



**LITTLE MIAMI LOCAL SCHOOL DISTRICT
WARREN COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LITTLE MIAMI LOCAL SCHOOL DISTRICT
WARREN COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Little Miami Local School District
Warren County
5819 Morrow-Rossburg Road
Morrow, Ohio 45152

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Little Miami Local School District, Warren County, Ohio (the District), as of and for the fiscal year ended June 30, 2000. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the fiscal year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133,

Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

January 16, 2001

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*Little Miami Local School District
Warren County*

*Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Assets and Other Debits:</i>				
<i>Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$2,230,879	\$238,016	\$1,097,590	\$3,284,000
Receivables:				
Taxes	7,399,835	0	1,104,926	162,568
Accounts	2,554	334	0	0
Intergovernmental	6,208	43,680	0	0
Accrued Interest	23,434	0	0	470
Interfund Receivable	650	0	0	0
Prepaid Items	9,958	0	0	0
Materials and Supplies Inventory	0	0	0	0
Inventory Held for Resale	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	135,835	0	0	0
Equity in Pooled Cash and Cash Equivalents in Escrow Accounts	0	0	0	249,653
Fixed Assets (Net, if applicable, of Accumulated Depreciation)	0	0	0	0
<i>Other Debits:</i>				
Amount Available in Debt Service Fund for the Retirement of General Long Term Obligations	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$9,809,353	\$282,030	\$2,202,516	\$3,696,691

See accompanying notes to the financial statements.

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$59,620	\$97,080	\$0	\$0	\$7,007,185
0	0	0	0	8,667,329
940	0	0	0	3,828
0	0	0	0	49,888
0	230	0	0	24,134
0	0	0	0	650
0	0	0	0	9,958
979	0	0	0	979
8,319	0	0	0	8,319
0	0	0	0	135,835
0	0	0	0	249,653
54,394	0	23,573,936	0	23,628,330
0	0	0	1,203,630	1,203,630
0	0	0	17,062,889	17,062,889
<u>\$124,252</u>	<u>\$97,310</u>	<u>\$23,573,936</u>	<u>\$18,266,519</u>	<u>\$58,052,607</u>

(continued)

*Little Miami Local School District
Warren County*

*Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000
(continued)*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities:				
Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$49,501	\$40,600	\$0	\$0
Contracts Payable	720	0	0	802,281
Accrued Wages and Benefits	1,029,308	23,808	0	0
Compensated Absences Payable	19,165	0	0	0
Retainage Payable	0	0	0	249,653
Interfund Payable	0	650	0	0
Intergovernmental Payable	224,783	4,292	0	0
Deferred Revenue	6,813,494	0	998,886	138,323
Undistributed Monies	0	0	0	0
Capital Leases Payable	0	0	0	0
General Obligation Bonds	0	0	0	0
Total Liabilities	8,136,971	69,350	998,886	1,190,257
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	311,350	29,684	0	2,915,979
Reserved for Property Taxes	586,341	0	106,040	24,245
Reserved for Textbooks and Instructional Materials	36,964	0	0	0
Reserved for Budget Stabilization	98,871	0	0	0
Unreserved:				
Designated for Budget Stabilization	102,072	0	0	0
Undesignated	536,784	182,996	1,097,590	(433,790)
Total Fund Equity and Other Credits	1,672,382	212,680	1,203,630	2,506,434
Total Liabilities, Fund Equity and Other Credits	\$9,809,353	\$282,030	\$2,202,516	\$3,696,691

See accompanying notes to the financial statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$103	\$0	\$0	\$0	\$90,204
0	0	0	0	803,001
8,310	0	0	0	1,061,426
12,830	0	0	1,004,822	1,036,817
0	0	0	0	249,653
0	0	0	0	650
25,363	0	0	39,525	293,963
876	0	0	0	7,951,579
0	75,304	0	0	75,304
0	0	0	52,362	52,362
0	0	0	17,169,810	17,169,810
<u>47,482</u>	<u>75,304</u>	<u>0</u>	<u>18,266,519</u>	<u>28,784,769</u>
0	0	23,573,936	0	23,573,936
4,477	0	0	0	4,477
72,293	0	0	0	72,293
0	0	0	0	3,257,013
0	0	0	0	716,626
0	0	0	0	36,964
0	0	0	0	98,871
0	0	0	0	102,072
0	22,006	0	0	1,405,586
<u>76,770</u>	<u>22,006</u>	<u>23,573,936</u>	<u>0</u>	<u>29,267,838</u>
<u>\$124,252</u>	<u>\$97,310</u>	<u>\$23,573,936</u>	<u>\$18,266,519</u>	<u>\$58,052,607</u>

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*Little Miami Local School District
Warren County*

**Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000**

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Fund Type Expendable Trust		
Revenues:						
Property Taxes	\$7,219,747	\$0	\$1,293,184	\$310,221	\$0	\$8,823,152
Intergovernmental	6,704,599	466,743	143,946	125,093	0	7,440,381
Interest	263,237	0	0	519,958	0	783,195
Tuition and Fees	10,413	0	0	0	0	10,413
Rent	163	0	0	0	0	163
Extracurricular Activities	13,954	334,059	0	0	0	348,013
Gifts and Donations	0	1,392	0	0	0	1,392
Miscellaneous	29,557	766	0	0	3,225	33,548
Total Revenues	<u>14,241,670</u>	<u>802,960</u>	<u>1,437,130</u>	<u>955,272</u>	<u>3,225</u>	<u>17,440,257</u>
Expenditures:						
Current:						
Instruction:						
Regular	7,054,690	43,299	0	0	0	7,097,989
Special	786,081	248,034	0	0	0	1,034,115
Other	41,713	0	0	0	0	41,713
Support Services:						
Pupils	536,134	4,626	0	0	0	540,760
Instructional Staff	432,689	128,888	0	0	3,312	564,889
Board of Education	53,968	0	0	0	0	53,968
Administration	1,265,284	0	1,772	0	0	1,267,056
Fiscal	358,275	0	18,605	0	0	376,880
Business	200,142	0	0	0	0	200,142
Operation and Maintenance of Plant	1,288,585	0	0	0	0	1,288,585
Pupil Transportation	1,119,568	218	0	0	0	1,119,786
Central	16,455	7,928	0	0	0	24,383
Non-Instructional Services	0	21,110	0	0	0	21,110
Extracurricular Activities	203,324	330,676	0	0	0	534,000
Capital Outlay	0	0	0	12,185,917	0	12,185,917
Debt Service:						
Principal Retirement	19,607	0	265,000	0	0	284,607
Interest and Fiscal Charges	4,851	0	804,414	2,362	0	811,627
Total Expenditures	<u>13,381,366</u>	<u>784,779</u>	<u>1,089,791</u>	<u>12,188,279</u>	<u>3,312</u>	<u>27,447,527</u>
Excess of Revenues Over (Under) Expenditures	<u>860,304</u>	<u>18,181</u>	<u>347,339</u>	<u>(11,233,007)</u>	<u>(87)</u>	<u>(10,007,270)</u>
Other Financing Sources (Uses):						
Proceed from the Sale of Fixed Assets	167	0	0	0	0	167
Operating Transfers In	0	5,127	0	0	0	5,127
Operating Transfers Out	<u>(41,127)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(41,127)</u>
Total Other Financing Sources (Uses)	<u>(40,960)</u>	<u>5,127</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(35,833)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	819,344	23,308	347,339	(11,233,007)	(87)	(10,043,103)
Fund Balances at Beginning of Year	853,038	189,372	856,291	13,739,441	1,983	15,640,125
Fund Balances at End of Year	<u>\$1,672,382</u>	<u>\$212,680</u>	<u>\$1,203,630</u>	<u>\$2,506,434</u>	<u>\$1,896</u>	<u>\$5,597,022</u>

See accompanying notes to the financial statements.

**Little Miami Local School District
Warren County**

**Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000**

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>						
Property Taxes	\$6,900,158	\$6,900,158	\$0	\$0	\$0	\$0
Intergovernmental	6,700,899	6,700,899	0	456,780	456,780	0
Interest	241,549	239,803	(1,746)	0	0	0
Tuition and Fees	10,413	10,413	0	0	0	0
Rent	163	163	0	0	0	0
Extracurricular Activities	13,954	13,954	0	334,132	333,992	(140)
Gifts and Donations	0	0	0	1,392	1,392	0
Customer Services	15,496	15,496	0	0	0	0
Miscellaneous	16,433	16,497	64	432	432	0
Total Revenues	13,899,065	13,897,383	(1,682)	792,736	792,596	(140)
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	7,331,823	7,331,823	0	44,319	43,536	783
Special	792,901	792,901	0	266,444	258,529	7,915
Other	41,713	41,713	0	0	0	0
Support Services:						
Pupils	572,468	572,468	0	5,568	5,543	25
Instructional Staff	451,804	451,804	0	220,917	143,573	77,344
Board of Education	55,424	55,424	0	0	0	0
Administration	1,300,272	1,286,333	13,939	0	0	0
Fiscal	370,861	365,512	5,349	0	0	0
Business	243,143	243,143	0	0	0	0
Operation and Maintenance of Plant	1,404,642	1,404,642	0	0	0	0
Pupil Transportation	1,197,834	1,197,834	0	218	218	0
Central	31,806	16,453	15,353	8,072	8,070	2
Non-Instructional Services	0	0	0	28,875	25,983	2,892
Extracurricular Activities	221,785	206,392	15,393	365,848	354,466	11,382
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	14,016,476	13,966,442	50,034	940,261	839,918	100,343
Excess of Revenues Over (Under) Expenditures	(117,411)	(69,059)	48,352	(147,525)	(47,322)	100,203
<u>Other Financing Sources (Uses):</u>						
Proceeds from the Sale of Fixed Assets	167	167	0	0	0	0
Refund of Prior Year Expenditures	12,510	12,510	0	378	378	0
Refund of Prior Year Receipts	(500)	(500)	0	(1,760)	(1,755)	5
Advances In	14,934	14,934	0	650	650	0
Advances Out	(25,000)	(650)	24,350	(14,934)	(14,934)	0
Operating Transfers In	0	0	0	5,127	5,127	0
Operating Transfers Out	(7,627)	(5,127)	2,500	0	0	0
Other Financing Uses	(261,350)	0	261,350	0	0	0
Total Other Financing Sources (Uses)	(266,866)	21,334	288,200	(10,539)	(10,534)	5
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(384,277)	(47,725)	336,552	(158,064)	(57,856)	100,208
Fund Balances at Beginning of Year	1,764,880	1,764,880	0	186,399	186,399	0
Prior Year Encumbrances Appropriated	287,646	287,646	0	38,274	38,274	0
Fund Balances at End of Year	\$1,668,249	\$2,004,801	\$336,552	\$66,609	\$166,817	\$100,208

See accompanying notes to the financial statements

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,249,367	\$1,249,367	\$0	\$297,098	\$297,098	\$0	\$0	\$0	\$0
143,946	143,946	0	125,093	125,093	0	0	0	0
0	0	0	533,329	533,367	38	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	3,225	3,225	0
<u>1,393,313</u>	<u>1,393,313</u>	<u>0</u>	<u>955,520</u>	<u>955,558</u>	<u>38</u>	<u>3,225</u>	<u>3,225</u>	<u>0</u>
0	0	0	55,608	122,147	(66,539)	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	120	120	0	3,863	3,312	551
0	0	0	0	0	0	0	0	0
2,195	1,772	423	971	971	0	0	0	0
18,605	18,605	0	4,556	4,556	0	0	0	0
0	0	0	6,426	6,426	0	0	0	0
0	0	0	304,642	304,625	17	0	0	0
0	0	0	105,938	105,938	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	14,770,413	14,770,345	68	0	0	0
315,000	315,000	0	0	0	0	0	0	0
806,864	806,864	0	0	0	0	0	0	0
<u>1,142,664</u>	<u>1,142,241</u>	<u>423</u>	<u>15,248,674</u>	<u>15,315,128</u>	<u>(66,454)</u>	<u>3,863</u>	<u>3,312</u>	<u>551</u>
250,649	251,072	423	(14,293,154)	(14,359,570)	(66,416)	(638)	(87)	551
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
52,450	52,450	0	0	0	0	0	0	0
0	0	0	(52,450)	(52,450)	0	0	0	0
0	0	0	(1,452)	0	1,452	0	0	0
<u>52,450</u>	<u>52,450</u>	<u>0</u>	<u>(53,902)</u>	<u>(52,450)</u>	<u>1,452</u>	<u>0</u>	<u>0</u>	<u>0</u>
303,099	303,522	423	(14,347,056)	(14,412,020)	(64,964)	(638)	(87)	551
794,068	794,068	0	1,908,630	1,908,630	0	1,984	1,984	0
0	0	0	12,917,145	12,917,145	0	0	0	0
<u>\$1,097,167</u>	<u>\$1,097,590</u>	<u>\$423</u>	<u>\$478,719</u>	<u>\$413,755</u>	<u>(\$64,964)</u>	<u>\$1,346</u>	<u>\$1,897</u>	<u>\$551</u>

*Little Miami Local School District
Warren County*

*Combined Statement of Revenues,
Expenses and Changes in Fund Equity
Proprietary Fund Type and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2000*

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<i>Operating Revenues:</i>			
Sales	\$663,746	\$0	\$663,746
Interest	0	1,000	1,000
Other Revenues	3,822	0	3,822
Total Operating Revenues	<u>667,568</u>	<u>1,000</u>	<u>668,568</u>
<i>Operating Expenses:</i>			
Salaries	257,468	0	257,468
Fringe Benefits	103,568	0	103,568
Purchased Services	4,554	0	4,554
Materials and Supplies	126,478	30	126,508
Cost of Sales	329,348	0	329,348
Depreciation	11,303	0	11,303
Other	84	0	84
Total Operating Expenses	<u>832,803</u>	<u>30</u>	<u>832,833</u>
Operating Income (Loss)	<u>(165,235)</u>	<u>970</u>	<u>(164,265)</u>
<i>Non-Operating Revenues:</i>			
Federal Donated Commodities	48,068	0	48,068
Interest	1,479	0	1,479
Federal and State Subsidies	110,840	0	110,840
Total Non-Operating Revenues	<u>160,387</u>	<u>0</u>	<u>160,387</u>
Net Income Before Operating Transfers	(4,848)	970	(3,878)
Operating Transfers In	36,000	0	36,000
Net Income	31,152	970	32,122
Retained Earnings/Fund Balance at Beginning of Year	41,141	19,140	60,281
Retained Earnings/Fund Balance at End of Year	<u>72,293</u>	<u>20,110</u>	<u>92,403</u>
Contributed Capital at Beginning of Year	4,450	0	4,450
Capital Contributed From Other Funds	1,758	0	1,758
Depreciation on Fixed Assets Acquired by Contributed Capital	(1,731)	0	(1,731)
Contributed Capital at End of Year	<u>4,477</u>	<u>0</u>	<u>4,477</u>
Total Fund Equity at End of the Year	<u>\$76,770</u>	<u>\$20,110</u>	<u>\$96,880</u>

See accompanying notes to the financial statements.

*Little Miami Local School District
Warren County*

*Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Proprietary Fund Type and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2000*

	<u>Enterprise Funds</u>			<u>Nonexpendable Trust Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:						
Sales	\$662,837	\$662,806	(\$31)	\$0	\$0	\$0
Interest	1,562	1,479	(83)	956	956	0
Other Revenues	4,164	4,164	0	0	0	0
Federal and State Subsidies	127,382	127,382	0	0	0	0
Total Revenues	<u>795,945</u>	<u>795,831</u>	<u>(114)</u>	<u>956</u>	<u>956</u>	<u>0</u>
Operating Expenses:						
Salaries	248,800	249,800	(1,000)	0	0	0
Fringe Benefits	105,728	102,631	3,097	0	0	0
Purchased Services	5,550	4,554	996	20	30	(10)
Materials and Supplies	415,521	420,787	(5,266)	0	0	0
Capital Outlay	7,801	4,844	2,957	1,800	0	1,800
Other	179	85	94	0	0	0
Total Operating Expenses	<u>783,579</u>	<u>782,701</u>	<u>878</u>	<u>1,820</u>	<u>30</u>	<u>1,790</u>
Excess of Revenues Over (Under) Expenses	12,366	13,130	764	(864)	926	1,790
Fund Equity at Beginning of Year	37,139	37,139	0	18,953	18,953	0
Prior Year Encumbrances Appropriated	6,794	6,794	0	0	0	0
Fund Equity at End of Year	<u>\$56,299</u>	<u>\$57,063</u>	<u>\$764</u>	<u>\$18,089</u>	<u>\$19,879</u>	<u>\$1,790</u>

See accompanying notes to the financial statements.

*Little Miami Local School District
Warren County*

*Combined Statement of Cash Flows
Proprietary Fund Type and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2000*

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Nonexpendable Trust	(Memorandum Only)
<i>Increase (Decrease) in Cash and Cash Equivalents:</i>			
<i>Cash Flows from Operating Activities:</i>			
Cash Received from Customers	\$662,806	\$0	\$662,806
Cash Payments to Suppliers for Goods and Services	(423,055)	(30)	(423,085)
Cash Payments to Employees for Services	(249,800)	0	(249,800)
Cash Payments for Employee Benefits	(102,631)	0	(102,631)
Cash Payments for Other Uses	(85)	0	(85)
Cash Received from Other Sources	4,164	0	4,164
Net Cash Used for Operating Activities	(108,601)	(30)	(108,631)
<i>Cash Flows from Noncapital Financing Activities:</i>			
Federal and State Subsidies Received	127,382	0	127,382
<i>Cash Flows from Capital and Related Financing Activities:</i>			
Payments for Capital Acquisitions	(4,573)	0	(4,573)
<i>Cash Flows from Investing Activities:</i>			
Interest on Investments	1,479	956	2,435
Net Cash Provided by Investing Activities	1,479	956	2,435
Net Increase in Cash and Cash Equivalents	15,687	926	16,613
Cash and Cash Equivalents at Beginning of Year	43,933	18,953	62,886
Cash and Cash Equivalents at End of Year	\$59,620	\$19,879	\$79,499
<i>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</i>			
Operating Income (Loss)	(\$165,235)	\$970	(\$164,265)
<i>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</i>			
Depreciation	11,303	0	11,303
Donated Commodities Used During Year	48,068	0	48,068
Interest Received by Nonexpendable Trust	0	(956)	(956)
<i>Changes in Assets and Liabilities:</i>			
Increase in Accounts Receivable	(598)	0	(598)
Increase in Accrued Interest Receivable	0	(44)	(44)
Increase in Materials and Supplies Inventory	(392)	0	(392)
Increase in Inventory Held for Resale	(7,380)	0	(7,380)
Decrease in Accounts Payable	(2,971)	0	(2,971)
Decrease in Accrued Wages and Benefits	(377)	0	(377)
Increase in Compensated Absences Payable	8,907	0	8,907
Increase in Intergovernmental Payable	74	0	74
Total Adjustments	56,634	(1,000)	55,634
Net Cash Used for Operating Activities	(\$108,601)	(\$30)	(\$108,631)
Reconciliation of Nonexpendable Trust Fund to Balance Sheet			
Cash and Cash Equivalents - All Fiduciary Funds		\$97,080	
Cash and Cash Equivalents - Agency Funds		(75,305)	
Cash and Cash Equivalents - Expendable Trust Fund		(1,896)	
Cash and Cash Equivalents - Nonexpendable Trust Fund		\$19,879	

Non-Cash Transactions: The general fund purchased assets in the amount of \$1,758 for the food services enterprise fund.

See accompanying notes to the financial statements

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Little Miami Local School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and/or federal guidelines.

The School District serves an area of approximately 98 square miles. It is located in Warren County, including all of the Village of Morrow, Ohio, and portions of surrounding townships. The Board controls the School District's six instructional support facilities staffed by 103 non-certificated and 174 certificated personnel providing education to 2,626 students.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

Entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District. These entities include the Village of Morrow, Salem Township Public Library, Hamilton Township Public Library, Warren County Educational Service Center, Parent Teacher Organizations and Parent Booster Organizations.

The School District is associated with two organizations which are defined as jointly governed organizations. These organizations are the Southwest Ohio Computer Association (SWOCA) and the Warren County Vocational School. These organizations are presented in Note 17 to the general purpose financial statements.

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net expendable available resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds.

The following are the School District's governmental fund types:

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

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

Proprietary Fund Type:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

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

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include expendable trust, nonexpendable trust, and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

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

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and the nonexpendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary and nonexpendable trust funds' operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and 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. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, grants, investment earnings, tuition, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary and nonexpendable trust funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the function level within each fund. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer is authorized to further allocate Board of Education appropriations to the object level for all funds.

Tax Budget:

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

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund and function level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device by the Board of Education, during the year for all funds, other than agency funds, consistent with statutory provisions.

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 2000, the School District investments were limited to certificates of deposit and funds invested in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$263,237 which includes \$116,990 assigned from other School District funds. The capital projects funds, enterprise funds and nonexpendable trust fund also received interest revenue in the amounts of \$519,958, \$1,479, and \$1,000 respectively.

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

E. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for amounts required by statute to be set-aside by the School District for the purchase of textbooks and other instructional material and the creation of a reserve for budget stabilization. See Note 19 for additional information regarding set-asides.

F. Inventory

Inventories of proprietary funds are stated at the lower of cost or market. Cost is determined on a first-in first out basis. Inventories of proprietary funds consist of donated food, purchased food, and supplies and are expensed when used.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

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. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund type is computed using the straight-line method over an estimated useful life of ten years.

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Professional Development Block
Education Management Information System
Entry Year
Textbooks/Instructional Materials Subsidy
SchoolNet
Ohio Reads
Eisenhower Math/Science
Title VI-B
Title I
Title VI
Drug Free Schools
Preschool Handicapped
E-Rate
Title VI-R
School to Work
High Schools That Work
Goals 2000

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program

Government Donated Commodities

Grants and entitlements received in governmental funds amounted to approximately 43 percent of governmental fund revenue during the 2000 fiscal year.

J. Interfund Assets/Liabilities

Short-term interfund loans are classified as “interfund receivables” and “interfund payables”.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for all employees after fifteen years of current service with the School District. The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have used current available financial resources. Bonds and capital leases are recognized as a liability of the general long-term obligations account group until due.

Long-term obligations financed by proprietary funds are reported as liabilities in the proprietary funds.

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, textbook purchases and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

O. 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.

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to contributed capital at year end.

Q. Total Columns on General Purpose Financial Statements

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (Continued)

4. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.
5. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. For the Proprietary Funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$819,344	\$23,308	\$347,339	(\$10,634,645)	(\$87)
Adjustments:					
Revenue Accruals	(331,777)	(9,986)	(43,817)	286	0
Expenditure Accruals	(223,900)	14,306	(2,450)	(605,313)	0
Principal Retirement			(50,000)	0	0
Transfers	36,000	0	52,450	(52,450)	0
Advances	14,284	(14,284)	0	0	0
Encumbrances	(361,676)	(71,200)	0	(3,119,898)	0
Budget Basis	<u>(\$47,725)</u>	<u>(\$57,856)</u>	<u>\$303,522</u>	<u>(\$14,412,020)</u>	<u>(\$87)</u>

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Income/Excess of Revenues Over Expenses
Proprietary Fund Type and Nonexpendable Trust Fund

	Enterprise	Nonexpendable Trust
GAAP Basis	\$31,152	\$970
Adjustments:		
Revenue Accruals	32,124	(44)
Expense Accruals	(18,048)	0
Capital Outlay	(4,844)	
Depreciation Expense	11,303	0
Transfers	(36,000)	0
Encumbrances	(2,557)	0
Budget Basis	\$13,130	\$926

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$4,341,062 and the bank balance was \$5,267,336. Of the bank balance:

1. \$3,960,995 was covered by federal depository insurance, other insurance or collateralized with securities held in the entity's name; and
2. \$1,306,341 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District held to a successful claim by the FDIC.

Investments: The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	<u>Fair/Carrying Value</u>
STAR Ohio	<u>\$3,051,611</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.” A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$7,392,673	\$0
Investments:		
STAR Ohio	(3,051,611)	3,051,611
GASB Statement No. 3	\$4,341,062	\$3,051,611

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) are for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000, and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 5 - PROPERTY TAXES (Continued)

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.

Tangible personal property taxes 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 assessed values upon which the fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$219,225,770	84.99 %	\$243,960,620	84.66%
Public Utility	18,744,170	7.26	18,447,255	6.40
Tangible Personal Property	19,980,737	7.75	25,742,334	8.94
Total Assessed Value	<u>\$257,950,677</u>	<u>100.00 %</u>	<u>\$288,150,209</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation		\$52.09		\$50.55

The School District receives property taxes from Warren County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000 was \$586,341 in the General Fund, \$106,040 in the Debt Service Fund, and \$24,245 in the Permanent Improvement Capital Project Fund.

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 6 - RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts, interest, interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards.

A summary of intergovernmental receivables follows:

	<u>Amounts</u>
<u>General Fund:</u>	
Drivers Education Subsidy	\$3,700
Alternative School	2,508
	<hr/>
Total General	6,208
	<hr/>
<u>Special Revenue Funds:</u>	
Eisenhower Grant	7,145
Title VI-B	16,424
Title I	18,151
Title VI	1,960
	<hr/>
Total Special Revenue	43,680
	<hr/>
Total Intergovernmental Receivables	<u>\$49,888</u>

NOTE 7 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$327,328
Less Accumulated Depreciation	<u>(272,934)</u>
Net Fixed Assets	<u><u>\$54,394</u></u>

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 7 - FIXED ASSETS (Continued)

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at June 30, 1999	Additions	Deletions	Balance at June 30, 2000
Land	\$846,605	\$0	\$0	\$846,605
Buildings and Improvements	3,343,142	0	0	3,343,142
Furniture, Fixtures and Equipment	2,412,349	349,979	0	2,762,328
Vehicles	1,481,100	222,448	0	1,703,548
Construction in Progress	4,311,983	10,606,330	0	14,918,313
Totals	<u>\$12,395,179</u>	<u>\$11,178,757</u>	<u>\$0</u>	<u>\$23,573,936</u>

NOTE 8 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2000, the School District contracted with Utica National Insurance Company for property insurance. Professional liability is protected by the Nationwide Mutual Insurance Company with a \$5,000,000 aggregate limit under a commercial umbrella policy.

The School District's vehicles are covered by the Nationwide Mutual Insurance Company and hold a \$250 deductible for comprehensive and a \$1,000 deductible for collision. Automobile liability has a \$2,000,000 combined single limit of liability. Vehicles are also covered under the commercial umbrella policy. The Nationwide Mutual Insurance Company maintains both a \$50,000 public official bond for the Treasurer and a \$5,000 blanket bond for other employees. The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

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.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 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, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$94,990, \$140,965, and \$211,464, respectively; 43.04 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$54,108 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$422,367, \$353,309, and \$648,647, respectively; 84.46 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$65,633 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 10 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$563,157 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.50 percent of covered payroll, an increase from 6.30 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$166,062.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Eligible classified employees earn ten to twenty days of vacation per year, depending upon length of service. The Treasurer earns 25 days of vacation per year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month for a total of fifteen days of sick leave for each year under contract. Sick leave may be accumulated up to a maximum of 210 days for teachers and administrators, and 220 days for classified personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of 50 days for teachers and administrators. Classified personnel, upon retirement, are paid for 52 days of their accrued, but unused sick leave credit.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Prudential Life Insurance Company. The School District has elected to provide employee medical/surgical benefits through Choice Care. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on the terms of the union contract. Dental insurance is provided by the School District to all employees through Core Source Inc. The premium varies for each employee depending on the terms of the employment or union contract. Vision insurance is provided by the School District to all employees through Anthem Insurance Company.

NOTE 12 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the School District has entered into capitalized leases for the acquisition of reproduction equipment. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the General Purpose Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$98,597 which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2000 totaled \$19,607.

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 12 - CAPITALIZED LEASES - LESSEE DISCLOSURE (Continued)

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending June 30,	Long-Term Obligations
2001	\$23,976
2002	23,597
2003	9,695
Total	57,268
Less: Amount Representing Interest	(4,906)
Present Value of Minimum Lease Payments	\$52,362

NOTE 13 - SHORT TERM OBLIGATIONS

A summary of the short term note transactions for the year ended June 30, 2000 follows:

	Balance June 30, 1999	Additions	Deletions	Balance June 30, 2000
Permanent Improvement Tax Anticipation Notes 4.90%	\$50,000	\$0	\$50,000	\$0

The notes were issued on June 18, 1997, and matured on June 18, 2000. The notes were issued for the purpose of purchasing modulars and classroom equipment. The note proceeds were received in the permanent improvement fund capital projects fund. The notes were fully retired from property tax revenue.

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 14 - LONG-TERM OBLIGATIONS

The change in the School District's long-term obligations during the fiscal year 2000 were as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
General Obligation Bonds:				
Reconstruction/Remodeling Bonds 1977 5.75%	\$80,000	\$0	\$20,000	\$60,000
School Improvement Bonds 1998 4.93%	17,354,810	0	245,000	17,109,810
Total General Obligation Bonds	17,434,810	0	265,000	17,169,810
Compensated Absences	1,019,494	0	14,672	1,004,822
Intergovernmental Payable	89,579	39,525	89,579	39,525
Capital Leases	71,969	0	19,607	52,362
Total General Long-Term Obligations	<u>\$18,615,852</u>	<u>\$39,525</u>	<u>\$388,858</u>	<u>\$18,266,519</u>

General Obligation Bonds for Reconstruction and Remodeling

On January 1, 1977, the School District issued \$448,000 in voted general obligation bonds for the purpose of constructing, remodeling, reconstructing and adding to school buildings. The bonds were issued for a 25 year period with final maturity in fiscal year 2003 and will be repaid from the debt service fund.

School Improvement Bonds

On March 4, 1998, the School District issued \$17,599,810 in school improvement bonds for the purpose of new construction, improvements, renovations, and additions to school facilities, including construction of a new high school, and providing equipment, furnishings and site improvements. The bonds were issued for a 27 year period with final maturity during fiscal year 2025, and the debt will be retired from the debt service fund.

Compensated absences and the intergovernmental payable will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period. Capital lease obligations will be paid from the general fund.

The School District's overall legal debt margin was \$9,967,339 with an unvoted debt margin of \$288,150 at June 30, 2000.

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 14 - LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2000, are as follows:

General Obligation Bonds for Reconstruction and Remodeling

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$20,000	\$2,875	\$22,875
2002	20,000	1,725	21,725
2003	20,000	575	20,575
Total	<u>\$60,000</u>	<u>\$5,175</u>	<u>\$65,175</u>

School Improvement Bonds

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$305,000	\$790,061	\$1,095,061
2002	365,000	777,149	1,142,149
2003	430,000	761,431	1,191,431
2004	138,171	1,084,661	1,222,832
2005	111,639	1,111,192	1,222,831
2006-2010	2,710,000	3,486,978	6,196,978
2011-2015	3,360,000	2,809,853	6,169,853
2016-2020	4,265,000	1,878,868	6,143,868
2021-2025	5,425,000	692,973	6,117,973
Total	<u>\$17,109,810</u>	<u>\$13,393,166</u>	<u>\$30,502,976</u>

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 15 - INTERFUND ACTIVITY

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivable	Interfund Payable
General Fund	\$650	\$0
<u>Special Revenue Fund:</u>		
Drug Free Schools	0	650
Total All Funds	\$650	\$650

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$554,071	\$113,497	\$667,568
Depreciation Expense	11,303	0	11,303
Operating Loss	(164,987)	(248)	(165,235)
Donated Commodities	48,068	0	48,068
Federal and State Subsidies	110,840	0	110,840
Operating Transfers	36,000	0	36,000
Net Income (Loss)	31,400	(248)	32,152
Net Working Capital	3,518	31,688	35,206
Total Assets	92,515	31,737	124,252
Total Equity	45,082	31,688	76,770
Encumbrances Outstanding at June 30, 2000	(94)	(2,463)	(2,557)

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

The School District is a participant in the Southwest Ohio Computer Association (SWOCA) which is a computer consortium. SWOCA is an association of public schools and educational service centers within the boundaries of Butler, Preble, and Warren Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member school districts. The Board of SWOCA consists of one representative from each of the participating members. The degree of control exercised by any participating district is limited to its representation on the Board. The School District paid SWOCA \$21,732 for services provided during the year. Financial information can be obtained from Mike Crumley, Executive Director, Butler County JVS, 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

The Warren County Vocational School, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from the participating district's elected board, which possesses its own budgeting and taxing authority. Accordingly, the Warren County Vocational School is not part of the School District and its operations are not included as part of the reporting entity. The School District did not have any financial obligations to the Warren County Vocational School during fiscal year 2000. Financial information can be obtained from Evelyn Sellman, Treasurer, Warren County Vocational School, 3525 North State Route 48, Lebanon, Ohio 45036.

NOTE 18 - SCHOOL FUNDING

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$5,930,263 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 18 - SCHOOL FUNDING (Continued)

on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by 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 School District is also required to set aside money for budget stabilization.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 1999	\$0	\$13,485	\$144,431
Current Year Set-aside Requirement	306,216	306,216	0
Additional Money Set Aside	0	0	102,072
Current Year Offsets	0	(297,098)	(45,560)
Qualifying Disbursements	<u>(269,252)</u>	<u>(135,321)</u>	<u>0</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$36,964</u>	<u>(\$112,718)</u>	<u>\$200,943</u>
Set-aside Reserve Balances as of June 30, 2000	<u><u>\$36,964</u></u>	<u><u>\$0</u></u>	<u><u>\$98,871</u></u>

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)

The School District set aside additional money in excess of statutory requirements for budget stabilization. This amount is presented on the balance sheet as a designation of fund balance rather than as a reserve, and therefore is not included in restricted assets. The total reserve balance for the three set-asides at the end of the fiscal year was \$135,835.

NOTE 20 - CONTINGENCIES

Grants:

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 School District at June 30, 2000.

Litigation:

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

Little Miami Local School District
Warren County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 21 - CONTRACTUAL COMMITMENTS

As of June 30, 2000, the School District had contractual purchase commitments for the following:

<u>Contract</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance At 06/30/00</u>
AIC Contracting	\$230,766	\$200,296	\$30,470
Allied Builders	102,957	91,091	11,866
Arthur Electric	1,480,244	1,318,614	161,630
Avenue Fabricating	1,207,028	1,170,338	36,690
BBL-Central	1,136,956	1,105,235	31,721
Beck Studios	100,227	98,082	2,145
Cincy Mechanical	1,298,100	1,263,205	34,895
CINFAB, Inc.	1,578,171	1,358,335	219,836
Deltal Innovations	146,615	133,050	13,565
Dover Elevator	28,876	25,777	3,099
G.E. Maier	125,025	60,051	64,974
Global Fire Protection	145,959	143,316	2,643
Jeffrey Allen Co.	60,489	0	60,489
JMD Architectural	418,808	380,650	38,158
John E. Carrigan	748,305	715,325	32,980
John R. Jurgensen Company	598,585	563,953	34,632
Kalkreuth Roofing	625,170	605,769	19,401
Miter Masonry	2,600,381	2,544,481	55,900
Oral T. Carter	117,000	55,415	61,585
Quality Electric	127,000	118,090	8,910
RLE Construction	1,473,904	1,322,673	151,231
S&H Painting	172,470	126,918	45,552
Southern Bleachers	297,755	292,856	4,899
Sports Facilities Unlimited	113,675	87,506	26,169
Targeted Spec/U.S. Food	340,682	306,501	34,181
The Farnham Company	432,329	327,250	105,079
Not Assigned	18,792	0	18,792
	<u>\$15,726,269</u>	<u>\$14,414,777</u>	<u>\$1,311,492</u>

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**LITTLE MIAMI LOCAL SCHOOL DISTRICT
WARREN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	None	10.550	\$0	\$24,630	\$0	\$24,630
School Breakfast Program	05-PU-99/00	10.553	12,248	0	12,248	0
National School Lunch Program	03-PU-99/00 04-PU-99/00	10.555	42,317 67,934	0 0	42,317 67,934	0 0
Total U.S. Department of Agriculture - Nutrition Cluster			<u>122,499</u>	<u>24,630</u>	<u>122,499</u>	<u>24,630</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF-00	84.027	93,638	0	100,322	0
Special Education - Preschool Grant	PG-S1-00	84.173	4,611	0	4,150	0
Total Special Education Cluster			<u>98,249</u>	<u>0</u>	<u>104,472</u>	<u>0</u>
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-99/00	84.010	160,858	0	155,218	0
Classroom Size Reduction Subsidy (Title VI-R)	CR-S1-00	84.340	39,252	0	39,252	0
Eisenhower Professional Development Grant	MS-S1-00	84.281	3,062	0	8,461	0
Innovative Educational Program Strategies (Title VI)	C2-S1-99/00	84.298	11,953	0	12,157	0
Drug-Free Schools Grant	DR-S1-00	84.186	9,350	0	11,197	0
<i>Passed through the University of Cincinnati</i> Continuous Improvement (Goals 2000)	None	84.276	0	0	10,733	0
Total Department of Education			<u>322,724</u>	<u>0</u>	<u>341,490</u>	<u>0</u>
U.S. DEPARTMENT OF LABOR AND U.S. DEPT OF EDUCATION						
<i>Passed through the University of Cincinnati</i>						
Ohio School To Work Grant	None	17.249	15,100	0	2,783	0
<i>Passed through the Miami University</i>						
Ohio School To Work Grant	None	17.249	3,906	0	371	0
<i>Passed through IAMS, Inc</i>						
Ohio School To Work Grant	None	17.249	9,712	0	9,071	0
Total Department of Labor and Education			<u>28,718</u>	<u>0</u>	<u>12,225</u>	<u>0</u>
TOTAL FEDERAL ASSISTANCE			<u>\$473,941</u>	<u>\$24,630</u>	<u>\$476,214</u>	<u>\$24,630</u>

**LITTLE MIAMI LOCAL SCHOOL DISTRICT
WARREN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U. S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.



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

Little Miami Local School District
Warren County
5819 Morrow-Rossburg Road
Morrow, Ohio 45152

To the Board of Education:

We have audited the financial statements of the Little Miami Local School District, Warren County, Ohio (the District), as of and for the fiscal year ended June 30, 2000, and have issued our report thereon dated January 16, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated January 16, 2001.

Internal Control Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the District in a separate letter dated January 16, 2001.

Little Miami Local School District
Warren County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

January 16, 2001



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

Little Miami Local School District
Warren County
5819 Morrow-Rossburg Road
Morrow, Ohio 45152

To the Board of Education:

Compliance

We have audited the compliance of Little Miami Local School District, Warren County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2000. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2000.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would

Little Miami Local School District
Warren County
Report on Compliance with Requirements Applicable to Each Major
Federal Program and Internal Control over Compliance
in Accordance with OMB Circular A-133
Page 2

be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Jim Petro
Auditor of State

January 16, 2001

**LITTLE MIAMI LOCAL SCHOOL DISTRICT
WARREN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



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LITTLE MIAMI LOCAL SCHOOL DISTRICT

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 6, 2001**