



**LITTLE MIAMI LOCAL SCHOOL DISTRICT  
WARREN COUNTY**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**LITTLE MIAMI LOCAL SCHOOL DISTRICT  
WARREN COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

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 year ended June 30, 2001, as listed in the table of contents. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Little Miami Local School District, Warren County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2002, on our consideration of the Government'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 *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the Government, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information 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

February 11, 2002

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*Little Miami Local School District  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2001*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Assets and Other Debits:</u></b>				
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$1,364,827	\$309,098	\$1,217,444	\$781,335
Receivables:				
Taxes	8,922,222	0	1,175,243	353,679
Accounts	633	3,490	0	0
Intergovernmental	0	4,531	0	0
Accrued Interest	22,645	0	0	108
Interfund Receivable	10,969	0	0	0
Due From Other Funds	0	0	0	0
Prepaid Items	10,332	0	0	0
Inventory Held for Resale	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	47,654	0	0	0
Cash and Cash Equivalents in Escrow Accounts	0	0	0	36,708
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b><u>Other Debits:</u></b>				
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	<u>\$10,379,282</u>	<u>\$317,119</u>	<u>\$2,392,687</u>	<u>\$1,171,830</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$75,344	\$106,884	\$0	\$0	\$3,854,932
0	0	0	0	10,451,144
550	0	0	0	4,673
15,670	0	0	0	20,201
0	230	0	0	22,983
0	0	0	0	10,969
118	0	0	0	118
0	0	0	0	10,332
11,413	0	0	0	11,413
0	0	0	0	47,654
0	0	0	0	36,708
296,312	0	26,036,281	0	26,332,593
0	0	0	1,323,850	1,323,850
0	0	0	16,757,199	16,757,199
<u>\$399,407</u>	<u>\$107,114</u>	<u>\$26,036,281</u>	<u>\$18,081,049</u>	<u>\$58,884,769</u>

(continued)

**Little Miami Local School District  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2000  
(continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Liabilities.</u></b>				
<b><u>Fund Equity and Other Credits:</u></b>				
<b><u>Liabilities:</u></b>				
Accounts Payable	\$67,777	\$15,543	\$0	\$20,857
Contracts Payable	0	0	0	49,642
Accrued Wages and Benefits	1,192,900	32,205	0	0
Compensated Absences Payable	23,469	0	0	0
Retainage Payable	0	0	0	36,708
Interfund Payable	0	10,528	0	0
Due To Other Funds	0	118	0	0
Intergovernmental Payable	302,946	6,363	0	0
Deferred Revenue	8,222,098	2,531	1,068,837	328,216
Undistributed Monies	0	0	0	0
Capital Leases Payable	0	0	0	0
General Obligation Bonds	0	0	0	0
Total Liabilities	9,809,190	67,288	1,068,837	435,423
<b><u>Fund Equity and Other Credits:</u></b>				
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	118,473	32,611	0	73,882
Reserved for Property Taxes	700,124	0	106,406	25,463
Reserved for Endowments	0	0	0	0
Reserved for Budget Stabilization	47,654	0	0	0
Unreserved:				
Undesignated (Deficit)	(296,159)	217,220	1,217,444	637,062
Total Fund Equity and Other Credits	570,092	249,831	1,323,850	736,407
Total Liabilities, Fund Equity and Other Credits	\$10,379,282	\$317,119	\$2,392,687	\$1,171,830

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$395	\$0	\$0	\$0	\$104,572
0	0	0	0	49,642
8,600	0	0	0	1,233,705
14,430	0	0	944,324	982,223
0	0	0	0	36,708
441	0	0	0	10,969
0	0	0	0	118
20,070	0	0	188,265	517,644
4,950	0	0	0	9,626,632
0	81,931	0	0	81,931
0	0	0	103,650	103,650
0	0	0	16,844,810	16,844,810
<u>48,886</u>	<u>81,931</u>	<u>0</u>	<u>18,081,049</u>	<u>29,592,604</u>
0	0	26,036,281	0	26,036,281
7,564	0	0	0	7,564
342,957	0	0	0	342,957
0	0	0	0	224,966
0	0	0	0	831,993
0	18,000	0	0	18,000
0	0	0	0	47,654
0	7,183	0	0	1,782,750
<u>350,521</u>	<u>25,183</u>	<u>26,036,281</u>	<u>0</u>	<u>29,292,165</u>
<u>\$399,407</u>	<u>\$107,114</u>	<u>\$26,036,281</u>	<u>\$18,081,049</u>	<u>\$58,884,769</u>

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*Little Miami Local School District  
 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, 2001*

	Governmental Fund Types				Fiduciary	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
<b><u>Revenues:</u></b>						
Property Taxes	\$7,627,758	\$0	\$1,121,120	\$306,097	\$0	\$9,054,975
Intergovernmental	7,521,491	535,105	135,285	51,723	0	8,243,604
Interest	264,002	0	0	50,574	0	314,576
Tuition and Fees	13,690	0	0	0	0	13,690
Rent	5,420	0	0	0	0	5,420
Extracurricular Activities	13,858	409,551	0	0	0	423,409
Gifts and Donations	2,100	89	0	0	0	2,189
Miscellaneous	9,615	444	0	0	6,350	16,409
<b>Total Revenues</b>	<b>15,457,934</b>	<b>945,189</b>	<b>1,256,405</b>	<b>408,394</b>	<b>6,350</b>	<b>18,074,272</b>
<b><u>Expenditures:</u></b>						
Current:						
Instruction:						
Regular	8,145,816	47,022	0	0	0	8,192,838
Special	1,110,129	311,324	0	0	0	1,421,453
Other	153,052	0	0	0	0	153,052
Support Services:						
Pupils	706,764	5,433	0	0	0	712,197
Instructional Staff	668,093	110,327	0	0	4,297	782,717
Board of Education	46,014	0	0	0	0	46,014
Administration	1,494,838	4,272	2,153	0	0	1,501,263
Fiscal	383,768	0	16,096	0	0	399,864
Business	203,915	0	0	0	0	203,915
Operation and Maintenance of Plant	1,964,104	5,989	0	0	0	1,970,093
Pupil Transportation	1,292,120	0	0	0	0	1,292,120
Central	20,675	26,181	0	0	0	46,856
Non-Instructional Services	0	24,578	0	0	0	24,578
Extracurricular Activities	304,550	387,962	0	0	0	692,512
Capital Outlay	77,269	0	0	2,178,421	0	2,255,690
Debt Service:						
Principal Retirement	22,142	0	325,000	0	0	347,142
Interest and Fiscal Charges	5,844	0	792,936	0	0	798,780
<b>Total Expenditures</b>	<b>16,599,093</b>	<b>923,088</b>	<b>1,136,185</b>	<b>2,178,421</b>	<b>4,297</b>	<b>20,841,084</b>
Excess of Revenues Over (Under) Expenditures	(1,141,159)	22,101	120,220	(1,770,027)	2,053	(2,766,812)
<b><u>Other Financing Sources (Uses):</u></b>						
Proceed from the Sale of Fixed Assets	1,650	0	0	0	0	1,650
Inception of Capital Lease	77,269	0	0	0	0	77,269
Operating Transfers In	11,000	26,050	0	0	0	37,050
Operating Transfers Out	(51,050)	(11,000)	0	0	0	(62,050)
<b>Total Other Financing Sources (Uses)</b>	<b>38,869</b>	<b>15,050</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53,919</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,102,290)	37,151	120,220	(1,770,027)	2,053	(2,712,893)
<b>Fund Balances at Beginning of Year</b>	<b>1,672,382</b>	<b>212,680</b>	<b>1,203,630</b>	<b>2,506,434</b>	<b>1,896</b>	<b>5,597,022</b>
<b>Fund Balances at End of Year</b>	<b>\$570,092</b>	<b>\$249,831</b>	<b>\$1,323,850</b>	<b>\$736,407</b>	<b>\$3,949</b>	<b>\$2,884,129</b>

See accompanying notes to the general purpose financial statements

**Little Miami Local School District**  
**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, 2001**

	General Fund			Special Revenue Funds			Debt Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>									
Property Taxes	\$7,513,975	\$7,513,975	\$0	\$0	\$0	\$0	\$1,120,754	\$1,120,754	\$0
Intergovernmental	7,479,634	7,479,766	132	579,745	579,745	0	135,265	135,285	20
Interest	261,481	264,730	3,249	0	0	0	0	0	0
Tuition and Fees	13,690	13,690	0	0	0	0	0	0	0
Rent	5,420	5,420	0	0	0	0	0	0	0
Extracurricular Activities	13,378	13,378	0	404,397	405,609	1,212	0	0	0
Gifts and Donations	2,100	2,100	0	300	300	0	0	0	0
Miscellaneous	14,307	14,411	104	444	444	0	0	0	0
<b>Total Revenues</b>	<b>15,303,985</b>	<b>15,307,470</b>	<b>3,485</b>	<b>984,886</b>	<b>986,098</b>	<b>1,212</b>	<b>1,256,019</b>	<b>1,256,039</b>	<b>20</b>
<b>Expenditures:</b>									
<b>Current:</b>									
<b>Instruction:</b>									
Regular	8,071,188	8,065,823	5,365	48,384	51,815	(3,431)	0	0	0
Special	1,044,114	1,077,869	(33,755)	347,980	297,264	50,716	0	0	0
Other	153,500	153,052	448	0	0	0	0	0	0
<b>Support Services:</b>									
Pupils	721,515	696,336	25,179	10,909	5,909	5,000	0	0	0
Instructional Staff	694,437	645,847	48,590	144,918	134,130	10,788	0	0	0
Board of Education	48,456	55,423	(6,967)	0	0	0	0	0	0
Administration	1,410,253	1,474,334	(64,081)	12,205	4,272	7,933	2,000	2,153	(153)
Fiscal	397,100	385,957	11,143	0	0	0	25,000	16,096	8,904
Business	261,839	248,174	13,665	0	0	0	0	0	0
Operation and Maintenance of Plant	1,957,893	2,036,514	(78,621)	10,400	5,989	4,411	0	0	0
Pupil Transportation	1,252,051	1,304,808	(52,757)	0	0	0	0	0	0
Central	19,000	20,689	(1,689)	25,342	24,903	439	0	0	0
Non-Instructional Services	0	0	0	27,404	25,672	1,732	0	0	0
Extracurricular Activities	303,764	287,855	15,909	467,336	435,859	31,477	0	0	0
Capital Outlay	0	0	0	0	0	0	0	0	0
<b>Debt Service:</b>									
Principal Retirement	0	0	0	0	0	0	325,000	325,000	0
Interest and Fiscal Charges	0	0	0	0	0	0	792,936	792,936	0
<b>Total Expenditures</b>	<b>16,335,110</b>	<b>16,452,681</b>	<b>(117,571)</b>	<b>1,094,878</b>	<b>985,813</b>	<b>109,065</b>	<b>1,144,936</b>	<b>1,136,185</b>	<b>8,751</b>
Excess of Revenues Over (Under) Expenditures	(1,031,125)	(1,145,211)	(114,086)	(109,992)	285	110,277	111,083	119,854	8,771
<b>Other Financing Sources (Uses):</b>									
Proceeds from the Sale of Fixed Assets	1,650	1,650	0	0	0	0	0	0	0
Refund of Prior Year Expenditures	45,537	45,537	0	576	576	0	0	0	0
Refund of Prior Year Receipts	(3,000)	(3,008)	(8)	(3,031)	(3,031)	0	0	0	0
Advances In	650	650	0	10,528	10,528	0	0	0	0
Advances Out	(50,000)	(10,969)	39,031	(650)	(650)	0	0	0	0
Operating Transfers In	11,000	11,000	0	26,050	26,050	0	0	0	0
Operating Transfers Out	(157,681)	(51,050)	106,631	(11,000)	(11,000)	0	0	0	0
Other Financing Uses	(144,887)	0	144,887	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(296,731)</b>	<b>(6,190)</b>	<b>290,541</b>	<b>22,473</b>	<b>22,473</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,327,856)	(1,151,401)	176,455	(87,519)	22,758	110,277	111,083	119,854	8,771
<b>Fund Balances at</b>									
Beginning of Year	2,004,799	2,004,799	0	166,815	166,815	0	1,097,590	1,097,590	0
Prior Year Encumbrances Appropriated	361,676	361,676	0	71,200	71,200	0	0	0	0
<b>Fund Balances at End of Year</b>	<b>\$1,038,619</b>	<b>\$1,215,074</b>	<b>\$176,455</b>	<b>\$150,496</b>	<b>\$260,773</b>	<b>\$110,277</b>	<b>\$1,208,673</b>	<b>\$1,217,444</b>	<b>\$8,771</b>

See accompanying notes to the general purpose financial statements

Capital Projects Funds			Expendable Trust Fund			(Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$304,879	\$304,879	\$0	\$0	\$0	\$0	\$8,939,608	\$8,939,608	\$0
51,718	51,723	5	0	0	0	8,246,362	8,246,519	157
49,364	50,936	1,572	0	0	0	310,845	315,666	4,821
0	0	0	0	0	0	13,690	13,690	0
0	0	0	0	0	0	5,420	5,420	0
0	0	0	0	0	0	417,775	418,987	1,212
0	0	0	0	0	0	2,400	2,400	0
0	0	0	6,350	6,350	0	21,101	21,205	104
405,961	407,538	1,577	6,350	6,350	0	17,957,201	17,963,495	6,294
28,000	18,748	9,252	0	0	0	8,147,572	8,136,386	11,186
0	0	0	0	0	0	1,392,094	1,375,133	16,961
0	0	0	0	0	0	153,500	153,052	448
0	0	0	0	0	0	732,424	702,245	30,179
0	0	0	5,247	4,557	690	844,602	784,534	60,068
0	0	0	0	0	0	48,456	55,423	(6,967)
882	639	243	0	0	0	1,425,340	1,481,398	(56,058)
5,500	4,445	1,055	0	0	0	427,600	406,498	21,102
0	0	0	0	0	0	261,839	248,174	13,665
264,514	266,753	(2,239)	0	0	0	2,232,807	2,309,256	(76,449)
60,000	51,702	8,298	0	0	0	1,312,051	1,356,510	(44,459)
0	0	0	0	0	0	44,342	45,592	(1,250)
10,000	0	10,000	0	0	0	37,404	25,672	11,732
0	0	0	0	0	0	771,100	723,714	47,386
2,990,101	2,925,243	64,858	0	0	0	2,990,101	2,925,243	64,858
0	0	0	0	0	0	325,000	325,000	0
0	0	0	0	0	0	792,936	792,936	0
3,358,997	3,267,530	91,467	5,247	4,557	690	21,939,168	21,846,766	92,402
(2,953,036)	(2,859,992)	93,044	1,103	1,793	690	(3,981,967)	(3,883,271)	98,696
0	0	0	0	0	0	1,650	1,650	0
0	0	0	0	0	0	46,113	46,113	0
0	0	0	0	0	0	(6,031)	(6,039)	(8)
0	0	0	0	0	0	11,178	11,178	0
0	0	0	0	0	0	(50,650)	(11,619)	39,031
0	0	0	0	0	0	37,050	37,050	0
0	0	0	0	0	0	(168,681)	(62,050)	106,631
(428,190)	0	428,190	0	0	0	(573,077)	0	573,077
(428,190)	0	428,190	0	0	0	(702,448)	16,283	718,731
(3,381,226)	(2,859,992)	521,234	1,103	1,793	690	(4,684,415)	(3,866,988)	817,427
413,756	413,756	0	1,896	1,896	0	3,684,856	3,684,856	0
3,119,897	3,119,897	0	0	0	0	3,552,773	3,552,773	0
\$152,427	\$673,661	\$521,234	\$2,999	\$3,689	\$690	\$2,553,214	\$3,370,641	\$817,427

**Little Miami Local School District  
 Combined Statement of Revenues,  
 Expenses and Changes in Fund Equity  
 Proprietary Fund Type and Nonexpendable Trust Fund  
 For the Fiscal Year Ended June 30, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	<u>(Memorandum Only)</u>
<b><u>Operating Revenues:</u></b>			
Tuition and Fees	\$550	\$0	\$550
Sales	745,700	0	745,700
Interest	0	1,149	1,149
Other Revenues	10,690	0	10,690
Total Operating Revenues	<u>756,940</u>	<u>1,149</u>	<u>758,089</u>
<b><u>Operating Expenses:</u></b>			
Salaries	271,704	0	271,704
Fringe Benefits	109,174	0	109,174
Purchased Services	5,668	25	5,693
Materials and Supplies	148,217	0	148,217
Cost of Sales	381,583	0	381,583
Depreciation	23,905	0	23,905
Other	20	0	20
Total Operating Expenses	<u>940,271</u>	<u>25</u>	<u>940,296</u>
Operating Income (Loss)	<u>(183,331)</u>	<u>1,124</u>	<u>(182,207)</u>
<b><u>Non-Operating Revenues:</u></b>			
Federal Donated Commodities	53,770	0	53,770
Interest	1,721	0	1,721
Federal and State Subsidies	110,768	0	110,768
Total Non-Operating Revenues	<u>166,259</u>	<u>0</u>	<u>166,259</u>
Net Income (Loss) Before Operating Transfers	(17,072)	1,124	(15,948)
Operating Transfers In	<u>25,000</u>	<u>0</u>	<u>25,000</u>
Net Income	7,928	1,124	9,052
Retained Earnings/Fund Balance at Beginning of Year - Restated (Note 3)	<u>335,029</u>	<u>20,110</u>	<u>355,139</u>
Retained Earnings/Fund Balance at End of Year	342,957	21,234	364,191
Contributed Capital at Beginning and End of Year End of Year - Restated (Note 3)	<u>7,564</u>	<u>0</u>	<u>7,564</u>
Total Fund Equity at End of the Year	<u>\$350,521</u>	<u>\$21,234</u>	<u>\$371,755</u>

See accompanying notes to the general purpose financial statements

*Little Miami Local School District  
 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, 2001*

	Enterprise Funds			Nonexpendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues:</u></b>						
Sales	\$746,500	\$746,522	\$22	\$0	\$0	\$0
Interest	1,602	1,721	119	1,149	1,149	0
Other Revenues	10,690	10,690	0	0	0	0
Federal and State Subsidies	95,098	95,098	0	0	0	0
<b>Total Revenues</b>	<b>853,890</b>	<b>854,031</b>	<b>141</b>	<b>1,149</b>	<b>1,149</b>	<b>0</b>
<b><u>Operating Expenses:</u></b>						
Salaries	259,700	269,933	(10,233)	0	0	0
Fringe Benefits	116,658	114,347	2,311	0	0	0
Purchased Services	5,500	5,900	(400)	30	25	5
Materials and Supplies	467,416	473,763	(6,347)	0	0	0
Capital Outlay	10,054	807	9,247	2,800	0	2,800
Other	100	20	80	0	0	0
<b>Total Operating Expenses</b>	<b>859,428</b>	<b>864,770</b>	<b>(5,342)</b>	<b>2,830</b>	<b>25</b>	<b>2,805</b>
<b>Excess of Revenues Over (Under) Expenses</b>	<b>(5,538)</b>	<b>(10,739)</b>	<b>(5,201)</b>	<b>(1,681)</b>	<b>1,124</b>	<b>2,805</b>
Advances In	441	441	0	0	0	0
Operating Transfers In	25,000	25,000	0	0	0	0
Operating Transfers Out	(10,000)	0	10,000	0	0	0
<b>Excess of Revenues Over (Under) Expenses, Transfers and Advances</b>	<b>9,903</b>	<b>14,702</b>	<b>4,799</b>	<b>(1,681)</b>	<b>1,124</b>	<b>2,805</b>
Fund Equity at Beginning of Year	57,063	57,063	0	19,880	19,880	0
Prior Year Encumbrances Appropriated	2,557	2,557	0	0	0	0
<b>Fund Equity at End of Year</b>	<b>\$69,523</b>	<b>\$74,322</b>	<b>\$4,799</b>	<b>\$18,199</b>	<b>\$21,004</b>	<b>\$2,805</b>

See accompanying notes to the general purpose financial statements

*Little Miami Local School District  
Combined Statement of Cash Flows  
Proprietary Fund Type and Nonexpendable Trust Fund  
For the Fiscal Year Ended June 30, 2001*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>			
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Customers	\$746,522	\$0	\$746,522
Cash Payments to Suppliers for Goods and Services	(479,448)	(25)	(479,473)
Cash Payments to Employees for Services	(269,933)	0	(269,933)
Cash Payments for Employee Benefits	(114,347)	0	(114,347)
Cash Payments for Other Uses	(20)	0	(20)
Cash Received from Other Sources	10,690	0	10,690
Net Cash Used for Operating Activities	<u>(106,536)</u>	<u>(25)</u>	<u>(106,561)</u>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>			
Federal and State Subsidies Received	95,098	0	95,098
Operating Transfers In	25,000		25,000
Short-Term Loans from Other Funds	441	0	441
Net Cash Provided by Noncapital Financing Activities	<u>120,539</u>	<u>0</u>	<u>120,539</u>
<b><u>Cash Flows from Investing Activities:</u></b>			
Interest on Investments	1,721	1,149	2,870
Net Cash Provided by Investing Activities	<u>1,721</u>	<u>1,149</u>	<u>2,870</u>
Net Increase in Cash and Cash Equivalents	15,724	1,124	16,848
Cash and Cash Equivalents at Beginning of Year	59,620	19,880	79,500
Cash and Cash Equivalents at End of Year	<u>\$75,344</u>	<u>\$21,004</u>	<u>\$96,348</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u></b>			
Operating Income (Loss)	<u>(\$183,331)</u>	<u>\$1,124</u>	<u>(\$182,207)</u>
<b><u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:</u></b>			
Depreciation	23,905	0	23,905
Donated Commodities Used During Year	53,770	0	53,770
Interest Received by Nonexpendable Trust	0	(1,149)	(1,149)
<b><u>Changes in Assets and Liabilities:</u></b>			
Decrease in Accounts Receivable	390	0	390
Decrease in Materials and Supplies Inventory	979	0	979
Increase in Due From Other Funds	(118)	0	(118)
Decrease in Inventory Held for Resale	980	0	980
Increase in Accounts Payable	292	0	292
Increase in Accrued Wages and Benefits	290	0	290
Increase in Compensated Absences Payable	1,600	0	1,600
Decrease in Intergovernmental Payable	(5,293)	0	(5,293)
Total Adjustments	<u>76,795</u>	<u>(1,149)</u>	<u>75,646</u>
Net Cash Used for Operating Activities	<u>(\$106,536)</u>	<u>(\$25)</u>	<u>(\$106,561)</u>
Reconciliation of Nonexpendable Trust Fund to Balance Sheet			
Cash and Cash Equivalents - All Fiduciary Funds		\$106,884	
Cash and Cash Equivalents - Agency Funds		(81,931)	
Cash and Cash Equivalents - Expendable Trust Fund		(3,949)	
Cash and Cash Equivalents - Nonexpendable Trust Fund		<u>\$21,004</u>	

See accompanying notes to the general purpose financial statements

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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**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.

**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 participates in three organizations which are defined as jointly governed organizations. These organizations are the Southwest Ohio Computer Association (SWOCA), the Warren County Vocational School, and the Jewell Foundation. These organizations are presented in Note 17 to the general purpose financial statements.

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**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 available expendable 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 General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**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. The School District's fiduciary funds 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 General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**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 and expendable trust funds 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 (e.g., revenues and other financing sources) and decreases (e.g., expenditures and other financing uses) in net current assets.

All proprietary and nonexpendable trust funds 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 (e.g., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund 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 funds, expendable trust fund, and agency funds. The full accrual basis of accounting is followed for the proprietary funds and nonexpendable trust fund.

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

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported 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 governmental funds.

On the accrual basis of accounting, 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.

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

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

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 County 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 2001.

**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 level of expenditures, which is the legal level 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 the legal level of control.

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

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.

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. 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. The School District deposited funds in an escrow account for the purpose of facilitating the retainage owed to contractors. These deposits are presented on the combined balance sheet as "restricted assets: cash and cash equivalents in escrow accounts."

During fiscal year 2001, the School District's investments were limited to certificates of deposit, reported at cost, and the State Treasury Asset Reserve of Ohio (STAR Ohio).

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

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, 2001.

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 2001 amounted to \$264,002 which includes \$147,750 assigned from other School District funds.

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. 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, endowments and budget stabilization.

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

**F. Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set aside by the School District for the creation of a reserve for budget stabilization. See Note 18 for additional information regarding set-asides. Cash is also restricted for amounts held in the escrow account that will be used for the payment of retainage on construction contracts

**G. 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.

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2001, 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 is reported in the year in which services are consumed.

**I. 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.

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.

**J. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet.

**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.

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

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. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable 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 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.

**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. 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 General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

**O. 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.

**P. 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 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/RETAINED EARNINGS**

**A. Change in Accounting Principles:**

For fiscal year 2001, the School District has implemented GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions,” and GASB Statement No. 36, “Recipient Reporting for Certain Shared Nonexchange Revenues,” - an amendment of GASB No. 33, which changes how the School District reports certain types of revenues. The implementation of these pronouncements caused no changes to prior year fund balances/retained earnings.

**B. Fund Balance/Retained Earnings Restatements:**

The School District contracted for a reappraisal of their fixed assets to determine estimated historical cost. The revaluation caused general fixed assets to increase by \$2,396,121, from \$23,573,936 to \$25,970,057. The revaluation also had the following effect on the enterprise fund:

	Enterprise
Retained Earnings at June 30, 2000	\$72,293
Restatement for Revaluation of Fixed Assets	262,736
Retained Earnings Restated at June 30, 2000	\$335,029

Contributed capital in the food service enterprise fund was also increased by \$3,087, from \$4,477 to \$7,564 due to the revaluation.

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**NOTE 4 - 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).
4. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to 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	(\$1,102,290)	\$37,151	\$120,220	(\$1,770,027)	\$2,053
Adjustments:					
Revenue Accruals	(182,195)	41,485	(366)	(856)	0
Expenditure Accruals	340,510	(17,431)	0	(944,727)	0
Advances	(10,319)	9,878	0	0	0
Encumbrances	<u>(197,107)</u>	<u>(48,325)</u>	<u>0</u>	<u>(144,382)</u>	<u>(260)</u>
Budget Basis	<u>(\$1,151,401)</u>	<u>\$22,758</u>	<u>\$119,854</u>	<u>(\$2,859,992)</u>	<u>\$1,793</u>

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING** (Continued)

	Enterprise	Nonexpendable Trust
Net Income/Excess of Revenues Over (Under) Expenses, Transfers and Advances Proprietary Fund Type and Nonexpendable Trust Fund		
GAAP Basis	\$7,928	\$1,124
Adjustments:		
Revenue Accruals	(15,396)	0
Expense Accruals	805	0
Depreciation Expense	23,905	0
Materials and Supplies Inventory	(979)	0
Inventory Held for Resale	(980)	0
Advances	441	0
Encumbrances	(1,022)	0
Budget Basis	\$14,702	\$1,124

**NOTE 5 - 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 General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 5 - 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 General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 5 - 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 \$1,262,726 and the bank balance was \$1,723,243. Of the bank balance:

1. \$778,778 was covered by federal depository insurance; and
2. \$944,465 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.

	Fair Value
	<hr/>
STAR Ohio	<u>\$2,676,568</u>

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (Continued)

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 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	\$3,939,294	\$0
Investments:		
STAR Ohio	(2,676,568)	2,676,568
GASB Statement No. 3	\$1,262,726	\$2,676,568

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) are for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2001 real property taxes are collected in and intended to finance fiscal year 2002.

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. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 6 - PROPERTY TAXES** (Continued)

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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 2001 taxes were collected are:

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$243,960,620	84.66 %	\$313,645,380	87.08%
Public Utility	18,447,255	6.40	27,333,305	7.59
Tangible Personal Property	25,742,334	8.94	19,187,510	5.33
Total Assessed Value	<u>\$288,150,209</u>	<u>100.00 %</u>	<u>\$360,166,195</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$50.55		\$48.84

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, 2001, are available to finance fiscal year 2001 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, 2001, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amounts available as an advance at June 30 were levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 6 - PROPERTY TAXES** (Continued)

portion not levied to finance current year operations. The amount available as an advance at June 30, 2001 was \$700,124 in the General Fund, \$106,406 in the Debt Service Fund, and \$25,463 in the Permanent Improvement Capital Project Fund.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2001, consisted of property taxes, accounts, interest, interfund, due from other funds 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 School District's ability to withhold diplomas and grade cards.

A summary of intergovernmental receivables follows:

	<u>Amounts</u>
<u>Special Revenue Funds:</u>	
Eisenhower Grant	\$1,010
Title VI	2,000
Title VI-R	1,521
Total Special Revenue	<u>4,531</u>
<u>Enterprise Fund:</u>	
Food Service	15,670
Total Intergovernmental Receivables	<u><u>\$20,201</u></u>

**NOTE 8 - FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$531,098
Less Accumulated Depreciation	<u>(234,786)</u>
Net Fixed Assets	<u><u>\$296,312</u></u>

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**NOTE 8 - FIXED ASSETS** (Continued)

A summary of the changes in general fixed assets during fiscal year 2001 follows:

Asset Category	Restated Balance at June 30, 2000	Additions	Deletions	Balance at June 30, 2001
Land	\$2,689,986	\$0	\$0	\$2,689,986
Buildings and Improvements	16,990,732	0	0	16,990,732
Furniture, Fixtures and Equipment	4,692,569	77,269	11,045	4,758,793
Vehicles	1,596,770	0	0	1,596,770
Totals	<u>\$25,970,057</u>	<u>\$77,269</u>	<u>\$11,045</u>	<u>\$26,036,281</u>

**NOTE 9 - 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 2001, 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 \$20,000 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.

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Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 10 - 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 benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per 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 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was 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, 2001, 2000, and 1999 were \$107,307, \$94,990, and \$140,965, respectively; 51.13 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$52,445 representing the unpaid contribution for fiscal year 2001, 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.

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (Continued)

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. 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, 2001, 2000, and 1999 were \$854,371, \$422,367, and \$353,309, respectively; 84.08 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$136,007 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

**NOTE 11 - 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, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$404,702 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 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.

Little Miami Local School District  
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Notes to the General Purpose Financial Statements  
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(Continued)

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**NOTE 11 - POSTEMPLOYMENT BENEFITS** (Continued)

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, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. 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 2001, 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 2001 fiscal year equaled \$328,046.

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, 2000 (the latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vested vacation and sick leave benefits 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 215 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 53.75 days for teachers and administrators. Classified personnel, upon retirement, are paid for 52 days of their accrued, but unused sick leave credit.

Little Miami Local School District  
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Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 12 - EMPLOYEE BENEFITS** (Continued)

**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 ChoiceCare. 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 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In current and 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 \$164,821 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 2001 totaled \$22,142. In addition, the liability in the general long-term obligations account group was reduced by \$3,839 to account for a lease that was terminated in fiscal year 2001.

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, 2001.

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE** (Continued)

Fiscal Year Ending June 30,	Long-Term Obligations
2002	\$44,326
2003	32,802
2004	24,085
2005	23,691
2006	19,566
Total	144,470
Less: Amount Representing Interest	(40,820)
Present Value of Minimum Lease Payments	\$103,650

**NOTE 14 - LONG-TERM OBLIGATIONS**

The change in the School District's long-term obligations during the fiscal year 2001 were as follows:

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
General Obligation Bonds:				
Reconstruction/Remodeling Bonds 1977 5.75%	\$60,000	\$0	\$20,000	\$40,000
School Improvement Bonds 1998 4.93%	17,109,810	0	305,000	16,804,810
Total General Obligation Bonds	17,169,810	0	325,000	16,844,810
Compensated Absences	1,004,822	0	60,498	944,324
Intergovernmental Payable	39,525	188,265	39,525	188,265
Capital Leases	52,362	77,269	25,981	103,650
Total General Long-Term Obligations	\$18,266,519	\$265,534	\$451,004	\$18,081,049

Little Miami Local School District  
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Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 14 - LONG-TERM OBLIGATIONS** (Continued)

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 funds 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 \$16,893,998 with an unvoted debt margin of \$360,166 at June 30, 2001.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2001, are as follows:

General Obligation Bonds for Reconstruction and Remodeling

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	\$20,000	\$1,725	\$21,725
2003	20,000	575	20,575
Total	\$40,000	\$2,300	\$42,300

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**NOTE 14 - LONG-TERM OBLIGATIONS** (Continued)

<u>School Improvement Bonds</u>			
Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	500,000	742,456	1,242,456
2007-2011	2,825,000	3,367,671	6,192,671
2012-2016	3,515,000	2,645,485	6,160,485
2017-2021	4,480,000	1,662,034	6,142,034
2022-2025	<u>4,440,000</u>	<u>451,026</u>	<u>4,891,026</u>
Total	<u><u>\$16,804,810</u></u>	<u><u>\$12,603,105</u></u>	<u><u>\$29,407,915</u></u>

**NOTE 15 - INTERFUND ACTIVITY**

As of June 30, 2001, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	<u>\$10,969</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Special Revenue Fund:</u>				
Public School Support	0	0	0	118
Title VI	0	2,000	0	0
Title VI-R	<u>0</u>	<u>8,528</u>	<u>0</u>	<u>0</u>
Total Special Revenue Funds	<u>0</u>	<u>10,528</u>	<u>0</u>	<u>118</u>
<u>Enterprise Fund:</u>				
Food Service	0	0	118	0
Uniform School Supplies	<u>0</u>	<u>441</u>	<u>0</u>	<u>0</u>
Total Enterprise Funds	<u>0</u>	<u>441</u>	<u>118</u>	<u>0</u>
Total All Funds	<u><u>\$10,969</u></u>	<u><u>\$10,969</u></u>	<u><u>\$118</u></u>	<u><u>\$118</u></u>

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**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, 2001.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$633,551	\$123,389	\$756,940
Depreciation Expense	23,905	0	23,905
Operating Loss	(187,901)	4,570	(183,331)
Donated Commodities	53,770	0	53,770
Federal and State Subsidies	110,768	0	110,768
Operating Transfers	25,000	0	25,000
Net Income	3,358	4,570	7,928
Net Working Capital	32,381	36,258	68,639
Total Assets	362,545	36,862	399,407
Total Equity	314,263	36,258	350,521
Encumbrances Outstanding at June 30, 2001	(232)	(790)	(1,022)

**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 \$25,243 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.

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS** (Continued)

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 2001. Financial information can be obtained from Karen Royer, Treasurer, Warren County Vocational School, 3525 North State Route 48, Lebanon, Ohio 45036.

The School District is a participant in the Jewell Education Foundation (the "Foundation"), which is a jointly governed educational foundation established to benefit the school districts in Warren County. The Foundation was created to promote and assist in funding through soliciting grants and charitable contributions for distributions to member educational institutions of participating school districts. The governing board is made up of the Warren County Vocational School District superintendent, one member of the 1999 Warren County Vocational School District Board of Education, not on the current board, and one member submitted by each participating school district. The School District made no financial contribution to the Foundation. Financial information can be obtained from the director of planned giving, Rick Wood, at P.O. Box 854, Lebanon, Ohio 45036.

**NOTE 18 - 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.

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**NOTE 18 - SET-ASIDE CALCULATIONS AND FUND RESERVES** (continued)

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2000	\$36,964	\$0	\$98,871
Current Year Set-aside Requirement	351,230	351,230	0
Reduction due to Legislation	0	0	(51,217)
Current Year Offsets	(302)	(304,879)	0
Qualifying Disbursements	(485,920)	(160,117)	0
Total	<u>(\$98,028)</u>	<u>(\$113,766)</u>	<u>\$47,654</u>
Set-aside Balance Carried Forward to Future Years	<u>(\$98,028)</u>	<u>\$0</u>	<u>\$47,654</u>
Set-aside Reserve Balance as of June 30, 2001	<u>\$0</u>	<u>\$0</u>	<u>\$47,654</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbooks and capital acquisition set-aside amounts below zero. The extra amount pertaining to textbooks may be used to reduce the textbooks set-aside requirement for in future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$47,654.

**NOTE 19 - 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, 2001.

**Litigation:**

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

Little Miami Local School District  
Warren County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 20 - SUBSEQUENT EVENT**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of February 11, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

**LITTLE MIAMI LOCAL SCHOOL DISTRICT  
WARREN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	None	10.550	\$0	\$30,148	\$0	\$30,148
National School Lunch Program	LL-P1-00/01 LL-P4-00/01	10.555	47,176 34,371	0	47,176 34,371	0
School Breakfast Program	05-PU-01	10.553	8,654	0	8,654	0
Total U.S. Department of Agriculture - Nutrition Cluster			<u>90,201</u>	<u>30,148</u>	<u>90,201</u>	<u>30,148</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF-00	84.027	122,075	0	108,064	0
Special Education - Preschool Grant	PG-S1-00	84.173	4,491	0	5,909	0
Total Special Education Cluster			<u>126,566</u>	<u>0</u>	<u>113,973</u>	<u>0</u>
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-01	84.010	167,349	0	146,869	0
Eisenhower Professional Development Grant	MS-S1-00/01	84.281	16,237	0	12,864	0
Innovative Educational Program Strategies (Title VI)	C2-S1-00/01	84.298	12,604	0	15,613	0
Classroom Size Reduction Subsidy (Title VI-R)	CR-S1-00/01	84.340	55,572	0	48,009	0
Drug-Free Schools Grant	DR-S1-00/01	84.186	11,926	0	11,900	0
Total Department of Education			<u>390,254</u>	<u>0</u>	<u>349,228</u>	<u>0</u>
<b>U.S. DEPARTMENT OF LABOR AND U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through the University of Cincinnati:</i>						
Ohio School to Work Grant	None	17.249	15,000	0	12,317	0
<i>Passed Through the Ohio Department of Education:</i>						
Ohio School to Work Grant	None	17.249	3,472	0	4,993	0
Total U.S. Department of Labor and Education			<u>18,472</u>	<u>0</u>	<u>17,310</u>	<u>0</u>
<b>Totals</b>			<u><b>\$498,927</b></u>	<u><b>\$30,148</b></u>	<u><b>\$456,739</b></u>	<u><b>\$30,148</b></u>

*The accompanying notes to this schedule are an integral part of this schedule.*

**LITTLE MIAMI LOCAL SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Award Expenditures (the Schedule) is a summary of the activity of the District's federal awards 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, 2001, the District had no significant food commodities in inventory.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS 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 year ended June 30, 2001, and have issued our report thereon dated February 11, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2001-10483-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 11, 2002.

**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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2001-10483-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

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 February 11, 2002.

This report is intended for the information and use of the Audit Committee, 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

February 11, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS 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 the 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 year ended June 30, 2001. The District's major federal program is identified in the summary of auditors 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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, 2001.

**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 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 the Audit Committee, 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

February 11, 2002

**LITTLE MIAMI LOCAL SCHOOL DISTRICT  
WARREN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001**

**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)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(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 Program Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Program (list):	Title I, Part A, ESEA - CFDA # 84.010
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$300,000 Type B - all other programs
(d)(1)(ix)	Low Risk Auditee?	Yes

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

**FINDING NUMBER 2001-10483-001**

**Material Noncompliance/Reportable Condition - Deposits**

Ohio Rev. Code, Section 9.38, states that public money must be deposited with the treasurer of the public office or to a designated depository on the business day of the receipt, if the total amount of such moneys received exceeds \$1,000. If the total amount does not exceed \$1,000, the public official has the option of either depositing the money on the next business day of receipt or adopting a policy permitting a different time period. The alternate time period, however, shall not exceed three business days following the day

**FINDING NUMBER 2001-10483-001  
(Continued)**

of receipt. Further, the policy must include procedures to safeguard the money until the time of deposit. 42% of extracurricular activity receipts and 70% of classroom material and fees tested were not deposited within the required time frame.

Receipts not immediately deposited could be susceptible to theft. We recommend the District enforce the timeliness of deposits for extracurricular activities and classroom materials and fees. Furthermore, the District may adopt a policy for daily receipts that do not exceed \$1,000. The policy may permit employees who receive monies to hold it past the next business day, but the deposit must be made no later than three business days after receiving the money. The policy must include provisions and procedures to safeguard the money during the intervening period.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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 7, 2002**