

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT**



**Basic Financial Statements**

**June 30, 2013**





# Dave Yost • Auditor of State

Board of Education  
Yellow Springs Exempted Village School District  
201 S. Walnut St  
Yellow Springs, Ohio 45387

We have reviewed the *Independent Auditor's Report* of the Yellow Springs Exempted Village School District, Greene County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2012 through June 30, 2013. 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 10, 2014

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Yellow Springs Exempted Village School District

### Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## 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, 2013, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As described in Note 21 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–10 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.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
Cincinnati, Ohio  
October 31, 2013

**Yellow Springs Exempted Village School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
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, 2013. 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 2013 are as follows:

- Assets exceeded liabilities at the close of the most recent fiscal year by \$3,749,321. Of this amount, \$1,467,554 is unrestricted for the School District's discretionary use.
- General revenues accounted for \$6,618,609 in revenue or 79.15 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$1,742,797 or 20.85 percent of total revenues of \$8,361,406.
- The School District had \$8,462,979 in expenses related to governmental activities; only \$1,742,797 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$6,618,609 plus beginning balance were adequate to provide for these programs.
- The general fund and the bond retirement fund are the School District's major funds. The general fund had \$7,647,587 in revenues and \$7,179,438 in expenditures and other financing uses. The general fund balance increased \$468,149 from the prior fiscal year. The bond retirement fund had \$304,786 in revenues and \$290,480 in expenditures. The bond retirement fund balance increased \$14,306 from the prior fiscal year based on receipts exceeding expenditures.

**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 position* presents information on all the School District's assets and liabilities, with the difference between the two is reported as *net position*. Over time, increases and decreases in net position 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 School District's net position changed during the most recent fiscal year. All changes in net position 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. deferred inflow of property 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*).

**Yellow Springs Exempted Village School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

**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 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 position and statement of activities.

The School District maintains eighteen 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 and bond retirement fund are the District's major funds. Data from the other sixteen 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.

*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.

*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.



**Yellow Springs Exempted Village School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2013**  
**Unaudited**

**Government-Wide Financial Analysis**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's net position for 2012 to 2013.

**Table 1**  
**Net Position**  
**Governmental Activities**

	2013	(Restated) 2012	Change
<b>Assets:</b>			
Current and Other Assets	\$ 7,572,960	\$ 6,828,895	\$ 744,065
Capital Assets, Net	5,585,294	5,936,533	(351,239)
<i>Total Assets</i>	<u>13,158,254</u>	<u>12,765,428</u>	<u>392,826</u>
<b>Liabilities:</b>			
Current and Other Liabilities	945,868	958,481	(12,613)
Long-Term Liabilities	4,803,973	4,999,444	(195,471)
<i>Total Liabilities</i>	<u>5,749,841</u>	<u>5,957,925</u>	<u>(208,084)</u>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	3,659,092	2,956,609	702,483
<i>Total Deferred Inflows of Resources</i>	<u>3,659,092</u>	<u>2,956,609</u>	<u>702,483</u>
<b>Net Position:</b>			
Net investment in Capital Assets	1,687,781	1,747,952	(60,171)
Restricted For:			
Debt Service	242,541	274,411	(31,870)
Capital Outlay	257,417	200,365	57,052
Other	94,028	38,940	55,088
Unrestricted	1,467,554	1,589,226	(121,672)
<i>Total Net Position</i>	<u>\$ 3,749,321</u>	<u>\$ 3,850,894</u>	<u>\$ (101,573)</u>

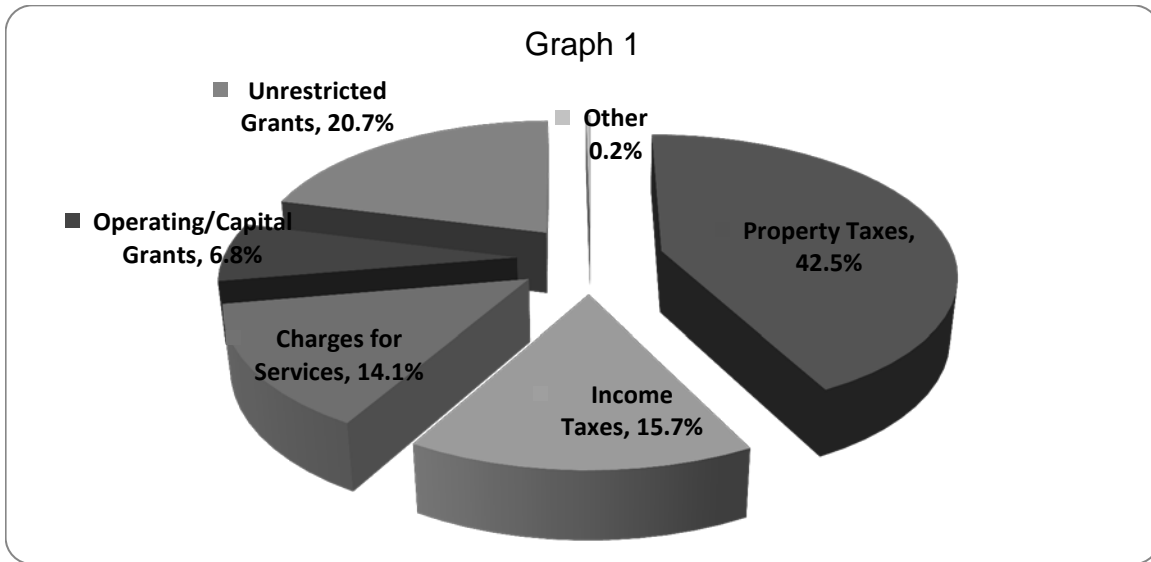
The School District passed an additional money tax levy in November of 2012. Using cash basis accounting, the fund balance in the general fund increased by \$468,149 from 2012 to 2013. However, the accrual basis reflects a decrease in net position from 2012 to 2013. The primary cause for the decrease is that a college within the district had been in the process of applying for tax exemption in 2012, therefore delinquent taxes were inflated. Delinquent taxes are required to be included as revenue for the year. The tax exemption was approved for 2013 thus lowering the delinquent taxes due to the district by \$594,561. Assets increased and liabilities decreased, but the large increase in deferred inflows causes the net position to reduce.

**Yellow Springs Exempted Village School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2013**  
**Unaudited**

Table 2 shows the change in revenue from fiscal year 2012 to 2013.

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

	<u>2013</u>	<u>2012</u>	<u>Change</u>
<b>Revenues:</b>			
<i>Program Revenues:</i>			
Charges for Services and Sales	\$ 1,177,019	\$ 1,069,569	\$ 107,450
Operating Grants and Contributions	555,778	628,655	(72,877)
Capital Grants and Contributions	10,000	20,000	(10,000)
<i>Total Program Revenues</i>	<u>1,742,797</u>	<u>1,718,224</u>	<u>24,573</u>
<i>General Revenues:</i>			
Property Taxes	3,554,698	4,226,201	(671,503)
Income Taxes	1,312,468	1,348,785	(36,317)
Grants and Entitlements	1,729,759	1,723,969	5,790
Investment Earnings	1,555	8,117	(6,562)
Miscellaneous	20,129	19,796	333
<i>Total General Revenues</i>	<u>6,618,609</u>	<u>7,326,868</u>	<u>(708,259)</u>
<b>Total Revenues</b>	<u><u>\$ 8,361,406</u></u>	<u><u>\$ 9,045,092</u></u>	<u><u>\$ (683,686)</u></u>



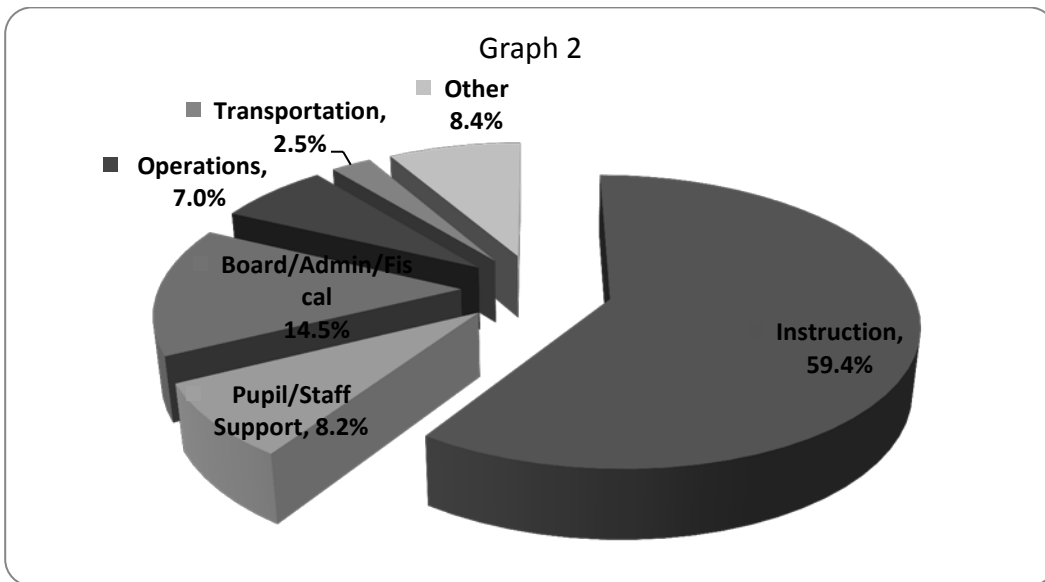
Graph 1 breaks down the School District's government-wide revenue into percentages by type of revenue.

**Yellow Springs Exempted Village School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2013**  
**Unaudited**

Table 3 shows the change in program expenses from 2012 to 2013.

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

	<u>2013</u>	<u>2012</u>	<u>Change</u>
<b><u>Expenses:</u></b>			
Instruction:			
Regular	\$ 3,582,186	\$ 3,447,459	\$ 134,727
Special Education	1,159,718	967,308	192,410
Other	284,229	247,646	36,583
Support Services:			
Pupils	496,303	436,052	60,251
Instructional Staff	200,776	437,585	(236,809)
Board of Education	37,963	33,951	4,012
Administration	783,237	799,880	(16,643)
Fiscal/Business	403,428	374,120	29,308
Operation/Maintenance of Plant	592,071	789,764	(197,693)
Pupil Transportation	215,248	221,725	(6,477)
Central	41,262	50,382	(9,120)
Non-Instructional	260,177	265,278	(5,101)
Extracurricular Activities	248,131	283,853	(35,722)
Debt Service: Interest & Fiscal Charges	158,250	392,626	(234,376)
<b>Total Expenses</b>	<b><u>\$ 8,462,979</u></b>	<b><u>\$ 8,747,629</u></b>	<b><u>\$ (284,650)</u></b>
Net Change	(101,573)	297,463	<u>\$ (399,036)</u>
Beginning Net Position – Restated (Note 21)	<u>3,850,894</u>	<u>3,640,087</u>	
<b>Ending Net Position</b>	<b><u>\$ 3,749,321</u></b>	<b><u>\$ 3,937,550</u></b>	



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

**Yellow Springs Exempted Village School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2013**  
**Unaudited**

The decline in the property taxes is due to a large decrease in delinquent taxes revenue. As previously explained under the Statement of Net Position section, this amount was higher in 2012 due to a privately funded college within the School District that recently re-opened and was in the process of applying for tax exemption. The exemption was approved so delinquent taxes were lowered. The State reclassified many budget account codes and a large portion of support services was moved under regular and special education instruction. The operation/maintenance of plant expenses for 2012 included a roof repair project and a wireless installation, however there were no large capital improvements during 2013. The debt service costs were higher in 2012 due to the School District participating in a bond refinancing.

**The Major Funds**

The School District's major 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 and the bond retirement fund are the two major funds. The general fund accounted for 85.78% of the \$8,914,984 in total revenue and other financing sources and 86.45% of the \$8,296,343 in total expenditures. The general fund received a majority of its revenues from property taxes, income taxes and intergovernmental revenues. Revenues exceeded expenditures and other financing uses in the general fund by \$468,149 leaving a year end fund balance of \$2,215,730. The bond retirement fund became a major fund in fiscal year 2012 due to the increased revenues and expenditures from the bond refinancing in August, 2011.

The general fund recognized \$893,205 in current liabilities for fiscal year 2013. Accrued wages and benefits accounted for 74.65% of those liabilities. Taxes receivable accounted for 97.80% of the \$4,623,158 receivables in the general fund. The taxes receivable is mostly offset by a deferred inflow because those taxes are not intended to finance the 2013 fiscal year.

**General Fund Budgetary**

Table 4 compares the original and final general fund revenue budgets for the fiscal year ended June 30, 2013.

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

	Budget		Variance
	Original	Final	
Revenues			
Property/Income Taxes	\$4,447,652	\$4,973,727	\$526,075
Intergovernmental	1,319,882	1,638,997	319,115
Other	890,441	937,569	47,128
Total Revenues	<u>\$6,657,975</u>	<u>\$7,550,293</u>	<u>\$892,318</u>

The original revenue estimates come from January, 2012 Official Certificate of Estimated Resources, which is based on the Tax Budget also completed in January, 2012. The reason for the variance in the tax estimates is that the district passed a \$915,000/year new emergency levy in November, 2012. The income tax levy also collected more than initially anticipated. The Intergovernmental variance is similarly related to the variance in taxes since the homestead and rollbacks paid by the state are based on tax collections and now include collections on the new emergency levy. The School District is heavily dependent on the open enrollment income, which accounts for the majority of Other revenue. Open enrollment increased and tuition charged to other districts increased as well.

**Yellow Springs Exempted Village School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2013**  
**Unaudited**

Table 5 compares the original and final general fund expenditure budgets for the fiscal year ended June 30, 2013.

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

<u>Expenditures</u>	Budget		
	Original	Final	Variance
Instruction	\$4,501,186	\$4,434,716	(\$66,470)
Support Services	2,677,596	2,624,570	(53,026)
Other	257,779	264,812	7,033
<b>Total Expenditures</b>	<b>\$7,436,561</b>	<b>\$7,324,098</b>	<b>(\$112,463)</b>

The original budget comes for the Tax Budget filed in January of 2012. Traditionally, the tax budget expenditures include all possible needs for the future year. The final budget to actual expenditure variance in the Instruction category is largely due to savings in excess costs for special education and pre-school services from the Greene County Educational Service Center. The variance in Support Services can be attributed to savings in maintenance and transportation budgets. The variance in Other is due to increased extracurricular expenses from needing to fill additional extracurricular positions. The actual expenditure total came in 1.4% lower than the final budget.

**Capital Assets**

At the end of the year, the School District had \$5,585,294 invested in land, buildings, equipment, 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>2013</u>	<u>2012</u>	<u>Change</u>
Land	\$ 1,238,340	\$ 1,238,340	0.00%
Land Improvements	467,477	467,477	0.00%
Buildings and Building Improvements	7,137,020	7,129,756	0.10%
Furniture, Fixtures, Equipment	658,646	610,028	7.96%
Vehicles	288,394	288,394	0.00%
Total at Historical Cost	<u>\$ 9,789,877</u>	<u>\$ 9,733,995</u>	<u>0.57%</u>
Less: Accumulated Depreciation	<u>(4,204,583)</u>	<u>(3,797,462)</u>	<u>10.72%</u>
<b>Capital Assets, Net</b>	<b><u><u>\$ 5,585,294</u></u></b>	<b><u><u>\$ 5,936,533</u></u></b>	<b><u><u>(5.92%)</u></u></b>

The majority of the increase in equipment is for technology used in instruction. A large, one-time cost during 2013 was for the implementation of a point of sale system in each building cafeteria, thus requiring the purchase of multiple pieces of technology hardware. 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, 2013  
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." In 2013, as part of the Federal spending cuts, the interest credits have been reduced to 85%. The energy conservation notes retire March 1, 2021 with annual payments being made from the cost savings realized in the general fund. The remaining balance at June 30, 2013 is \$607,300.

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. Principal of \$2,960,000 from the original issue was refunded and reissued at a lower interest rate in August, 2011. The total combined remaining balance at June 30, 2013 is \$2,994,999. For further information on the School District's obligations, refer to Note 14 of the financial statements.

**For the Future**

The School District has weathered the recession in the economy over the past few years by cutting costs and seeking new revenue. A major budget reduction plan was implemented with the majority of the reductions taking place in the 2011-12 year. While this furthered the longevity of the School District's cash carryover, annual expenditures were still exceeding revenues. In the summer of 2012, the Board voted to place a new emergency tax levy in the amount of \$915,000 per year for five years on the November ballot. The issue was approved at the November 6, 2012 election. The School District welcomed the immediate financial stability, but the intent of the Board is to maintain all reductions, continue to be frugal with the budget, avoid deficit spending, and make this additional revenue last as long as possible. This is critical when property tax and income tax revenues are only seeing modest growth and state funding is decreasing.

Additionally, the School District has two levies that are critical to the budget and will need renewed. The Permanent Improvement Levy provides for all of the School District's technology needs and building maintenance and will need renewed in 2013. This levy was subsequently renewed on November 5, 2013. The \$1,060,000 Emergency Levy provides for over twenty-percent of the general operating property tax revenue and will need to be renewed in 2015.

Costs are nevertheless projected to increase at a faster pace than revenues. The ten-year strategic plan includes district-wide implementation of project/problem based learning. This is in addition to the state's requirement of adopting the common core curriculum. Both curriculums will necessitate additional technology, supplies, and labor. Cost increases will also come from raises that were negotiated in the summer of 2013 following a two-year pay freeze. A goal in the strategic plan is to maintain competitive wages. Moreover, the state continues to stipulate unfunded mandates. The School District will remain pro-active by looking into other cost-saving measures such as alternative education methods through online learning and electronic textbooks and continued pursuit of shared service opportunities.

**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.ysschools.org](http://www.ysschools.org)

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

**Statement of Net Position  
June 30, 2013**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Investments	\$ 2,602,350
Materials and Supplies Inventory	2,978
Accrued Interest Receivable	675
Accounts Receivable	43,122
Intergovernmental Receivable	82,636
Taxes Receivable	4,212,428
Income Taxes Receivable	628,771
Capital Assets:	
Non-Depreciable Capital Assets	1,238,340
Depreciable Capital Assets, net	4,346,954
<b>Total Assets</b>	<b>13,158,254</b>
 <b>Liabilities</b>	
Accounts Payable	37,717
Accrued Wages and Benefits	690,699
Intergovernmental Payable	201,001
Accrued Interest Payable	16,451
Long-Term Liabilities:	
Due Within One Year	322,357
Due in More Than One Year	4,481,616
<b>Total Liabilities</b>	<b>5,749,841</b>
 <b>Deferred Inflows of Resources:</b>	
Property Taxes	3,659,092
<b>Total Deferred Inflows of Resources</b>	<b>3,659,092</b>
 <b>Net Position:</b>	
Net investment in Capital Assets	1,687,781
Restricted for Debt Service	242,541
Restricted for Capital	257,417
Restricted for Other Purposes	94,028
Unrestricted	1,467,554
<b>Total Net Position</b>	<b>\$ 3,749,321</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, 2013**

	Program Revenues			Net(Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$ 3,582,186	\$ 890,277	\$ 174,354	\$ 0	(2,517,555)
Special	1,159,718	0	81,156	0	(1,078,562)
Other	284,229	0	0	0	(284,229)
Support Services:					
Pupils	496,303	15,568	58,506	0	(422,229)
Instructional Staff	200,776	0	3,454	0	(197,322)
Board of Education	37,963	0	0	0	(37,963)
Administration	783,237	9,350	0	0	(773,887)
Fiscal	327,804	0	0	0	(327,804)
Business	75,624	0	0	0	(75,624)
Operation and Maintenance of Plant	592,071	73,496	1,608	10,000	(506,967)
Pupil Transportation	215,248	0	0	0	(215,248)
Central	41,262	0	4,391	0	(36,871)
Operation of Non-Instructional Services	260,177	98,469	141,400	0	(20,308)
Extracurricular Activities	248,131	89,859	90,909	0	(67,363)
Debt Service:					
Interest and Fiscal Charges	158,250	0	0	0	(158,250)
Totals	\$ <u>8,462,979</u>	\$ <u>1,177,019</u>	\$ <u>555,778</u>	\$ <u>10,000</u>	<u>(6,720,182)</u>
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes					3,241,574
Property Taxes, Levied for Capital					100,796
Property Taxes, Levied for Debt Service					212,328
Income Taxes					1,312,468
Grants and Entitlements not Restricted to Specific Programs					1,729,759
Investment Earnings					1,555
Miscellaneous					20,129
Total General Revenues					<u>6,618,609</u>
Change in Net Position					(101,573)
Net Position Beginning of Year - Restated					3,850,894
Net Position End of Year				\$	<u><u>3,749,321</u></u>

See Accompanying Notes to the Basic Financial Statements



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

**Balance Sheet  
Governmental Funds  
June 30, 2013**

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 2,055,598	\$ 210,380	\$ 336,372	\$ 2,602,350
Materials and Supplies Inventory	0	0	2,978	2,978
Accrued Interest Receivable	675	0	0	675
Accounts Receivable	14,004	0	29,118	43,122
Intergovernmental Receivable	56,632	0	26,004	82,636
Interfund Receivable	30,000	0	0	30,000
Property Taxes Receivable	3,893,076	261,993	57,359	4,212,428
Income Taxes Receivable	628,771	0	0	628,771
Total Assets	<u>\$ 6,678,756</u>	<u>\$ 472,373</u>	<u>\$ 451,831</u>	<u>\$ 7,602,960</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	31,423	0	6,294	37,717
Accrued Wages and Benefits	666,797	0	23,902	690,699
Intergovernmental Payable	194,985	0	6,016	201,001
Interfund Payable	0	0	30,000	30,000
Total Liabilities	<u>893,205</u>	<u>0</u>	<u>66,212</u>	<u>959,417</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	3,457,731	234,380	44,193	3,736,304
Income Taxes	107,227	0	0	107,227
Intergovernmental Revenue	4,863	0	0	4,863
Total Deferred Inflows of Resources	<u>3,569,821</u>	<u>234,380</u>	<u>44,193</u>	<u>3,848,394</u>
<b>Fund Balances</b>				
Nonspendable	0	0	2,978	2,978
Restricted	0	237,993	349,299	587,292
Assigned	1,589,056	0	0	1,589,056
Unassigned (Deficit)	626,674	0	(10,851)	615,823
Total Fund Balances	<u>2,215,730</u>	<u>237,993</u>	<u>341,426</u>	<u>2,795,149</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,678,756</u>	<u>\$ 472,373</u>	<u>\$ 451,831</u>	<u>\$ 7,602,960</u>

See Accompanying Notes to the Basic Financial Statements

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

**Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
June 30, 2013**

Total Governmental Fund Balances	\$	2,795,149
<p>Amounts reported for governmental activities on the statement of Net Position are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		5,585,294
Revenues that do not provide financial resources are not reported as revenues in governmental fund.		189,302
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Accrued Interest Payable	(16,451)	
Capital Leases Payable	(27,726)	
General Obligation Bonds and Notes Payable	(4,147,837)	
Compensated Absences Payable	(628,410)	
		(4,820,424)
Net Position of Governmental Activities	\$	3,749,321

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, 2013**

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>				
Property and Other Local Taxes	\$ 3,769,175	\$ 258,504	\$ 121,580	\$ 4,149,259
Income Taxes	1,287,299	0	0	1,287,299
Intergovernmental	1,656,947	46,282	585,837	2,289,066
Interest	1,555	0	0	1,555
Tuition and Fees	890,277	0	0	890,277
Rent	9,350	0	0	9,350
Extracurricular Activities	15,119	0	51,518	66,637
Gifts and Donations	15,568	0	22,670	38,238
Customer Sales and Services	0	0	97,799	97,799
Miscellaneous	2,297	0	76,326	78,623
Total Revenues	<u>7,647,587</u>	<u>304,786</u>	<u>955,730</u>	<u>8,908,103</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	3,207,533	0	88,231	3,295,764
Special	894,200	0	248,410	1,142,610
Other	277,099	0	7,130	284,229
Support Services:				
Pupils	432,476	0	62,777	495,253
Instructional Staff	170,366	0	28,774	199,140
Board of Education	37,963	0	0	37,963
Administration	759,656	0	0	759,656
Fiscal	322,270	1,880	886	325,036
Business	2,299	0	0	2,299
Operation and Maintenance of Plant	579,083	0	2,810	581,893
Pupil Transportation	200,422	0	0	200,422
Central	27,861	0	4,391	32,252
Operation of Non-Instructional Services	4,573	0	254,290	258,863
Extracurricular Activities	169,080	0	60,960	230,040
Capital Outlay	0	0	67,766	67,766
Debt Service:				
Principal	84,436	190,000	0	274,436
Interest	3,240	98,600	0	101,840
Total Expenditures	<u>7,172,557</u>	<u>290,480</u>	<u>826,425</u>	<u>8,289,462</u>
Excess of Revenues Over (Under) Expenditures	<u>475,030</u>	<u>14,306</u>	<u>129,305</u>	<u>618,641</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	0	0	6,881	6,881
Transfers Out	(6,881)	0	0	(6,881)
Total Other Financing Sources (Uses)	<u>(6,881)</u>	<u>0</u>	<u>6,881</u>	<u>0</u>
Net Change in Fund Balances	468,149	14,306	136,186	618,641
Fund Balance at Beginning of Year	1,747,581	223,687	205,240	2,176,508
Fund Balance at End of Year	<u>\$ 2,215,730</u>	<u>\$ 237,993</u>	<u>\$ 341,426</u>	<u>\$ 2,795,149</u>

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, 2013**

Net Change in Fund Balances - Total Governmental Funds \$ 618,641

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

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.

Capital additions	65,286	
Depreciation	<u>(416,525)</u>	(351,239)

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

Intergovernmental	4,863	
Income Taxes	25,169	
Delinquent Property Taxes	<u>(594,561)</u>	(564,529)

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:

Change in compensated absences payable	(40,304)	
Increase in accrued interest payable	84	
Accretion on bonds	<u>(56,494)</u>	(96,714)

Issuance and repayment of long-term debt is reported as an expenditure or other financing sources in governmental funds, but the issuance or repayment impacts long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:

Premium on refunding bonds	17,832	
Bond payments	190,000	
Note payments	75,900	
Capital lease payments	<u>8,536</u>	292,268

Change in Net Position of Governmental Activities \$ (101,573)

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, 2013**

	<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	\$ 3,172,163	\$ 3,622,373	\$ 3,622,373	\$ 0
Income Tax	1,275,489	1,351,354	1,351,354	0
Intergovernmental	1,319,882	1,638,997	1,638,997	0
Interest	12,000	4,976	4,976	0
Tuition and Fees	849,691	890,277	890,277	0
Rent	3,000	8,850	8,850	0
Extracurricular Activities	11,000	15,119	15,119	0
Gifts and Donations	14,500	18,306	18,306	0
Miscellaneous	250	41	41	0
Total Revenues	<u>6,657,975</u>	<u>7,550,293</u>	<u>7,550,293</u>	<u>0</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	3,310,434	3,295,164	3,268,399	26,765
Special	938,352	899,952	872,277	27,675
Student Intervention Services	400	200	0	200
Other	252,000	239,400	277,099	(37,699)
Support Services:				
Pupils	415,219	433,432	421,516	11,916
Instructional Staff	196,154	196,744	185,582	11,162
Board of Education	60,995	44,743	38,377	6,366
Administration	754,155	751,118	743,644	7,474
Fiscal	353,663	332,546	328,196	4,350
Business	2,500	2,500	2,299	201
Operation and Maintenance of Plant	628,623	617,274	598,130	19,144
Pupil Transportation	231,805	217,277	203,666	13,611
Central	34,482	28,936	28,300	636
Operation of Non-Instructional Services	4,500	4,600	4,573	27
Extracurricular Activities	176,779	183,923	170,229	13,694
Debt Service				
Principal	75,900	75,900	75,900	0
Interest	600	389	388	1
Total Expenditures	<u>7,436,561</u>	<u>7,324,098</u>	<u>7,218,575</u>	<u>105,523</u>
Excess of Revenues (Under) Expenditures	<u>(778,586)</u>	<u>226,195</u>	<u>331,718</u>	<u>105,523</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Advances In	4,317	4,317	4,317	0
Proceeds from Sale of Capital Assets	0	0	0	0
Refund of Prior Year Expenditures	20,000	23,366	23,366	0
Transfers Out	(20,000)	(10,000)	(6,881)	3,119
Advances Out	(20,000)	(30,000)	(30,000)	0
Total Other Financing Sources and Uses	<u>(15,683)</u>	<u>(12,317)</u>	<u>(9,198)</u>	<u>3,119</u>
Net Change in Fund Balances	(794,269)	213,878	322,520	108,642
Fund Balance at Beginning of Year	1,729,790	1,729,790	1,729,790	0
Prior Year Encumbrances Appropriated	3,438	3,438	3,438	0
Fund Balance at End of Year	<u>\$ 938,959</u>	<u>\$ 1,947,106</u>	<u>\$ 2,055,748</u>	<u>\$ 108,642</u>

See Accompanying Notes to the Basic Financial Statements

YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
GREENE COUNTY

*Statement of Fiduciary Assets and Liabilities -  
Agency Fund  
June 30, 2013*

	<u>Agency Fund</u>
<b>Assets</b>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ <u>23,333</u>
Total Assets	<u>23,333</u>
<b>Liabilities</b>	
Current Liabilities:	
Undistributed Monies	<u>23,333</u>
Total Liabilities	\$ <u><u>23,333</u></u>

See Accompanying Notes to the Basic Financial Statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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 23 non-certified and 51 certified full-time teaching personnel who provide services to 710 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 18 and 19 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. 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 position 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, 2013  
(Continued)**

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

Government-Wide Financial Statements

The statement of net position 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 position 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.

Bond Retirement Fund - The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(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 position and changes in net position. The District maintains one fiduciary fund. 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.

**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 position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) of total net position.

**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 reconciliations 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, 2013  
(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 Inflows of Resources

Deferred inflows of resources arises when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes, income taxes, and grants and entitlements received before the eligibility requirements are met are also recorded as deferred inflows of resources. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources.

Unearned Revenue

Unearned 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, 2013, but which were levied to finance fiscal year 2014 operations, have been recorded as unearned revenue. The District had no unearned revenue at June 30, 2013.

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, 2013  
(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 2013, investments were limited to 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 2013 amounted to \$1,555 with \$307 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, 2013  
(Continued)**

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

**H. Capital Assets**

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 position 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:

<b>Description</b>	<b>Estimated Lives</b>
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, 2013  
(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 position**

Net position represents the difference between assets and liabilities. Investment in net capital assets 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 position 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 \$593,986 in restricted net position, 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 position is available.

**L. Fund Balance**

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 are eliminated on the government-wide statement of net position.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(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 \$11,285 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).
4. Advances are operating transactions (budget) as opposed to balance sheet transactions (GAAP basis).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(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  
Under Expenditures and Other Financing Uses

GAAP Basis	\$468,149
Revenue Accruals	(97,294)
Expenditure Accruals	(20,902)
Advances	(25,683)
Encumbrances	(1,750)
Budget Basis	<u>\$322,520</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 be 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, 2013  
(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, \$186,440 of the District's bank balance of \$1,684,360 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, 2013, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities Less than One Year</u>
Fifth Third Government Money Market funds	\$20,699	\$20,699

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 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, 2013  
(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 Fifth Third Government Money Market fund is 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 100% of its investments 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 2013 represent the collection of calendar year 2012 taxes. Real property taxes for 2012 were levied after April 1, 2012, on the assessed values as of January 1, 2012, 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 2013 were levied after April 1, 2012, on the assessed values as of December 31, 2011, 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 2013 (other than public utility property) represent the collection of calendar year 2013 taxes. Tangible personal property taxes for 2013 were levied after April 1, 2012, on the value as of December 31, 2012. Tangible personal property has been phased out with the current year other than tangible personal property on public utilities. 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, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(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, 2013 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 2013 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, 2013, was \$435,345 in the General Fund, \$27,613 in the Bond Retirement fund and \$13,166 in the Non-major Governmental Funds. The amount available as an advance at June 30, 2012, was \$288,543 in the General Fund, \$24,080 in the Bond Retirement fund and \$10,969 in the Non-major Governmental Funds. The assessed values upon which the fiscal year 2013 taxes were collected are:

	<b>2012 Second- Half Collections</b>		<b>2013 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential	\$113,116,700	82.31%	\$112,932,620	83.22%
Industrial/Commercial	22,500,480	16.37%	21,343,960	15.73%
Public Utility	1,818,620	1.32%	1,429,570	1.05%
Total Assessed Value	<u>\$137,435,800</u>	<u>100.00%</u>	<u>\$135,706,150</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, 2002, 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 \$1,287,299 were credited to the General Fund during fiscal year 2013.

**7. RECEIVABLES**

Receivables at June 30, 2013, 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:	
Casino sharing revenues	\$17,950
Green County ESC Refund	33,819
SERS refund	4,863
Title VI-B Grant	10,609
Title I Grant	15,395
Total Intergovernmental Receivables	<u>\$82,636</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**8. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance at 6/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/13</u>
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$1,238,340	\$0	\$0	\$1,238,340
Total Nondepreciable Capital Assets	<u>1,238,340</u>	<u>0</u>	<u>0</u>	<u>1,238,340</u>
Depreciable Capital Assets				
Land Improvements	467,477	0	0	467,477
Buildings and Building Improvements	7,129,756	7,264	0	7,137,020
Furniture, Fixtures, and Equipment	610,028	58,022	(9,404)	658,646
Vehicles	288,394	0	0	288,394
Total Depreciable Capital Assets	<u>8,495,655</u>	<u>65,286</u>	<u>(9,404)</u>	<u>8,551,537</u>
Less Accumulated Depreciation				
Land Improvements	(288,741)	(22,682)	0	(311,423)
Buildings and Building Improvements	(2,973,818)	(314,657)	0	(3,288,475)
Furniture, Fixtures, and Equipment	(277,757)	(67,276)	9,404	(335,629)
Vehicles	(257,146)	(11,910)	0	(269,056)
Total Accumulated Depreciation	<u>(3,797,462)</u>	<u>(416,525)</u>	<u>9,404</u>	<u>(4,204,583)</u>
Depreciable Capital Assets, Net	<u>4,698,193</u>	<u>(351,239)</u>	<u>0</u>	<u>4,346,954</u>
Governmental Activities Capital Assets, Net	<u>\$5,936,533</u>	<u>(\$351,239)</u>	<u>\$0</u>	<u>\$5,585,294</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$293,968
Support Services:	
Administration	772
Fiscal	772
Business	73,325
Operation and Maintenance	4,793
Pupil Transportation	13,967
Central	9,523
Non-Instruction	1,314
Extracurricular Activities	18,091
Total Depreciation Expense	<u>\$416,525</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(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 2013, the District contracted with Ohio Casualty for general liability insurance with a \$1,000,000 single occurrence limit and a \$2,000,000 general aggregate and \$2,000,000 products completed operations aggregate limit. Property is protected by Ohio Casualty with an \$21,534,462 aggregate limit and holds a \$2,500 deductible.

The District's vehicles are covered under a business policy with The Ohio Casualty 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 2013, the District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. 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 2013, the District participated in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool. 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, 2013  
(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 2013, 13.10 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, 2013, 2012, and 2011 were \$117,838, \$125,292, and \$179,736 respectively; 52 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**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  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(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, 2013, plan members were required to contribute 10 percent of their annual covered salaries which will increase by 1% until it reaches 14% on July 1, 2016. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations for fiscal year 2013. For fiscal year 2012, 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 14 percent for members and 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, 2013, 2012, and 2011 were \$463,160, \$472,547, and \$539,860, respectively; 83 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$24,321 made by the District and \$17,372 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 2013, 0.16 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 2013, this amount was \$20,525.

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, 2013, 2012, and 2011 were \$19,085, \$21,344 and \$18,359, respectively; 52 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(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 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 was \$6,657, \$7,399, and \$9,757, respectively; 52 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**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 2013, 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, 2013, 2012, and 2011 were \$35,628, \$36,350, and \$38,564 respectively; 83 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**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. 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, 2013  
(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**

In prior years, 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 2013 totaled \$8,536 and interest payments of \$2,852.

The following is a schedule of the lease payments required under the capital leases as of June 30, 2013:

Fiscal Year Ending June 30,	Capital Leases Payable		
	Principal	Interest	Total
2014	\$9,318	\$2,070	\$11,388
2015	10,172	1,216	11,388
2016	8,236	305	8,541
Totals	<u>\$27,726</u>	<u>\$3,591</u>	<u>\$31,317</u>

**14. LONG-TERM OBLIGATIONS**

During the year ended June 30, 2013, the following changes occurred in obligations reported in the Government - Wide Financial Statements:

	Balance at 6/30/12	Additions	Deductions	Balance at 6/30/13	Due Within One Year
Permanent Improvement Bonds 2002 Variable Rate	\$250,000	\$0	\$165,000	\$85,000	\$40,000
Accretion on Capital Appreciation Bonds	203,489	34,989	0	238,478	0
Refunding Permanent Improvement Bonds 2012 Variable Rate	2,934,999	0	25,000	2,909,999	50,000
Accretion on Capital Appreciation Bonds Premium	18,068	21,504	0	39,572	0
	285,320	0	17,832	267,488	0
Energy Conservation Notes Payable	683,200	0	75,900	607,300	75,900
Capital Leases	36,262	0	8,536	27,726	9,318
Compensated Absences Payable	588,106	223,760	183,456	628,410	147,139
Total	<u>\$4,999,444</u>	<u>\$280,253</u>	<u>\$475,724</u>	<u>\$4,803,973</u>	<u>\$322,357</u>



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(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. The bonds were partial refunding through the fiscal year 2012 issuance.

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 2013, the capital appreciation bonds were accreted \$238,478.

Principal and interest requirements to retire the permanent improvement bonds outstanding at June 30, 2013, are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$40,000	\$130,000	\$170,000
2015	45,000	125,000	170,000
Total	<u>\$85,000</u>	<u>\$255,000</u>	<u>\$340,000</u>

**B. School Improvement Refunding Bonds**

On August 10, 2011, the District issued \$2,959,999 in school improvement refunding bonds for the purpose of partially refunding the 2002 permanent improvement bonds. The bonds were issued for a 17-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 \$94,999. The capital appreciation bonds mature in fiscal year 2020 and 2021 and will bear interest compounded semiannually on June 1 and December 1 of each year and began in fiscal year 2012. The maturity amount of the capital appreciation bonds is \$465,000. For fiscal year 2013, the capital appreciation bonds were accreted \$39,572.

Principal and interest requirements to retire the permanent improvement bonds outstanding at June 30, 2013, are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$50,000	\$94,550	\$144,550
2015	50,000	93,350	143,350
2016	215,000	90,900	305,900
2017	220,000	86,550	306,550
2018	225,000	84,350	309,350
2019-2023	799,999	727,226	1,527,225
2024-2028	1,350,000	155,980	1,505,980
Total	<u>\$2,909,999</u>	<u>\$1,332,906</u>	<u>\$4,242,905</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**C. 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 issue 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, 2013, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2014	\$75,900
2015	75,900
2016	75,900
2017	75,900
2018	75,900
2019-2021	227,800
Total	<u>\$607,300</u>

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 \$12,213,551, energy conservation debt margin of \$9,456,545 with an unvoted debt margin of \$135,706 at June 30, 2013.

**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 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.

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

	<b><u>Capital Acquisition</u></b>
Set-aside Cash Balance as of June 30, 2012	\$0
Current Year Set-aside Requirement	118,869
Offset for permanent improvement levy	(119,383)
Qualifying Disbursements	(59,443)
Total	<u>(\$59,957)</u>

Although the District had qualifying disbursements during the year that reduced the capital acquisition to below zero; however, the amount is not carried forward to the next fiscal year.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**16. INTERFUND ASSETS/LIABILITIES**

	Interfund Receivable	Interfund Payable
General Fund	\$30,000	\$0
Non-Major Special Revenue	0	30,000
Total All Funds	\$30,000	\$30,000

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

**17. 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	Bond Retirement	Non-Major Funds
Fund Balances:			
Nonspendable:			
Inventory	\$0	\$0	2,978
Restricted for:			
Debt Service	0	237,993	0
Capital Improvements	0	0	255,270
Contributor restrictions	0	0	1,218
District Activities	0	0	92,811
Assigned to:			
Encumbrances	1,750	0	0
Public School Support	45,142	0	0
Budgeted Appropriation	1,542,164		
Unassigned	626,674	0	(10,851)
Total Fund Balances	\$2,215,730	\$223,687	\$341,426

The assigned balance for public school support comes from funds the Treasurer places in a separate fund derived from various receipts at the different schools. The Treasurer also encumbers certain funds for future payment.

**18. 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, Greene 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

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 \$19,186 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.

**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 2012, the Yellow Springs Exempted Village School District paid \$539 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 position 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 2012, the Yellow Springs Exempted Village School District paid \$0 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**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.

**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.

**19. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**20. 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, 2013.

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. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2013, if applicable, cannot be determined at this time.

**B. Litigation**

The District is currently involved in litigation with the District as defendant although the impact on the financial statements can not be determined by June 30, 2013.

**21. CHANGE IN ACCOUNTING PRINCIPLES**

The District implemented GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*; and GASB 65, *Items Previously Reported as Assets and Liabilities*, during the fiscal year. The implementation of GASB 62 and GASB 63 had no financial statement impact. The implementation of GASB 65 removed the issuances costs reported on the Statement of Net Position as those items, other than prepaid insurance, are considered current period costs.

	Governmental- Type Activities
Net Position at 06/30/12 as previously reported	<u>\$3,937,550</u>
Implementation of GASB Pronouncements	<u>(86,656)</u>
Restated Net Position at 06/30/12	<u><u>\$3,850,894</u></u>

**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT**



**Yellow Book Report**

**June 30, 2013**

**INDEPENDENT AUDITOR'S 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, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2013, wherein we noted the District adopted GASB Statement No. 65 as disclosed in Note 21.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.



## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
Cincinnati, Ohio  
October 31, 2013

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**YELLOW SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT**



**Agreed-Upon Procedures Report**

**June 30, 2013**

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

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 June 14, 2012 to include harassment, intimidation or bullying of any student "on a school bus" or by an "electronic act."

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.  
Cincinnati, Ohio  
October 31, 2013



# 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 23, 2014**