance on the governmental balance sheet. The District reports the following categories:

- Nonspendable fund balance relates to the value of consumable inventories and prepaids.
- Restricted fund balances related to money received from local, state or federal grants or maintained in segregated accounts for construction.
- Committed fund balances are balances the District Board has formally allocated.
- Assigned fund balances are balances the District administration have specified the future use.
- Any fund with a negative fund balance is reported as unassigned fund balance.

When the District has multiple fund balances available within a particular fund, the District will spend the funds in the following order – committed, assigned then unassigned. Nonspendable and restricted balance are subject to the governing documents and not subject to District policy for spending the balances.

**M. Interfund Activity**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

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

**N. Estimates**

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

**O. Pass-Through Grants**

The Case Load, Handicapped Preschool and Integration of School and Mental Health special revenue funds are pass-through grants in which the Educational Service Center is the primary recipient. In accordance with GASB Statement 24, "Accounting and Financial Reporting of Certain Grants and Other Financial Assistance," the secondary recipients should report monies spent on their behalf by the primary recipient as revenue and operating expenses. Total amount recorded for revenues and expenditures was \$12,110 under these programs.

**3. BUDGETARY BASIS OF ACCOUNTING**

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

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

Excess of Revenues and Other Financing Sources  
Unde Expenditures and Other Financing Uses

GAAP Basis	(\$378,188)
Revenue Accruals	(1,233)
Expenditure Accruals	(139,444)
Advances	(14,748)
Budget Basis	<u>(\$533,613)</u>

**4. DEPOSITS AND INVESTMENTS**

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the agreement by at least two percent and to 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 or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

- 6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions; and
- 7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$402,807 of the District's bank balance of \$1,151,927 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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

Investments

As of June 30, 2011, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities Less than One Year</u>
Commercial Paper	\$999,990	\$999,990
Fifth Third Government Money Market funds	510,246	510,246
Total	<u>\$1,510,236</u>	<u>\$1,510,236</u>

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

Credit Risk – The Commercial Paper was rated A-1+ by Standard and Poors and Fitch Ratings and P-1 by Moody's Investors Service. Fifth Third Government Money Market funds are not rated.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

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

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The District's has 66% of its investments in Commercial Paper and 34% in the Fifth Third Government Money Market funds.

**5. PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes for 2010 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for 2011 were levied after April 1, 2010, on the assessed values as of December 31, 2009, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes. Tangible personal property taxes for 2011 were levied after April 1, 2010, on the value as of December 31, 2010. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Greene County. The county auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**5. PROPERTY TAXES (Continued)**

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2011 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue.

The amount available as an advance at June 30, 2011, was \$299,252 in the General Fund and \$37,784 in the Non-major Governmental Funds. The amount available as an advance at June 30, 2010, was \$265,198 in the General Fund and \$32,558 in the Non-major Governmental Funds.

The assessed values upon which the fiscal year 2011 taxes were collected are:

	<b>2010 Second- Half Collections</b>		<b>2011 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential	\$111,779,180	88.99%	\$114,327,950	80.54%
Industrial/Commercial	12,451,490	9.91%	26,354,390	18.56%
Public Utility	1,097,130	0.87%	1,146,910	0.80%
Tangible Personal	288,150	0.23%	147,090	0.10%
Total Assessed Value	<u>\$125,615,950</u>	<u>100.00%</u>	<u>\$141,976,340</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$60.62		\$60.62	

**6. INCOME TAX**

The District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2005, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenues in the amount of \$1,128,705 were credited to the General Fund during fiscal year 2011.

**7. RECEIVABLES**

Receivables at June 30, 2011, consisted of property, accounts (rent and student fees), intergovernmental, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	<b>Amount</b>
Governmental Activities:	
SERS Refund	\$10,406
Title VI-B	16,807
Title I	31,010
Total Intergovernmental Receivables	<u>\$58,223</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**8. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance at 6/30/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/11</u>
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$1,238,340	\$0	\$0	\$1,238,340
Construction in Progress	461,498	0	(461,498)	0
Total Nondepreciable Capital Assets	<u>1,699,838</u>	<u>0</u>	<u>(461,498)</u>	<u>1,238,340</u>
Depreciable Capital Assets				
Land Improvements	467,477	0	0	467,477
Buildings and Building Improvements	6,113,308	862,364	0	6,975,672
Furniture, Fixtures, and Equipment	688,450	45,931	0	734,381
Vehicles	347,323	0	(58,929)	288,394
Books	304,148	0	(304,148)	0
Total Depreciable Capital Assets	<u>7,920,706</u>	<u>908,295</u>	<u>(363,077)</u>	<u>8,465,924</u>
Less Accumulated Depreciation				
Land Improvements	(251,527)	(18,825)	0	(270,352)
Buildings and Building Improvements	(2,575,280)	(180,080)	0	(2,755,360)
Furniture, Fixtures, and Equipment	(249,858)	(31,277)	0	(281,135)
Vehicles	(322,079)	(13,605)	58,929	(276,755)
Books	(255,240)	0	255,240	0
Total Accumulated Depreciation	<u>(3,653,984)</u>	<u>(243,787)</u>	<u>314,169</u>	<u>(3,583,602)</u>
Depreciable Capital Assets, Net	<u>4,266,722</u>	<u>664,508</u>	<u>(48,908)</u>	<u>4,882,322</u>
Governmental Activities Capital Assets, Net	<u>\$5,966,560</u>	<u>\$664,508</u>	<u>(\$510,406)</u>	<u>\$6,120,662</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$202,069
Support Services:	
Instructional Staff	2,833
Administration	193
Fiscal	193
Business	9,969
Operation and Maintenance	2,098
Pupil Transportation	13,200
Non-Instruction	2,194
Extracurricular Activities	11,038
Total Depreciation Expense	<u>\$243,787</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**9. RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the District contracted with Ohio Casualty for general liability insurance with a \$1,000,000 single occurrence limit and a \$3,000,000 general aggregate and \$1,000,000 products completed operations aggregate limit. Property is protected by Ohio Casualty with an \$18,212,645 aggregate limit and holds a \$2,500 deductible.

The District's vehicles are covered under a business policy with The Netherlands Insurance Company, which carries a \$2,000,000 limit on any accident with a \$100 comp/\$250 collision deductible.

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

**B. Workers' Compensation**

For fiscal year 2011, the District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp Inc. provides administrative, cost control, and actuarial services to the GRP.

**C. Medical Benefits**

For fiscal year 2011, the District participated in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool (Note 21). The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the District by virtue of its grouping and representation with other participants in the MBP. The health insurance experience of the participating school districts is calculated and a premium rate is applied to all school districts in the MBP. Each participant pays its health insurance premiums to the EPC. Participation in the MBP is limited to school districts that can meet the MBP's selection criteria.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**10. DEFINED PENSION BENEFIT PLANS**

**A. School Employee Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (866) 280,7377, or by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 11.81 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$179,736, \$165,924, and \$156,960 respectively; 58 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**B. State Teachers Retirement System**

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**10. DEFINED PENSION BENEFIT PLANS (Continued)**

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, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$539,860, \$529,272, and \$503,964, respectively; 83 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$18,100 made by the District and \$7,542 made by the plan members.

**11. POSTEMPLOYMENT BENEFITS**

**A. School Employee Retirement System**

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was \$35,800.

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

The District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$18,359, \$5,452, and \$46,640 respectively; 58 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 was \$9,757, \$9,007, and \$8,521, respectively; 58 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**B. State Teachers Retirement System**

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$38,564, \$37,805, and \$35,997 respectively; 83 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**12. COMPENSATED ABSENCES**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment up to an accumulation of 25 days. During 2011, the former High School Principal received vacation accumulation for the purposes of severance paid out for a maximum accumulation of a two (2) year period. For the Treasurer, there is a cap of 40 days total accumulation of vacation time and is paid for all accumulated time upon retirement or resignation. For the Superintendent there is a cap of 60 vacation days total accumulation and he is paid for all accumulated time upon retirement for resignation. Only 260 day employees earn vacation time.

Administrators, policy, classified and certificated employees earn sick leave at the rate of one and one-fourth days per month. Classified employees may accumulate sick leave up to a maximum of 260 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 65 days. For teachers and the superintendent, sick leave may be accumulated up to a maximum of 300 days and upon retirement payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 75 days.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**12. COMPENSATED ABSENCES – (Continued)**

**B. Insurance Benefits**

The District provides life insurance through Sun Life, dental insurance through Delta Dental and vision insurance through VSP to its employees. Medical and surgical benefits for most employees are provided through Anthem Blue Cross and Blue Shield with pharmaceutical benefits provided through CVS/Caremark. All of the insurance benefits are purchased through the Southwestern Ohio Educational Purchasing Council.

**13. CAPITALIZED LEASES - LESSEE DISCLOSURE**

For 2011, the District entered into a capital lease for copiers totaling \$45,931. The lease met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. Principal payments in fiscal year 2011 totaled \$1,850 and interest payments of \$997.

The following is a schedule of the lease payments required under the capital leases as of June 30, 2011:

Fiscal Year Ending June 30,	Capital Leases Payable		
	Principal	Interest	Total
2012	\$7,819	\$3,569	\$11,388
2013	8,536	2,852	11,388
2014	9,318	2,070	11,388
2015	10,172	1,216	11,388
2016	8,236	305	8,541
Totals	<u>\$44,081</u>	<u>\$10,012</u>	<u>\$54,093</u>

**14. LONG-TERM OBLIGATIONS**

During the year ended June 30, 2011, the following changes occurred in obligations reported in the Government - Wide Financial Statements:

	Balance at 6/30/10	Additions	Deductions	Balance at 6/30/11	Due Within One Year
Permanent Improvement Bonds 2002 Variable Rate	\$3,515,000	\$0	\$150,000	\$3,365,000	\$155,000
Accretion on Capital Appreciation Bonds	0	172,320	0	172,320	0
Energy Conservation Notes Payable	0	835,000	75,900	759,100	75,900
Capital Leases	0	45,931	1,850	44,081	7,819
Compensated Absences Payable	717,441	317,014	212,655	821,800	288,028
Total	<u>\$4,232,441</u>	<u>\$1,370,265</u>	<u>\$440,405</u>	<u>\$5,162,301</u>	<u>\$526,747</u>



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**14. LONG-TERM OBLIGATIONS – (Continued)**

**A. Permanent Improvement Bonds**

On June 26, 2002, the District issued \$4,420,000 in permanent improvement bonds for the purpose of improvements, renovations and additions to school facilities. The bonds were issued for a 25-year period with final maturity during fiscal year 2028. The bonds will be paid from the Bond Retirement Debt Service Fund.

Capital appreciation bonds were issued at \$85,000. The capital appreciation bonds mature in fiscal year 2014 and 2015 and will bear interest compounded semiannually on June 1 and December 1 of each year and began in fiscal year 2002. The maturity amount of the capital appreciation bonds is \$340,000. For fiscal year 2011, the capital appreciation bonds were accreted \$172,320.

Principal and interest requirements to retire the permanent improvement bonds outstanding at June 30, 2011, are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$155,000	\$152,461	\$307,461
2013	165,000	211,100	376,100
2014	40,000	270,300	310,300
2015	45,000	205,300	250,300
2016	170,000	139,145	309,145
2017-2021	975,000	583,473	1,558,473
2022-2026	1,230,000	364,196	1,594,196
2027-2028	585,000	65,625	650,625
Total	<u>\$3,365,000</u>	<u>\$1,991,600</u>	<u>\$5,356,600</u>

*Energy Conservation Notes* – During 2011, the District issued \$835,000 in energy conservation notes under the Qualified School Construction Bond program that will rebate just under one hundred percent of the interest costs from the Federal government. The notes were issued for a twelve year period with a final maturity of March 1, 2021. The notes will be retired from the general fund and used for updating various lighting and other electrical items throughout the school.

Principal requirements to retire the energy conservation notes outstanding at June 30, 2011, are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>
2012	\$75,900
2013	75,900
2014	75,900
2015	75,900
2016	75,900
2017-2021	379,600
Total	<u>\$759,100</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**14. LONG-TERM OBLIGATIONS – (Continued)**

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

The District's voted legal debt margin of \$8,822,885, energy conservation debt margin of \$518,687 with an unvoted debt margin of \$141,976 at June 30, 2011.

**15. SET-ASIDE CALCULATIONS AND FUND RESERVES**

The District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. In prior years, the District was also required to set aside money for budget stabilization. For fiscal year 2011, only the unspent portion of certain workers' compensation refunds is required to be set-aside at fiscal year end.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Cash Balance as of June 30, 2010	(\$464,877)	\$0
Current Year Set-aside Requirement	105,773	105,773
Qualifying Disbursements	<u>(99,785)</u>	<u>(662,704)</u>
Total	<u>(\$458,889)</u>	<u>(\$556,931)</u>

Although the District had qualifying disbursements during the year that reduced the capital acquisition and textbook set-aside amounts to below zero, neither of the amounts are carried forward to the next fiscal year. For fiscal year 2012, the house bill passed removed the requirement to calculate this amount further. For the capital acquisition set aside, the District will need to set aside the calculated amount and spend the money down from a specific fund. Once those funds are spent then no more is required to be spent from that fund.

**16. INTERFUND ASSETS/LIABILITIES**

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$14,748	\$0
Non-Major Special Revenue	0	14,748
Total All Funds	<u>\$14,748</u>	<u>\$14,748</u>

The interfund payables from the General Fund to the nonmajor funds relate to short term advances for grant funds that will be repaid in the following year when those reimbursements are received.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**18. CHANGE IN ACCOUNTING PRINCIPLE**

The District implemented GASB 54, *Fund Balance Reporting and Governmental Fund Definitions*, during the fiscal year. The Auditor of State has issued a technical bulletin that addresses the classification of funds under GASB 54. Several of the District's funds are required, per the bulletin, to be mapped into the General fund. The impact of that Auditor of State guidance is detailed in the table below.

	General	Non-Major Funds
Fund Balance, 6/30/10	\$2,287,156	\$270,328
GASB 54 Implementation	23,827	(23,827)
Restated Fund Balance, 6/30/10	\$2,310,983	\$246,501

**19. FUND BALANCE ALLOCATION**

The District has chosen to present to the consolidated summary of fund balance classification on the financial statements. The detail of those fund balance classifications are outlined below:

	General	Non-Major Funds
Fund Balances:		
Nonspendable:		
Inventory	\$0	4,158
Restricted for:		
Debt Service	0	169,114
Capital Improvements	0	186,703
Contributor restrictions	0	11,359
District Activities	0	35,131
Federal Grants	0	4,952
Assigned to:		
Encumbrances	11,020	0
Unassigned	1,921,775	(42,261)
Total Fund Balances	\$1,932,795	\$369,156

**20. JOINTLY GOVERNED ORGANIZATIONS**

**A. Miami Valley Educational Computer Association (MVECA)**

The District is a participant in the Miami Valley Educational Computer Association (MVECA), which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark, Clinton, Fayette, Green and Highland Counties and Cities of Springfield, Wilmington, Washington Court House, Xenia and Hillsboro. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of MVECA consists of five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The District paid MVECA \$19,070 for services provided during the year. Financial information can be obtained from Thor Sage, who serves as Director, at 330 East Enon Road, Yellow Springs, Ohio 45387.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**20. JOINTLY GOVERNED ORGANIZATIONS – (Continued)**

**B. Southwestern Ohio Educational Purchasing Council (SOEPC)**

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of nearly 100 school districts in 12 counties. The purpose of the council is to obtain reduced prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund and Federal Title Funds. During fiscal year 2011, the Yellow Springs Exempted Village School District paid \$1,540 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, 303 Corporate Center Drive, Vandalia, Ohio 45377.

**C. Southwestern Ohio Instructional Technology Association (SOITA)**

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members from within the State assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2011, the Yellow Springs Exempted Village School District paid \$300 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Larry Pogue, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**D. Greene County Career Center**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**20. JOINTLY GOVERNED ORGANIZATIONS – (Continued)**

**E. Miami Valley Special Education Regional Resource Center**

The Miami Valley Special Education Regional Resource Center (SERRC) is a special education service center, which selects its own board, adopts its own budget and receives Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. The SERRC is governed by a board of 38 members made up of the 38 superintendents, 6 parent mentors, 12 special education directors, and one university. Some entities have more than one voting delegate. Financial information can be obtained from Sharon Kindrid, at the Montgomery County Educational Service Center, 200 S Keowee Street, Dayton, Ohio 45402.

**21. GROUP PURCHASING POOLS**

**A. Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan**

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

**B. Southwestern Ohio Educational Purchasing Council Medical Benefits Plan**

The District participates in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP). The MBP's business and affairs are conducted by an eleven-member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or Treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the MBP to cover the costs of administering the program.

**22. CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2011.

**B. Litigation**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**23. SUBSEQUENT EVENT**

On August 10, 2011, the District refunded \$2,959,999 in school improvement bonds that have an interest rate range of two to four percent.



# Dave Yost • Auditor of State

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT**

**GREENE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 31, 2012**