



**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Miamisburg City School District
Montgomery County
540 Park Avenue
Miamisburg, Ohio 45342

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Miamisburg City School District (the District), Montgomery County, 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 Miamisburg City School District, Montgomery County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

During the year ended June 30, 2001, the District adopted Governmental Accounting Statement No. 33.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *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 District, taken as a whole. The accompanying schedule of federal awards receipts and 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

January 22, 2002

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**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$6,067,169	\$932,227	\$580,910	\$1,947,311
Receivables:				
Taxes	22,973,639		719,740	2,357,738
Accounts	96,310	15,480		
Intergovernmental Receivable		392,179		
Prepaid Items	4,251			
Supplies Inventory				
Inventory Held for Resale				
Interfund Receivable	377,937			
Land and Improvements to Land Buildings Furniture, Fixtures and Equipment Vehicles				
Less: Accumulated Depreciation				
Restricted Cash	118,636			
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligations				
Amount to be Provided for Retirement of General Long Term Obligations				
Total Assets and Other Debits	<u>29,637,942</u>	<u>1,339,886</u>	<u>1,300,650</u>	<u>4,305,049</u>
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	247,955	43,760		189,123
Accrued Salaries Payable	2,649,965	61,505		
Intergovernmental Payable	594,909	7,456		
Interfund Payable		358,171		
Due to Students				
Deferred Revenue	21,698,087	381,807	672,127	2,228,916
Compensated Absences Payable	207,253			
General Obligation Bonds Payable				
Total Liabilities	<u>25,398,169</u>	<u>852,699</u>	<u>672,127</u>	<u>2,418,039</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved for Encumbrances	484,977	123,188		477,195
Reserved for Prepaid Items	4,251			
Budget Stabilization	118,636			
Unreserved	3,631,909	363,999	628,523	1,409,815
Total Fund Equity and Other Credits	<u>4,239,773</u>	<u>487,187</u>	<u>628,523</u>	<u>1,887,010</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$29,637,942</u>	<u>\$1,339,886</u>	<u>\$1,300,650</u>	<u>\$4,305,049</u>

See accompanying notes to the general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$355,798	\$112,234			\$9,995,649
				26,051,117
32,600	583			144,973
42,953				435,132
				4,251
2,103				2,103
33,004				33,004
				377,937
		1,119,325		1,119,325
		19,150,137		19,150,137
679,493		5,622,851		6,302,344
17,161		2,326,860		2,344,021
(398,368)				(398,368)
				118,636
			628,523	628,523
			10,262,590	10,262,590
<u>764,744</u>	<u>112,817</u>	<u>28,219,173</u>	<u>10,891,113</u>	<u>76,571,374</u>
28,275	1,956			511,069
64,849				2,776,319
42,339			240,368	885,072
19,766				377,937
	78,439			78,439
27,068				25,008,005
6,939			1,585,745	1,799,937
			9,065,000	9,065,000
<u>189,236</u>	<u>80,395</u>		<u>10,891,113</u>	<u>40,501,778</u>
		28,219,173		28,219,173
575,508				575,508
	824			1,086,184
				4,251
				118,636
	31,598			6,065,844
<u>575,508</u>	<u>32,422</u>	<u>28,219,173</u>		<u>36,069,596</u>
<u>\$764,744</u>	<u>\$112,817</u>	<u>\$28,219,173</u>	<u>\$10,891,113</u>	<u>\$76,571,374</u>

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund</u>	<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>(Memorandum Only)</u>
Revenues:						
Taxes	\$22,513,671		\$741,417	\$2,239,027		\$25,494,115
Intergovernmental	7,668,880	1,108,009	75,877	369,362		9,222,128
Interest	556,074	6,011		36,606		598,691
Tuition and Fees	207,434	100				207,534
Extracurricular Activities	9,459	313,111			3,680	326,250
Other	588,974	134,557			22,780	746,311
Total Revenues	31,544,492	1,561,788	817,294	2,644,995	26,460	36,595,029
Expenditures:						
Current:						
Instruction:						
Regular	14,734,336	357,113		917,352		16,008,801
Special	1,724,870	318,490		2,543		2,045,903
Vocational	591,378	59,336				650,714
Other	835,711					835,711
Support Services:						
Pupils	2,471,841	272,300			1,866	2,746,007
Instructional Staff	945,307	139,690		24,601		1,109,598
Board of Education	52,724					52,724
Administration	2,333,481	6,335		8,858	1,654	2,350,328
Fiscal	757,399		12,929	45,290	53	815,671
Business	223,342			13,684		237,026
Operation and Maintenance of Plant	2,491,006	4,600		363,711	20	2,859,337
Pupil Transportation	1,538,773	15,041		243,970		1,797,784
Central	672,209	13,961				686,170
Non-Instructional Services		247,600				247,600
Extracurricular Activities	354,711	369,044		595	13,540	737,890
Capital Outlay				1,883,965		1,883,965
Debt Service:						
Principal Retirement			435,000			435,000
Interest and Fiscal Charges			466,240			466,240
Total Expenditures	29,727,088	1,803,510	914,169	3,504,569	17,133	35,966,469
Excess of Revenues Over (Under) Expenditures	1,817,404	(241,722)	(96,875)	(859,574)	9,327	628,560
Other Financing Sources (Uses):						
Refund of Prior Year Expenditures	229,095					229,095
Proceeds From Sale of Fixed Assets	9,936					9,936
Transfer (Out)	(8,628)					(8,628)
Total Other Financing Sources	230,403					230,403
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	2,047,807	(241,722)	(96,875)	(859,574)	9,327	858,963
Fund Balances at Beginning of Year	2,191,966	728,909	725,398	2,746,584	23,095	6,415,952
Fund Balances at End of Year	\$4,239,773	\$487,187	\$628,523	\$1,887,010	\$32,422	\$7,274,915

See accompanying notes to the general purpose financial statements.

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**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$30,402,283	\$31,388,154	\$985,871	\$1,689,455	\$1,540,063	(\$149,392)
Expenditures:						
Current:						
Instruction:						
Regular	14,659,075	14,659,075		454,438	454,438	
Special	1,708,934	1,708,934		308,401	308,401	
Vocational	590,232	590,232				
Other	951,237	951,237				
Support Services:						
Pupils	2,420,193	2,420,193		272,130	272,130	
Instructional Staff	998,585	998,585		151,634	151,634	
Board of Education	55,126	55,126				
Administration	2,358,174	2,358,174		6,334	6,334	
Fiscal	760,505	800,826	(40,321)			
Business	213,599	213,599				
Operations of Maintenance of Plant	2,528,492	2,528,492		4,600	4,600	
Pupil Transportation	1,539,967	1,539,967		15,041	15,041	
Central	678,395	678,395		14,201	14,201	
Operation of Non-Instructional Services				409,198	409,198	
Extracurricular Activities	343,433	343,433		404,699	404,699	
Capital Outlay	38,892	38,892				
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	29,844,839	29,885,160	(40,321)	2,040,676	2,040,676	
Excess of Revenues Over (Under) Expenditures	557,444	1,502,994	945,550	(351,221)	(500,613)	(149,392)
Other Financing Sources (Uses):						
Refund of Prior Year Expenditures	229,096	229,096				
Sale of Fixed Assets	9,936	9,936				
Transfers -Out	(8,628)	(8,628)				
Advances - In	93,913	93,913		334,424	334,424	
Advances - Out	(334,424)	(334,424)		(23,679)	(23,679)	
Total Other Financing Sources (Uses)	(10,107)	(10,107)		310,745	310,745	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	547,337	1,492,887	945,550	(40,476)	(189,868)	(149,392)
Fund Balances at Beginning of Year	3,904,994	3,904,994		848,499	848,499	
Prior Year Encumbrances Appropriated	787,900	787,900		148,520	148,520	
Fund Balances at End of Year	\$ 5,240,231	\$ 6,185,781	\$ 945,550	\$ 956,543	\$ 807,151	\$ (149,392)

See accompanying notes to the general purpose financial statements.

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$759,279	\$806,655	\$47,376	\$2,553,593	\$2,631,060	\$77,467	\$27,249	\$26,517	(\$732)
			1,063,871	1,063,871				
			2,543	2,543				
			34,112	34,112		1,866	1,866	
			8,995	8,995		1,785	1,785	
13,625	14,586	(961)	46,738	50,284	(3,546)	53	53	
			13,984	13,984				
			451,799	451,799		20	20	
			250,177	250,177				
						15,024	15,024	
			2,558,435	2,558,435				
435,000	435,000							
466,240	466,240							
914,865	915,826	(961)	4,430,654	4,434,200	(3,546)	18,748	18,748	
(155,586)	(109,171)	46,415	(1,877,061)	(1,803,140)	73,921	8,501	7,769	(732)
(155,586)	(109,171)	46,415	(1,877,061)	(1,803,140)	73,921	8,501	7,769	(732)
690,080	690,080		3,073,405	3,073,405		16,381	16,381	
			712,631	712,631		2,283	2,283	
\$534,494	\$580,909	\$46,415	\$1,908,975	\$1,982,896	\$73,921	\$27,165	\$26,433	(\$732)

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2001**

	Proprietary Fund Type
	Enterprise
Operating Revenues:	
Lunchroom Sales	\$1,013,965
Charges for Services	199,289
	1,213,254
Total Operating Revenues	
Operating Expenses:	
Salaries and Fringe Benefits	666,413
Purchased Services	30,014
Cost of Sales	1,017,101
Depreciation	44,179
	1,757,707
Total Operating Expenses	
Operating (Loss)	(544,453)
Non-Operating Revenues	
Federal Donated Commodities	76,591
Operating Grants	312,522
Interest	8,613
Other Non-Operating Revenue	2,405
	400,131
Total Non-Operating Revenues	
Net (Loss) Before Operating Transfer	(144,322)
Transfer In	29,545
Transfer out	(20,917)
	(135,694)
Net Income (Loss)	
Retained Earnings at Beginning of Year	711,202
Retained Earnings at End of Year	\$575,508

See accompanying notes to the general purpose financial statements.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2001**

	Enterprise
Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$1,203,797
Cash Payments to Employees for Services and Benefits	(668,301)
Cash Payments to Suppliers for Goods and Services	(947,269)
Net Cash Used In Operating Activities	(411,773)
Cash Flows from Noncapital Financing Activities:	
Net Operating Transfers-in	8,628
Advances-out to other funds	(70,234)
Operating Grants	283,801
Refund of Prior Year Expenditures	2,405
Net Cash Provided by Noncapital Financing Activities	224,600
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(108,915)
Cash Flows from Investing Activities:	
Interest	8,613
Net (Decrease) in Cash and Cash Equivalent	(287,475)
Cash and Cash Equivalents Beginning of Year	643,273
Cash and Cash Equivalents End of Year	355,798
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	(544,453)
Adjustments to Reconcile Operating Income to Net Cash Used In Operating Activities:	
Depreciation	44,179
Donated Commodities Used	76,591
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(9,457)
Decrease in Inventory Held for Resale	(10,464)
Increase in Accounts Payable	23,255
Increase in Accrued Salaries Payable	18,894
Decrease in Intergovernmental Payable	(20,438)
Decrease in Deferred Revenue	10,464
Decrease in Compensated Absences	(344)
Net Cash Used In Operating Activities	(\$411,773)

See accompanying notes to the general purpose financial statements.

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**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

1. REPORTING ENTITY AND BASIS OF PRESENTATION

Miamisburg City School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The first official body designated as the Miamisburg City School District was formed in the 1800's.

The School District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by state and/or federal agencies. This Board controls the district's instructional/support facilities staffed by a full-time staff of 506 employees. There are 316 certificated employees including 20 administrators and 190 classified support staff including 5 administrators, who provide services to 4,832 students and other community members.

A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading.

The primary government consists of all funds and departments that provide various services including vocational and adult instruction, student guidance, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education.

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 body 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 for which the School District approves the budget, the issuance of debt or the levying of taxes.

The School District does not have any component units.

The District is associated with three organizations that are defined as jointly governed. These organizations include the Metropolitan Dayton Educational Computer Association, the Southwestern Ohio Educational Purchasing Cooperative and the Miami Valley Technical Center. These organizations are presented in Note 16 to the general-purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial 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.

1. Governmental Fund Types:

Governmental funds are those through which most governmental functions typically 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) are accounted for through governmental funds. The following are the School District's governmental fund types.

General Fund

This 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.

Special Revenue Funds

These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditure for specific 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 debt principal, interest and other 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 and trust funds).

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Proprietary Fund Types:

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

Enterprise Funds

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be recovered or financed primarily through user charges or where it has been decided that a 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 Funds

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 governments and other funds. These include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

3. 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:

General Fixed Assets Account Group

This account group is used to account for all general fixed assets of the School District other than those accounted for in proprietary or trust funds.

General Long-term Obligations Account Group

This account group is used to account for all long-term indebtedness of the School District that is not a specific liability of the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and 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 (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All proprietary 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 (i.e. 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.

All governmental fund types, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the School District is sixty days after year-end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: tuition, grants, and customer services.

The School District reports deferred revenues in its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In a subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of June 30, 2001, whose availability is indeterminate and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The proprietary fund type utilizes the accrual basis of accounting for reporting purposes. Revenues are recognized when they are earned and become measurable and expenses are recognized when incurred, if measurable. There were no unbilled service charges receivables at year-end. 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.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets and Budgetary Accounting

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, certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

1. 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 on 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 taxpayer's 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 Montgomery County Budget Commission for rate determination.

2. Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources that 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 unencumbered cash balances from the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenue collected is greater or less than the current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2001.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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 stating no new certificate is necessary, the annual appropriation must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The Appropriation resolution, by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. The budget figures that appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

4. 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. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent-year expenditure for governmental funds and reported in the notes to the financial statements for proprietary funds.

5. Lapsing of Appropriations

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including the proprietary fund type, are maintained in this account or temporarily used to purchase short-term investments. Each fund's interest in the pool is presented on the balance sheet as "Equity in Pooled Cash and Cash Equivalents". During fiscal year 2001 investments were limited to STAR Ohio and federal securities. These investments are stated at cost that approximates market. For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with original maturities of three months or less and investments of the cash management pool are considered to be cash equivalents.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest earnings credited to the General Fund during fiscal year 2001 amounted to \$556,074. The special revenue, capital projects, and enterprise funds also earned interest in the amounts of \$6,011, \$36,606 and \$8,613 respectively.

E. Supplies Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories in governmental funds were immaterial and not recorded for fiscal year 2001.

F. Short-Term Interfund Receivables/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. Short-term inter-fund loans are classified as "inter-fund receivables/payables."

G. 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 asset 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. The District does not capitalize interest costs as part of fixed assets. Interest is expensed as incurred. Donated fixed assets are capitalized at fair value on the date donated. The School District maintains a capitalization threshold of \$500. 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 equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of 10 years.

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred.

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

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase Program

Non-Reimbursable Grants

Special Revenue Funds

Alternative Schools Grant
Auxiliary Services
Career Education Grant
Connectivity Grant
CSR Grant
DPIA
Drug Free School Grant
Eisenhower Grant
Education Management Information Systems
Entry Year Teacher Grant
Financial Literacy Grant
Career Development Grant
Ohio Reads
Parent Involvement Grant
Partnership for Tomorrow's School
Phonics Grant
Pre-school Disabilities Grant
Professional Development Block Grant
Summer School Subsidy
Tech Prep Grant
Title I
Title VI
Title VI-B
Venture Capital Grant

Capital Project Fund

School Net
School Net Plus

Reimbursable Grants

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately twenty-five percent of the School District's operating revenue during the 2001 fiscal year.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

Vacation leave accumulated by employees is accrued as a liability as the benefits are earned when both of these conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

A liability for sick leave is accrued using the termination method which states that an accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

For governmental funds, the District provides a liability for accumulated, unpaid vacation time and sick leave for eligible employees in the period in which the employee becomes eligible to receive payment. The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. This amount is recorded as a fund liability, while the balance of the liability is recorded in the general long-term obligations account group.

J. 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, contractually required pension contributions and special termination benefits 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 two months after fiscal year-end are considered not to have used current financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations accounts group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

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

K. Contributed Capital

Contributed capital represents resources from other funds, federal and state grants, other governments, and private sources provided to the District's proprietary funds which are 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 unreserved retained earnings at year-end.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1997, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

L. Reservations and Designation of Fund Equity

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure or the portion of fund balance that is legally segregated for a specific future use. Fund balances have been reserved for encumbrances, prepaid items, and budget stabilization.

M. Inter-fund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from that fund, 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.

All other inter-fund transactions are reported as operating transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers.

N. Total Columns on General Purpose Financial Statements

Total columns on the General Purpose Financial Statements overview are captioned "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. Inter-fund eliminations have not been made in the aggregation of this data.

3. COMPLIANCE AND ACCOUNTABILITY

Fund Deficits:

Fund balances at June 30, 2001, included the following individual fund deficit:

	<u>Deficit Fund Balance</u>
Special Revenue Funds	
DPIA	1,012
Title I	244,693
Title VI	35,050

The deficit fund balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

4. BUDGET TO GAAP RECONCILIATION

Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law requires accounting for certain transactions on the basis of cash receipts, disbursements, appropriations and encumbrances. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual (Budget Basis), All Governmental Fund Types and Expendable 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 the 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. Outstanding year-end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types or note disclosure for proprietary fund types (GAAP basis).
4. Proceeds from and principal payments on debt obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year ended June 30, 2000 on the GAAP basis to the budget basis are as follows:

**Excess of Revenues and
Other Financing Sources Over (Under)
Expenditures and Other Financing Uses**

	Governmental Fund Types and Expendable Trust Fund				
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Fund
GAAP Basis	\$2,047,807	\$(241,722)	\$(96,875)	\$(859,574)	\$9,327
Revenue Accruals	(53,796)	312,699	(10,639)	(13,935)	57
Expenditure Accruals	248,736	12,190	(1,657)	(252,588)	1,518
Encumbrances	<u>(749,860)</u>	<u>(273,035)</u>	<u> </u>	<u>(677,043)</u>	<u>(3,133)</u>
Budget Basis	\$1,492,887	\$(189,868)	\$(109,171)	\$(1,803,140)	\$7,769

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

5. DEPOSITS AND INVESTMENTS

State statutes require the classification of monies held by the School District into three categories.

Category 1 consists of "active" monies, those monies required to be kept in a "cash" or "near-cash" status for immediate use by the District. Such monies must be maintained either as cash in the School Treasury, in depository accounts payable or withdrawals on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Category 2 consists of "inactive" monies, those monies not required for use within the current two-year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

Category 3 consists of "interim" monies, those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies may be invested or deposited in the following securities:

- a. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- b. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or Export Import Bank of Washington.
- c. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of purchase.
- d. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- e. Bonds and other obligations of the State of Ohio
- f. The State Treasurer's investment pool (STAR Ohio).
- g. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

Protection of School District cash and investments is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. 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, if the securities are not represented by a certificate, upon receipt of confirmation or transfer from the custodian.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits

At year-end, the carrying amount of the School District's deposits was \$ 5,462,135 and the bank balance was \$ 5,487,069. Of the bank balance \$209,765 was covered by federal deposit insurance. The remaining amounts were uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

B. Investments

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the School District's investments be classified in categories of risk. Category 1 includes investments that are insured or registered or for which the District holds the securities. Category 2 includes uninsured and unregistered investments for which the counter-party's trust department or agent in the District's name holds the securities. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter-party or by its trust department or agent but not in the District's name.

	Category 2	Carrying Value	Market Value
Federal Agency Securities	\$4,248,396	\$4,248,396	\$4,302,480
STAR Ohio	—	403,754	403,754
Total	\$4,248,396	\$4,652,150	\$4,706,234

The classification of cash and cash equivalents, and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Cash equivalents are defined to include investments with original maturities of three months or less.

A reconciliation between classifications of cash and investments on the financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$10,114,285	\$ 0
Investments:		
Federal Agency Securities	(4,248,396)	4,248,396
STAR Ohio	(403,754)	403,754
GASB Statement 3	\$ 5,462,135	\$4,652,150

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be re-valued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by July 20.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Miamisburg City School District. The County Auditor periodically remits to the District its portion of the taxes collected. The full tax rate for all District operations for the year ended June 30, 2001 was \$46.52 per \$1,000 of assessed value.

The assessed values upon which the fiscal year 2001 taxes were collected are as follows:

	2001 First - Half Collections	2001 Second - Half Collections
Agricultural/Residential and Other Real Estate	\$616,951,065	\$640,141,666
Public Utility Personal	34,656,380	34,212,850
Tangible Personal Property	<u>123,021,330</u>	<u>122,238,175</u>
 Total	 <u><u>\$774,628,775</u></u>	 <u><u>\$796,592,691</u></u>

Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies that are measurable as of June 30, 2001. Although total property tax collections for the next year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 was \$1,275,552 in the General Fund, \$128,822 in the Permanent Improvement Capital Projects Fund and \$47,613 in the Bond Retirement Fund and is recognized as revenue.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

7. RECEIVABLES

Receivables at June 30, 2001 consisted of taxes, accounts, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of State programs.

A summary of the intergovernmental receivables follows:

Enterprise Fund	
Food Service	\$ 42,953
Special Revenue Funds	
Other Grants	10,372
Drug Free Schools	7,518
Eisenhower Grant	1,706
Title I	251,574
Title VI	21,661
Title VI-B	42,653
Title VI-R	<u>56,695</u>
Total Special Revenue	\$392,179

8. FIXED ASSETS

An adjustment to beginning balances has been made to correct misclassification errors between General Fixed Assets and Enterprise Fund fixed assets in prior years. The results of these corrections of prior period errors have been reflected in beginning balances of both the General Fixed Assets Account Group and the enterprise fund fixed assets.

The correction of this error has also resulted in a restatement of the enterprise fund's beginning retained earnings. Specifically, retained earnings were increased by \$ 54,000. The effects of the change in beginning balances as well as the changes in current year are reflected below.

Changes in general fixed assets during the fiscal year ended June 30, 2001 were as follows:

<u>Class</u>	<u>Balance June 30, 2000</u>	<u>Prior Period Adjustments</u>	<u>Restated Beginning Balance July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2001</u>
Land and Improvements to Land	\$1,119,325	\$ 0	\$1,119,325	\$ 0	\$ 0	\$1,119,325
Buildings	17,196,707	0	17,196,707	1,953,430	0	19,150,137
Construction in Progress	105,856	0	105,856		105,856	0
Equipment	5,073,685	413,692	5,487,377	277,078	141,604	5,622,851
Vehicles	<u>2,225,413</u>	<u>0</u>	<u>2,225,413</u>	<u>216,250</u>	<u>114,803</u>	<u>2,326,860</u>
Totals	<u>\$25,720,986</u>	<u>\$413,692</u>	<u>\$26,134,678</u>	<u>\$2,446,758</u>	<u>\$362,263</u>	<u>\$28,219,173</u>

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

8. FIXED ASSETS (Continued)

Changes in enterprise fund fixed assets during the fiscal year ended June 30, 2001 were as follows:

<u>Class</u>	<u>Balance June 30, 2000</u>	<u>Prior Period Adjustments</u>	<u>Restated Beginning Balance July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2001</u>
Equipment	\$557,804	\$57,094	\$614,898	\$64,595		\$679,493
Vehicles	17,161	0	17,161	0		17,161
Accumulated Depreciation	<u>(379,642)</u>	<u>25,453</u>	<u>(354,189)</u>	<u>(44,179)</u>	<u>0</u>	<u>(398,368)</u>
Net Assets	<u>\$195,323</u>	<u>\$82,547</u>	<u>\$ 277,870</u>	<u>\$20,416</u>	<u>\$ 0</u>	<u>\$298,286</u>

9. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Miamisburg City School District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer public employee retirement system administered by the School Employees Retirement System Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Chapter 3309 of the Ohio Revised Code establishes benefits. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the Miamisburg City School District is required to contribute 14 percent; 4.2 percent was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended, up to statutory maximum amounts, 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 \$ 976,301, \$ 816,518, and \$761,470, respectively; 63 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$427,959 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term debt account group.

B. State Teachers Retirement System

The Miamisburg City School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer public employee retirement system administered by the State Teachers Retirement System Board. STRS provides basic retirement benefits, disability, survivor and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

9. DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the Miamisburg City School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation 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 \$2,645,715, \$2,469,398, and \$2,389,520, respectively; 86 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$373,880 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds.

10. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 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 \$730,393 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, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between 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 \$431,024.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

10. POSTEMPLOYMENT BENEFITS (Continued)

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.

11. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

1. Accumulated Unpaid Vacation

District classified employees earn vacation leave at varying rates based upon negotiated agreements and State laws. In the case of death or retirement, an employee (or his/her estate) is paid for his/her unused vacation leave. The total obligations for vacation leave for the District as a whole amounted to \$ 96,818 at June 30, 2001.

2. Accumulated Unpaid Sick Leave

District employees may accumulate sick leave. Upon retirement, payment is made for one-fourth of 180 hours of unused sick leave. Any amount over the 180 hours is paid out at one-tenth. The total obligation for sick leave accrual for the District as a whole as of June 30, 2001 was \$1,703,119.

12. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, thefts 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 Indiana Insurance Company for building and property insurance. This policy has a limit of insurance in the amount of \$72,245,445 for property and a \$1,000 deductible. Auto insurance is also covered by Indiana Insurance for actual cash value with a \$250 deductible. General liability insurance is under Nationwide/Wausau Insurance. The base policy has a \$1,000,000 per occurrence and a \$5,000,000 aggregate limit. The treasurer, superintendent, assistant superintendent and Board President are bonded separately.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

12. RISK MANAGEMENT (Continued)

The District is a member of the Southwestern Ohio Educational Purchasing Cooperative (SOEPC). The cooperative contracts with Acordia, Inc. to provide an insurance purchasing pool for workers compensation. The intent of the pool is to achieve the benefit of a reduced premium for the School District by virtue of its grouping an representation with other participants in the pool. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the pool. Each participant pays its workers compensation premium to the State based on the rate for the pool rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the pool. A participant will then either receive money from or be required to contribute to the pool. This equity pooling arrangement insures that each participant shares equally in the overall performance of the pool. Participation in the pool is limited to school districts that can meet the pool's selection criteria. Acordia Inc. provides administrative, cost control and actuarial services to the SOEPC.

The School District has elected to provide employee medical benefits through Anthem Blue Cross and Blue Shield. The employees share the cost of the monthly premium with the board for family plans. The board pays 95 percent of the premium.

The School District provides life insurance to employees through the American United Life Insurance Company.

13. LONG-TERM OBLIGATIONS

Long term obligations at June 30, 2001 were as follows:

	<u>Interest Rate:</u>	<u>Issue Date:</u>	<u>Maturity Date:</u>	<u>Balance June 30, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2001</u>
1979 General Obligation	6.00%	04/26/1979	12/01/2000	\$ 235,000	\$ 0	\$235,000	\$ 0
1998 General Obligation	5.11%	04/01/1998	12/01/2024	9,265,000	0	200,000	9,065,000
Compensated Absences				1,677,635	0	91,890	1,585,745
Intergovernmental Payable				<u>181,769</u>	<u>58,599</u>	<u>0</u>	<u>240,368</u>
Total General Long-term Obligations				<u>\$11,359,404</u>	<u>\$58,599</u>	<u>\$526,890</u>	<u>\$10,891,113</u>

The School District's voted legal debt margin was \$71,370,171 with an un-voted debt margin of \$793,002 at June 30, 2001.

The general obligation bonds are for construction and renovation of school buildings and are paid from the debt service fund with property tax revenue.

Compensated absences will be paid from the fund from which the person is paid if the funds are available, otherwise, from the General Fund.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

13. LONG-TERM OBLIGATIONS (Continued)

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2002	\$ 210,000	\$ 450,835
2003	220,000	441,965
2004	230,000	432,570
2005	235,000	422,746
2006	245,000	412,485
2007-2011	1,410,000	1,885,238
2012-2016	1,805,000	1,463,688
2017-2021	2,355,000	914,934
2022-2025	<u>2,355,000</u>	<u>248,947</u>
	<u>\$9,065,000</u>	<u>\$6,673,408</u>

14. INTERFUND ASSETS/LIABILITIES

Individual fund inter-fund asset and liability balances at June 30, 2001, were as follows:

Inter-fund Receivable/Payable		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Drug-free Grant	\$ 5,000
	Smart Grant	8,274
	Title VI-B	110,000
	Title I	199,645
	Title VI	<u>35,252</u>
	Total Special Revenue Funds	\$ 358,171
	Enterprise Uniform Supplies	<u>19,766</u>
Total		<u>\$ 377,937</u>

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

15. SEGMENT INFORMATION

The School District maintains two Enterprise funds to account for the operations of food service and uniform supplies. The table below reflects in a summarized format the more significant financial data relating to the Enterprise Funds of the District for the fiscal year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform Supplies</u>	<u>Total</u>
Operating Revenues	\$1,014,333	\$198,921	\$1,213,254
Operating Expenses Before Depreciation	1,548,689	164,839	1,713,528
Depreciation Expense	44,179	0	44,179
Operating Income(Loss)	(578,535)	34,082	(544,453)
Donated Commodities	76,591	0	76,591
Operating Grants	312,522	0	312,522
Net Income	(178,404)	34,082	(144,322)
Fixed Assets Additions	64,595	0	64,595
Net Working Capital	209,113	68,109	277,222
Total Assets	675,826	88,918	764,744
Total Equity	507,399	68,109	575,508
Encumbrances Outstanding at June 30, 2001	42,631	9,456	52,087

16. JOINTLY GOVERNED ORGANIZATIONS

A. Metropolitan Dayton Educational Computer Association (MDECA)

The School District is a member and fiscal agent of the Metropolitan Dayton Educational Computer Association (MDECA), which is a computer consortium of area school districts sharing computer resources. MDECA is an association of public school districts in a geographical area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. The Board of MDECA consists of one representative from each of the participating members. Each member pays an annual membership fee plus any other fees for services performed by the consortium. The School District paid MDECA \$78,856 for fees and services provided during the fiscal year.

B. Southwestern Ohio Educational Purchasing Cooperative

The School District is a member of the Southwestern Ohio Educational Purchasing Cooperative (SOEPC). The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools within geographical boundaries as defined by the SOEPC and to serve as a resource to member districts on matters related to business operations. The SOEPC elects one of its members as Chairperson and another as Vice-Chairperson. An Executive Committee is comprised of eleven members including the Chairperson and Vice-Chairperson and a representative from the Fiscal Agent. Each new member pays an initiation fee in addition to the annual membership fee and other appropriate assessments.

C. Miami Valley Technical Center

The Miami Valley Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts elected boards, which possesses its own budgeting and taxing authority.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

17. INSURANCE PURCHASING POOL

Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan

The School District participates in the Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. All districts within the SOEPC (see Note 16) have the option of becoming a member of the workers' compensation insurance pool. The members are able to pool their loss experiences to create a more reasonable rate than would be obtained directly by the Bureau of Worker's Compensation. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

18. CONTINGENT LIABILITIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditures 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.

B. Litigation

The School District's attorney estimates that any potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

19. SCHOOL FUNDING COURT DECISION

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.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

19. SCHOOL FUNDING COURT DECISION (Continued)

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of January 22, 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 re-determine any issue upon such reconsideration.

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

20. RESERVATIONS OF FUND BALANCE

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 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 amount reserved for budget stabilization represents only bureau of workers' compensation monies required to be set-aside based on legislative changes.

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

	<u>Textbook</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Total</u>
Balance as of June 30, 2000	\$ 0	\$ 0	\$526,581	\$ 526,581
Qualifying Carryover FY00	(484,152)	(1,261,741)	0	(1,745,893)
Current Year Set Aside Requirements	695,675	695,675	0	1,391,350
Current Year Offsets	(904,934)	(1,671,871)	0	(2,576,805)
Qualifying Expenditures	(164,239)	(306,304)	0	(470,543)
Senate Bill 345 Adjustment	<u>0</u>	<u>0</u>	<u>(407,945)</u>	<u>(407,945)</u>
Balance as of June 30, 2001	<u>(857,650)</u>	<u>(2,544,241)</u>	<u>118,636</u>	<u>(3,283,255)</u>
Cash Balance FY 2001	<u>0</u>	<u>0</u>	<u>118,636</u>	<u>118,636</u>
Qualifying Carry-over to FY 2001	<u><u>\$(857,650)</u></u>	<u><u>\$(1,831,748)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$(2,689,398)</u></u>

Senate Bill 345 provides that the budget stabilization set-aside may, at the Board's direction, be returned to the District's General Fund or be retained in the Reserve to offset a future budget deficit.

The Textbook and the Capital Acquisition set-aside expenditures and offsets in excess of the set-aside requirements may be carried forward to offset future years set-aside requirements. The District had qualifying expenditures and offsets for carry-over to the fiscal year ending June 30, 2001 of \$1,831,748 for the Capital Acquisition Reserve and \$857,650 for the Textbook Reserve.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

21. CHANGES IN ACCOUNTING PRINCIPLES

Changes in Accounting Principles For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions". This statement establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. There was no effect on beginning fund balance as a result of implementing GASB Statement 33.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution Program	10.550	N/A		\$87,054		\$85,106
National School Breakfast Program	10.553	044396 05-PU 99	111		111	
		044396 05-PU 00	5,354		5,354	
		044396 05-PU 01	27,331		27,331	
Total National School Breakfast Program			32,796		32,796	
National School Lunch Program	10.555	044396 LL-P1 00	30,646		30,646	
		044396 LL-P4 00	17,685		17,685	
		044396 LL-P1 01	125,248		125,248	
		044396 LL-P4 01	65,474		65,474	
Total National School Lunch Program			239,053		239,053	
Total United States Department of Agriculture - Nutrition Cluster			271,849	87,054	271,849	85,106
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Grants to Local Education Agencies (ESEA Title I)	84.010	044396 C1-S1 99			(879)	
		044396 C1-S1 00			85,125	
		044396 C1-S1 01	59,011		182,064	
Total ESEA Title I			59,011		266,310	
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	84.027	044396 6B-SF 98			209	
		044396 6B-SF 99			(8,591)	
		044396 6B-SF 00	23,679		12,424	
		044396 6B-SF 01	217,841		195,690	
Total IDEA Part B			241,520		199,732	
Preschool Disabilities Grant	84.173	44396 PG-S1 01	21,656		21,656	
Total Special Education Cluster			263,176		221,388	
Drug Free Schools	84.186	044396 DR-S1 98			(4)	
		044396 DR-S1 99			(660)	
		044396 DR-S1 00	15,857		13,012	
		044396 DR-S1 01	14,794		4,651	
Total Drug Free Schools			30,651		16,999	
GOALS 2000	84.276	044396 G2-S3 97			11,400	
		044396 G2-S3 99			1,100	
		044396 G2-S4 99			11,499	
Total GOALS 2000					23,999	
Eisenhower Professional Development Grant	84.281	044396 MS-S1 99			989	
		044396 MS-S1 00			1,244	
		044396 MS-S1 01	15,354		8,102	
Total Eisenhower Professional Development Grant			15,354		10,335	
Innovative Education Program Strategy	84.298	044396 C2-S1 99			6,236	
		044396 C2-S1 00			5,172	
		044396 C2-S1 01	4,793		21,135	
Total Innovative Education Program Strategy			4,793		32,543	
Comprehensive School Reform Subsidy	84.332	044396 RF-S1 00			8,998	
		044396 RF-S1 01			47,093	
Total Comprehensive School Reform Subsidy					56,091	
Title V1-R Classroom Reduction	84.340	044396 CR-S1 01	24,301		362	
Total United States Department of Education			397,286		628,027	
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed through Montgomery County Educational Service Center</i>						
Medical Assistance Program	93.778	N/A	11,463		11,463	
Total Federal Assistance			\$680,598	\$87,054	\$911,339	\$85,106

The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Statement.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - NUTRITION CLUSTER

Non-monetary assistance, such as food received from the United States Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with State Grants and local funds. It is assumed federal monies are expended first. The amount of commodities reported in the financial statements are at the net amount, rather than the gross amount as reported in the Schedule.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District complied with the matching requirements. The expenditures of non-Federal matching funds is not included on the Schedule.



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

Miamisburg City School District
Montgomery County
540 Park Avenue
Miamisburg, Ohio 45342

To the Board of Education:

We have audited the financial statements of Miamisburg City School District (the District), Montgomery County, as of and for the year ended June 30, 2001, and have issued our report thereon dated January 22, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of District in a separate letter dated January 22, 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 22, 2002.

Miamisburg City School District
Montgomery County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

January 22, 2002



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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**

Miamisburg City School District
Montgomery County
540 Park Avenue
Miamisburg, Ohio 45342

To the Board of Education:

Compliance

We have audited the compliance of Miamisburg City School District (the District), Montgomery County, 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 auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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, Miamisburg City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the 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.

**Internal Control Over Compliance
(Continued)**

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 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. However, we noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 22, 2002.

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

Jim Petro
Auditor of State

January 22, 2002

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY 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)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	United States Dpt. Of Agriculture- Nutrition Cluster: CFDA #'s 10.550, 10.553, and 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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OFFICE OF THE AUDITOR

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MIAMISBURG CITY SCHOOL DISTRICT

MONTGOMERY 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
FEBRUARY 12, 2002**