



Mary Taylor, CPA
Auditor of State

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Miamisburg City School District, Montgomery County, (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Miamisburg City School District, Montgomery County, as of June 30, 2007, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is 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 basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

February 22, 2008

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED
(Continued)**

As management of the Miamisburg City School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2007.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$25.4 million (net assets). Of this amount, approximately \$5.4 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's net assets increased by approximately \$489,000 or 2%. Program revenues accounted for \$6.7 million, or 12.8% of total revenues, and general revenues accounted for \$45.9 million, or 87.2%.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$15.1 million, an increase of about \$239,000 in comparison with the prior year. Of this total amount, \$11.9 million is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5.7 million, or 13.1% of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

The government-wide financial statements can be found on pages 12-13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds. The District has no proprietary funds.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED
(Continued)**

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

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

The District maintains thirty-one (31) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general, permanent improvement, and capital projects funds, all of which are considered to be major funds. Data from the other twenty-eight (28) governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14-18 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs

The basic fiduciary fund financial statement can be found on page 19 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-40 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$25.4 million at the close of the most recent fiscal year.

By far the largest portion of the District's net assets (53%) reflects its investment in capital assets (e.g. land, buildings, equipment, etc.), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED
(Continued)**

An additional portion of the District's net assets (26%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$5.4 million) may be used to meet the district's ongoing obligations to citizens and creditors.

District Net Assets		
	2006	2007
Current Assets	\$49,704,018	\$49,433,573
Capital Assets	21,142,576	21,339,963
Total Assets	70,846,594	70,773,536
Current Liabilities	34,906,489	34,462,524
Long Term Liabilities	10,973,552	10,856,283
Total Liabilities	45,880,041	45,318,807
Net Assets:		
Invested in Capital		
Assets, net of debt	13,217,576	13,501,478
Restricted	8,573,273	6,578,194
Unrestricted	3,175,704	5,375,057
Total Net Assets	\$24,966,553	\$25,454,729

Governmental Activities

Governmental activities increased the District's net assets by approximately \$489,000, or 2%. Key elements of this increase are as follows:

Changes in Net Assets Governmental Activities		
	2006	2007
Revenues		
Program Revenues		
Charges for Services	\$ 2,183,770	\$ 2,289,545
Operating Grants	4,300,747	4,449,043
Total Program Revenues	6,484,517	6,738,588
General Revenues		
Property Taxes	29,982,738	31,156,990
Grants and Entitlements	11,891,728	13,437,667
Payment in Lieu of Taxes	284,165	194,469
Investment Earnings	603,908	838,505
Miscellaneous	143,795	287,216
Total General Revenues	42,906,334	45,914,847
Total Revenues	49,390,851	52,653,435
Expenses		
Program Expenses		
Instruction		
Regular	23,117,358	23,741,577
Special	6,079,375	6,698,479
Vocational	784,417	795,593
Other	325,857	403,869

(Continued)

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED
(Continued)**

**Changes in Net Assets Governmental Activities
(Continued)**

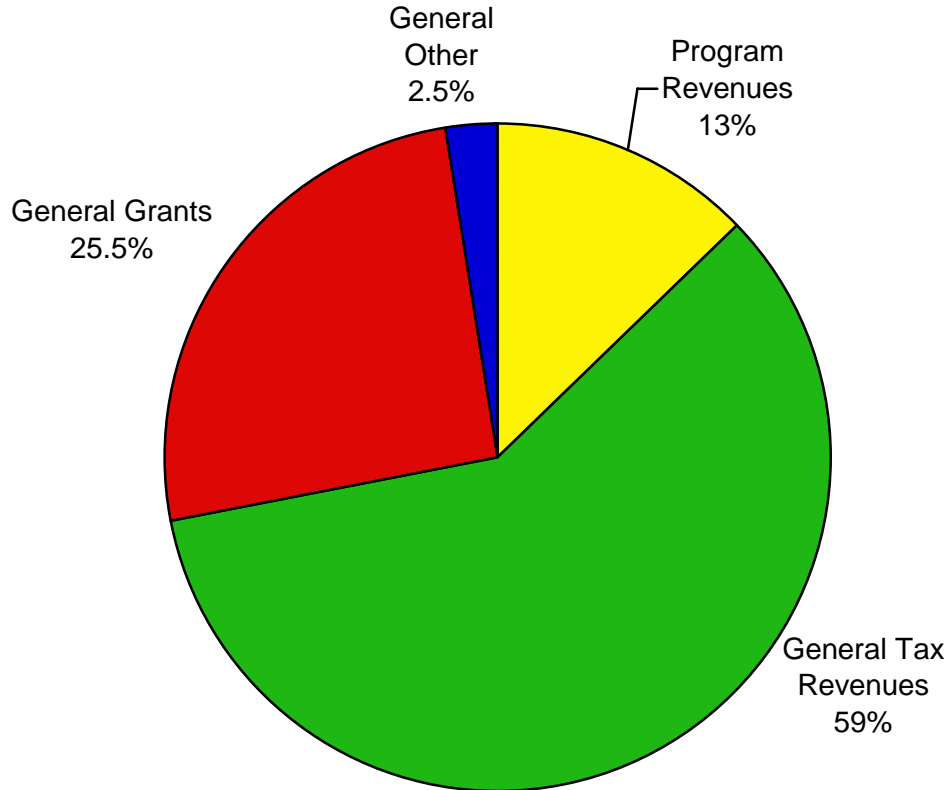
	<u>2006</u>	<u>2007</u>
Support Services		
Pupil	3,326,918	3,633,741
Instructional Staff	1,749,961	1,787,096
Administration	3,243,587	3,213,248
Fiscal	885,156	865,901
Business	263,175	264,276
Maintenance	3,927,431	3,962,722
Pupil Transportation	2,189,279	2,469,010
Central	695,106	700,533
Non-instructional Activities	2,094,108	2,230,919
Extracurricular Activities	540,054	857,525
Interest and Fiscal Charges	412,485	539,538
Total Expenses	<u>49,634,267</u>	<u>52,164,027</u>
Change in Net Assets	<u>(\$ 243,416)</u>	<u>\$ 489,408</u>

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities. The net cost of program services must be supported by general revenues including tax revenue, investment earnings and unrestricted state entitlements.

	<u>Total Cost of Services 2006</u>	<u>Net Cost of Services 2006</u>	<u>Total Cost of Services 2007</u>	<u>Net Cost of Services 2007</u>
Program Expenses				
Instruction				
Regular	\$23,117,358	\$22,491,544	\$23,741,577	\$23,016,979
Special	6,079,375	3,874,298	6,698,479	4,527,987
Vocational	784,417	662,266	795,593	663,491
Other	325,857	325,857	403,869	387,009
Support Services				
Pupil	3,326,918	3,198,796	3,633,741	3,574,853
Instructional Staff	1,749,961	1,667,317	1,787,096	1,715,315
General Administration	100,542	12,164	40,729	(54,867)
School Administration	3,143,045	3,143,045	3,172,519	3,172,519
Fiscal	885,156	885,156	865,901	865,901
Business	263,175	263,175	264,276	264,276
Maintenance	3,927,431	3,927,431	3,962,722	3,962,722
Pupil Transportation	2,189,279	1,194,440	2,469,010	1,445,349
Central	695,106	672,085	700,533	553,826
Non-instructional Activities	2,094,108	341,900	2,230,919	407,598
Extracurricular Activities	540,054	77,791	857,525	382,943
Interest and Fiscal Charges	412,485	412,485	539,538	539,538
Total Expenses	<u>\$49,634,267</u>	<u>\$43,149,750</u>	<u>\$52,164,027</u>	<u>\$45,425,439</u>

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED
(Continued)**



The District's reliance upon tax revenues is demonstrated by the graph above indicating 59% of total revenues from local taxes. The reliance on general revenues is indicated by the net services column reflecting the need for \$45.42 million of support as well as the graph indicating general revenues comprise 87% of total revenues.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$15.1 million, an increase of about \$239,000 in comparison with the prior year. Approximately 79% of this amount (\$11.96 million) constitutes unreserved fund balance, which is available for spending at the government's discretion.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED
(Continued)**

The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$1.45 million) or for a variety of other restricted purposes (\$1.73 million).

The schedule below indicates the fund balance and the total change in fund balance by opinion unit as of June 30, 2007 and 2006.

	Fund Balance June 30, 2006 (restated)	Fund Balance June 30, 2007	Increase (Decrease)
General	\$ 7,934,620	\$ 7,536,502	(\$398,118)
Permanent Improvement	2,212,571	2,875,703	663,132
Capital Projects	2,149,061	2,149,061	
Other Governmental	2,605,069	2,579,033	(26,036)
Total	<u>\$14,901,321</u>	<u>\$15,140,299</u>	<u>\$238,978</u>

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5.76 million, while total fund balance reached \$7.54 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 13% of total general fund expenditures, while total fund balance represents 17% of that same amount.

During the current fiscal year, the District's general fund balance decreased by approximately \$398,000. The tables and graphs that follow assist in illustrating the financial activities and balance of the general fund.

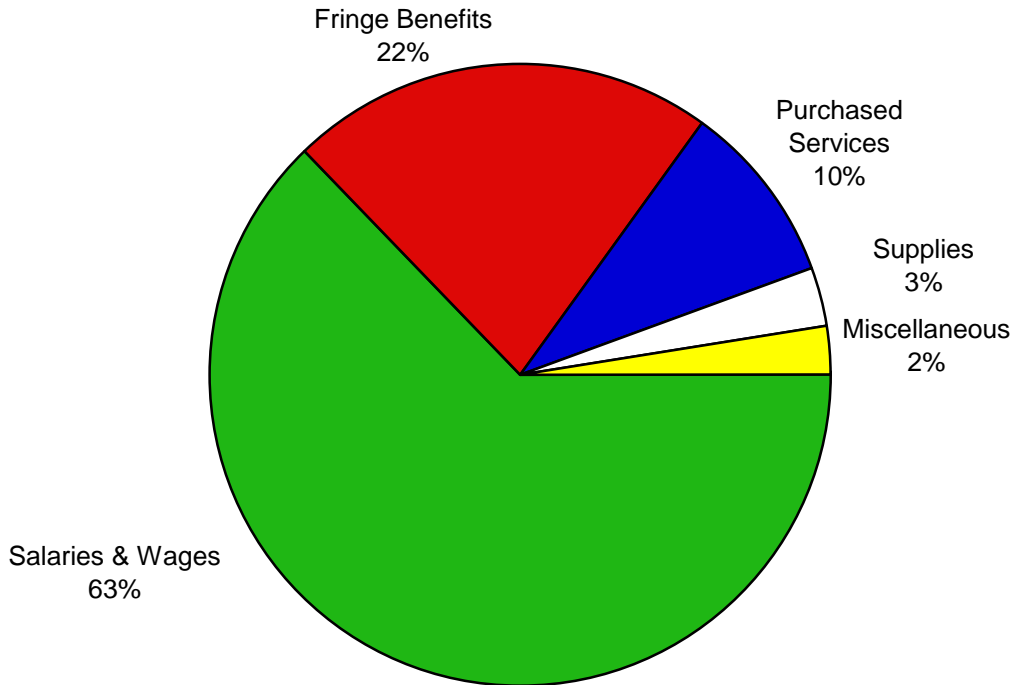
General Fund Revenue Comparative Analysis

Revenues	2006 Amount	2007 Amount	Percentage Change
Taxes	\$26,403,849	\$27,466,160	4.0%
Intergovernmental	13,059,984	14,561,831	11.5
Interest	603,908	838,505	38.8
Tuition	213,483	273,765	28.2
Other Revenue	330,536	247,294	(25.2)
Total	<u>\$40,611,760</u>	<u>\$43,387,555</u>	<u>6.8%</u>

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED
(Continued)**

As the graph below illustrates, the largest portion of general fund expenditures is for salaries and wages. The District is a service entity and as such is labor intensive.



	<u>2006 Amount</u>	<u>2007 Amount</u>	<u>Percentage Change</u>
Expenditures by Object (Budget Basis)			
Salaries and Wages	\$25,932,110	\$27,732,881	6.94%
Fringe Benefits	9,116,665	9,805,125	7.55%
Purchased Services	3,935,653	4,210,643	6.99%
Supplies	1,655,284	1,593,882	(3.7%)
Miscellaneous	3,513,598	1,061,953	(69.78%)
Total	<u>\$44,153,310</u>	<u>\$44,404,484</u>	0.57%

The budgetary basis expenditures are up about \$251,000 or 0.57% over the prior year. However, this nominal increase is somewhat misleading due to a one time transfer made in 2006 for approximately \$2.15 million. Without this transfer, general fund expenditures would have increased over prior years by approximately \$2.4 million or 5.4%.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED
(Continued)**

Permanent Improvement Fund

The permanent improvement fund has a total fund balance of \$2.875 million, approximately \$928,000 of which is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$760,000) or for a variety of other restricted purposes (\$168,000). The permanent improvement fund did not experience a significant change in fund balance.

The revenues of the fund are property taxes and homestead and rollback monies received from the state. The expenses of the fund are primarily for instruction.

Capital Projects Fund

The capital projects fund has a total fund balance of \$2.149 million. The intent of the fund is to help the District meet its ever increasing capital needs. There was no other activity in this fund during the year.

General Fund Budget Information

The District's budget is prepared in accordance with Ohio law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Differences between the original budget and the final amended budget were relatively minor. The final amended revenue estimate exceeded the original estimate by \$1.6 million, or 4%, and the final appropriations exceeded the original resolution by \$1.56 million or 3.5%.

There were no differences between the District's final amended certificate and actual revenues or the District's final amended budget and actual expenditure amounts.

Capital Assets

The District's investment in capital assets as of June 30, 2007 amounts to \$21 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, furniture and equipment, and vehicles. Total acquisitions for the current fiscal year were \$1.88 million and depreciation was \$1.62 million. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 7).

Debt

At June 30, 2007, the District had \$7.665 million in outstanding bonds. During the fiscal year the District issued \$5,715,000 in general obligation refunding bonds and paid \$5,975,000 in principal on bonds outstanding. Detailed information regarding long-term debt is included in the notes to the basic financial statements (Note 12).

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total value of real and personal property. At June 30, 2007, the District's general obligation debt was below the legal limit.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED
(Continued)**

Contacting the District's Financial Management

This financial report is designed to provide our citizens' taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Mr. Mark Schiel, Treasurer, Miamisburg City School District, 540 Park Avenue, Miamisburg, Ohio 45342

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007**

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$19,915,247
Receivables:	
Taxes	28,997,387
Accounts	174,510
Intergovernmental	215,304
Deferred Charges	107,704
Inventory Held for Resale	23,421
Capital Assets, Net	<u>21,339,963</u>
Total Assets	<u>70,773,536</u>
Liabilities	
Accounts Payable	1,071,678
Accrued Wages and Benefits	4,794,431
Intergovernmental Payable	1,201,373
Bond Premium	281,189
Deferred Revenue	27,113,853
Long-Term Liabilities	
Due within One Year	510,578
Due in More Than One Year	<u>10,345,705</u>
Total Liabilities	<u>45,318,807</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	13,501,478
Restricted for:	
Debt Service	1,101,338
Capital Projects	5,039,896
Other Purposes	436,960
Unrestricted	<u>5,375,057</u>
Total Net Assets	<u><u>\$25,454,729</u></u>

See accompanying notes to the financial statements.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
Instruction				
Regular	\$23,741,577	\$476,848	\$247,750	(\$23,016,979)
Special	6,698,479	32,568	2,137,924	(4,527,987)
Vocational	795,593		132,102	(663,491)
Other Instruction	403,869		16,860	(387,009)
Support Services				
Pupils	3,633,741		58,888	(3,574,853)
Instructional Staff	1,787,096		71,781	(1,715,315)
General Administration	40,729		95,596	54,867
School Administration	3,172,519			(3,172,519)
Fiscal Services	865,901			(865,901)
Business	264,276			(264,276)
Maintenance	3,962,722			(3,962,722)
Pupil Transportation	2,469,010		1,023,661	(1,445,349)
Central	700,533		146,707	(553,826)
Non-instructional	2,230,919	1,305,547	517,774	(407,598)
Extra Curricular Activities	857,525	474,582		(382,943)
Interest and Fiscal Charges	539,538			(539,538)
Total Governmental Activities	<u>\$52,164,027</u>	<u>\$2,289,545</u>	<u>\$4,449,043</u>	<u>(45,425,439)</u>
 General Revenues				
Property Taxes Levied for:				
				27,466,160
General Purposes				613,278
Debt Service				3,077,552
Capital Projects				13,437,667
Grants & Entitlements not Restricted to Specific Program:				194,469
Payment in Lieu of Taxes				838,505
Investment Earnings				287,216
Miscellaneous				<u>45,914,847</u>
Total General Revenues				
				489,408
Change in Net Assets				
				<u>24,965,321</u>
Net Assets Beginning of Year				
				<u>\$25,454,729</u>

See accompanying notes to the financial statements.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	<u>General Fund</u>	<u>Permanent Improvement</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$11,559,132	\$3,171,248	\$2,149,061	\$3,035,806	\$19,915,247
Receivables:					
Taxes	25,509,072	2,860,032		628,283	28,997,387
Accounts	79,038	270		95,202	174,510
Intergovernmental	215,304				215,304
Inventory Held for Resale				23,421	23,421
Total Assets	<u>37,362,546</u>	<u>6,031,550</u>	<u>2,149,061</u>	<u>3,782,712</u>	<u>49,325,869</u>
Liabilities:					
Accounts Payable	436,800	463,700		171,178	1,071,678
Accrued Wages and Benefits	4,443,794			350,637	4,794,431
Intergovernmental Payable	825,668			68,970	894,638
Interfund Payable					
Deferred Revenue	24,004,701	2,692,147		609,884	27,306,732
Compensated Absences Payable	115,081			3,010	118,091
Total Liabilities	<u>29,826,044</u>	<u>3,155,847</u>	<u>2,149,061</u>	<u>1,203,679</u>	<u>34,185,570</u>
Fund Balances:					
Reserved					
Encumbrances	276,029	760,525		412,131	1,448,685
Inventory				23,421	23,421
Property Taxes	1,504,371	167,885		35,884	1,708,140
Unreserved, Reported in:					
General Fund	5,756,102				5,756,102
Special Revenue Funds				1,027,011	1,027,011
Debt Service Fund				1,065,454	1,065,454
Capital Project Funds		1,947,293	2,149,061	15,132	4,111,486
Total Fund Balances	<u>7,536,502</u>	<u>2,875,703</u>	<u>2,149,061</u>	<u>2,579,033</u>	<u>15,140,299</u>
Total Liabilities and Fund Balances	<u>\$37,362,546</u>	<u>\$6,031,550</u>	<u>\$2,149,061</u>	<u>\$3,782,712</u>	<u>\$49,325,869</u>

See accompanying notes to the financial statements.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Total Governmental Fund Balances \$15,140,299

Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. 21,339,963

Other long-term assets are not available to pay for current period
expenditures and therefore are deferred in the funds. 300,583

Long-Term liabilities, including bonds payable, are not due and
payable in the current period and therefore are not reported
in the funds.

Intergovernmental Payable	(306,735)
Bond Premium	(281,189)
Compensated Absences	(3,073,192)
General Obligation Debt	(7,665,000)
	<u>(11,326,116)</u>

Net Assets of Governmental Activities \$25,454,729

See accompanying notes to the financial statements.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>General Fund</u>	<u>Permanent Improvement</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$27,466,160	\$3,077,552		\$613,278	\$31,156,990
Intergovernmental	14,561,831	425,477		2,707,252	17,694,560
Charges for Services				1,502,083	1,502,083
Interest	838,505			26,928	865,433
Tuition and Fees	273,765			780	274,545
Extracurricular Activities				269,482	269,482
Other	247,294	48,851		218,911	515,056
Total Revenues	<u>43,387,555</u>	<u>3,551,880</u>		<u>5,338,714</u>	<u>52,278,149</u>
Expenditures:					
Current:					
Instruction:					
Regular	21,488,849	1,996,921		588,285	24,074,055
Special	5,358,838	10,564		1,224,455	6,593,857
Vocational	752,692	32,531		433	785,656
Other	387,009			16,860	403,869
Support services:					
Pupils	3,484,642			86,628	3,571,270
Instructional staff	1,581,323	92,878		83,936	1,758,137
Board of Education	40,594				40,594
Administration	3,056,059	5,844		96,084	3,157,987
Fiscal	811,974	34,081		6,637	852,692
Business	241,345	3,661			245,006
Operation and Maintenance of Plant	3,453,372	391,371			3,844,743
Pupil Transportation	2,281,993	266,633		5,967	2,554,593
Central	546,298			150,899	697,197
Non-instructional Services				2,201,120	2,201,120
Extracurricular Activities	492,082	34,898		325,517	852,497
Capital Outlay		19,366			19,366
Debt service:					
Principal Retirement				367,704	367,704
Interest and Fiscal Charges				369,398	369,398
Total Expenditures	<u>43,977,070</u>	<u>2,888,748</u>		<u>5,523,923</u>	<u>52,389,741</u>
Revenues Over/(Under) Expenditures	<u>(589,515)</u>	<u>663,132</u>		<u>(185,209)</u>	<u>(111,592)</u>
Other financing sources (uses):					
Other Financing Sources	234,328			5,193	239,521
Premium on the Issuance of Refunding Bonds				281,189	281,189
Refunding Bonds Issued				5,715,000	5,715,000
Payment to Refunded Bond Escrow Agent				(5,885,140)	(5,885,140)
Donated Commodities					
Proceeds from Notes					
Transfers In				47,984	47,984
Transfers Out	(42,931)			(5,053)	(47,984)
Total other financing sources (uses)	<u>191,397</u>			<u>159,173</u>	<u>350,570</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Revenues	(398,118)	663,132		(26,036)	238,978
Fund Balance at Beginning of Year (Restated)	<u>7,934,620</u>	<u>2,212,571</u>	<u>\$2,149,061</u>	<u>2,605,069</u>	<u>14,901,321</u>
Fund Balance at End of Year	<u>\$7,536,502</u>	<u>\$2,875,703</u>	<u>\$2,149,061</u>	<u>\$2,579,033</u>	<u>\$15,140,299</u>

See accompanying notes to the financial statements.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Net Change in Fund Balances - Total Governmental Funds \$238,978

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation outlay in the current period. 253,772

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 299,855

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities. (21,189)

Some expenses reported in the statement of activities, such as compensated absences payable and other accounts payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (282,008)

Change in Net Assets of Governmental Activities \$489,408

See accompanying notes to the financial statements.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
Total Revenues	\$41,354,590	\$42,997,595	\$42,997,595	
Expenditures:				
Current:				
Instruction:				
Regular	21,524,019	21,462,168	21,462,168	
Special	5,107,292	5,428,868	5,428,868	
Vocational	739,923	755,576	755,576	
Other	298,066	413,020	413,020	
Support Services:				
Pupils	3,206,122	3,448,260	3,448,260	
Instructional Staff	1,598,304	1,611,393	1,611,393	
Board of Education	19,478	41,025	41,025	
Administration	3,253,846	3,058,925	3,058,925	
Fiscal	892,782	814,939	814,939	
Business	367,367	289,291	289,291	
Operations of Maintenance of Plant	2,373,660	3,530,465	3,530,465	
Pupil Transportation	2,243,132	2,432,094	2,432,094	
Central	759,537	586,621	586,621	
Extracurricular Activities	455,012	488,908	488,908	
Total Expenditures	<u>42,838,540</u>	<u>44,361,553</u>	<u>44,361,553</u>	
Revenues Over/(Under) Expenditures	<u>(1,483,950)</u>	<u>(1,363,958)</u>	<u>(1,363,958)</u>	
Other Financing Sources (Uses):				
Transfers -Out		(42,931)	(42,931)	
Total Other Financing Sources (Uses)		<u>(42,931)</u>	<u>(42,931)</u>	
Net Change in Fund Balance	(1,483,950)	(1,406,889)	(1,406,889)	
Fund Balances at Beginning of Year	11,137,770	11,137,770	11,137,770	
Prior Year Encumbrances Appropriated	1,034,036	1,034,036	1,034,036	
Fund Balances at End of Year	<u>\$10,687,856</u>	<u>\$10,764,917</u>	<u>\$10,764,917</u>	<u>\$0</u>

See accompanying notes to the financial statements.

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
AS OF JUNE 30, 2007

	<u>Agency Funds</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$152,174
Accounts Receivable	321
Total Assets	<u>152,495</u>
Liabilities:	
Due to Others	44,994
Due to Students	107,501
Total Liabilities	<u>\$152,495</u>

See accompanying notes to the financial statements.

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**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

1. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

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

The 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. The Board controls the District's instructional/support facilities staffed by 618 full-time employees. There are 392 certificated employees including 30 administrators and 226 classified employees including 5 administrators, who provide services to 5,720 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 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 District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing body and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations for which the District approves the budget, the issuance of debt or the levying of taxes.

The 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 Career Technology Center. These organizations are presented in Note 13 to the basic financial statements.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

The District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

1. Major Governmental Funds:

General Fund - The General Fund is the general operating fund of the district and is used to account for all financial resources except those required to be accounted for in another fund.

Permanent Improvement Fund – The Permanent Improvement Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary and trust funds.

Capital Projects Fund: The Capital Projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by permanent improvement, proprietary and trust funds

2. Other Fund Types:

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 related costs.

Fiduciary Funds - Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include private purpose trust and agency funds. Private-purpose trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are purely custodial and thus do not involve measurement of results of operations.

B. Basis of Presentation

1. Government-wide Financial Statements

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

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

2. Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. 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.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for fiduciary funds.

1. Revenues, Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the District is sixty days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Deferred Revenue

The District reports deferred revenue on its statement of net assets and governmental fund balance sheet. Deferred revenue arises when potential revenue does not meet both the measurable and available, and for tax receipts the "intended to finance" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the statement of net assets and governmental funds balance sheet and revenue is recognized.

3. Expenditures/Expenses

On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) 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.

D. Cash and Investments

The District maintains a cash and investment pool used by all funds. The cash and investment pool has the same characteristics as demand deposits. Each fund type's portion of this pool is displayed in the financial statements as cash and cash equivalents. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. It is the policy of the District to value investment contracts and money market investments with a maturity of one year or less at the time of purchase at cost.

During fiscal year 2007, the School District invested in Federal Agency Securities and STAR Ohio.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on the last day of the fiscal year.

Under existing Ohio statutes, all investment earnings accrue to the general and food service funds. Interest earnings are allocated to these funds based on average monthly cash balances. Investment income credited to the general fund during the fiscal year amounted to \$838,505. The food service fund and auxiliary services fund also received interest revenue of \$21,048 and \$5,880 respectively.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Inventory Held for Resale

On government-wide financial statements, inventories are presented at the lower of cost or market using the first in, first out (FIFO) method and are expensed when used. On fund financial statements, inventories of governmental funds are stated at cost. 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. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds, which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

F. Capital Assets and Depreciation

General capital assets are reported in the government-wide statement of net assets but are not reported in the fund financial statements.

All capital 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 recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$500. The District does not possess any infrastructure.

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Land	Not depreciated
Land Improvements	10 - 25
Buildings & Improvements	20 - 50
Furniture and Equipment	5 - 20
Vehicles	1 - 15

G. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another fund without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets.

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 BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(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
Connectivity Grant
Drug Free School Grant
Ohio Reads
Poverty Based Assistance
Title VI
IDEA Part B

Auxiliary Services
CSR Grant
Education Management Information Systems
Pre-school Disabilities Grant
Title I
Title II

Reimbursable Grants

Special Revenue Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately thirty-four percent of the School District's operating revenue during the 2007 fiscal year.

I. Compensated Absences

Vacation leave accumulated by employees is accrued as a liability as the benefits are earned when the employees' rights to receive compensation are attributable to services already rendered and 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.

The entire compensated absences liability is reported on the entity-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as a current liability to the extent that amounts are expected to be paid using expendable available financial resources. The balance of the liability is not recorded.

J. Accrued Liabilities and Long-term Obligations

All accrued liabilities and long-term debt is reported in the entity-wide financial statements. For governmental fund financial statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the fund financial statements until due.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore not available for appropriation. Unreserved fund balance indicates the portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, and taxes available for advance.

L. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level. 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 the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination.

2. Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year.

The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the amended certificate that was in effect at the time the final appropriations were passed by the Board of Education.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(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 saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. 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 total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, three supplemental appropriations were legally enacted; however, these amendments were not significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the year, including all supplemental appropriations. Formal budgetary integration is employed as a management control device by the Board of Education during the year for all funds, other than agency funds at the fund level, consistent with statutory provisions.

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. On the GAAP basis, encumbrances outstanding at fiscal year-end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

5. Lapsing of Appropriations:

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

3. 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 and encumbrances. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. The Statement of Revenues, Expenditures and Changes in Fund Balances, Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

3. BUDGET TO GAAP RECONCILIATION (Continued)

The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types.
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	
	<u>General Fund</u>
GAAP Basis	(\$398,118)
Revenue Accruals	(624,288)
Expenditure Accruals	328,227
Encumbrances	(712,710)
Budget Basis	<u><u>(\$1,406,889)</u></u>

4. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the basic financial statements as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the District into three categories.

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

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

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

4. EQUITY IN POOLED CASH AND CASH EQUIVALENTS (Continued)

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the finance 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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. 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;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instrument rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

4. EQUITY IN POOLED CASH AND CASH EQUIVALENTS (Continued)

A. Deposits with Financial Institutions

At June 30, 2007, the carrying amount of all District deposits was \$9,125,608. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2007, \$9,045,012 of the District's bank balance of \$9,245,012 was exposed to custodial risk as discussed below, while \$200,000 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

B. Investments

	<u>Maturity</u>					Concentration Of Credit Risk
	Carrying Value	Less than 1 year	1-2	2-3	3-5	
Repurchase Agreement	\$ 714,830	\$ 714,830				6.53%
Money Market	661,296	661,296				6.04%
FHLB	4,367,149	1,840,965	\$2,526,184			39.91%
FNMA	3,187,290	2,347,827	309,850	\$499,988	\$29,625	29.13%
FHLMC	1,212,218	763,375	399,468	49,375		11.08%
US Treasury	196,130		196,130			1.80%
Star Ohio	602,900	602,900				5.50%
	<u>\$10,941,813</u>	<u>\$6,931,193</u>	<u>\$3,341,632</u>	<u>\$549,363</u>	<u>\$29,625</u>	

The weighted average maturity of investments is 0.81 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities of five years or less.

Credit Risk: The District's investments were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services respectively.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer.

C. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2007:

Cash and Investments per footnote	
Carrying amount of deposits	\$ 9,125,608
Investments	10,941,813
	<u>\$20,067,421</u>

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

4. EQUITY IN POOLED CASH AND CASH EQUIVALENTS (Continued)

Cash and Investments per Statements of Net Assets	
Government Activities	\$19,915,247
Agency Funds	152,174
	<u>\$20,067,421</u>

5. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the school district. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2007 represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments 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. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Montgomery County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

5. PROPERTY TAXES (Continued)

The amount available as an advance at June 30, 2007 was \$1,504,371 in the General Fund, \$167,885 in the permanent improvement fund and \$35,884 in the bond retirement fund. The amount available as an advance at June 30, 2006, was \$ 925,453 in the general fund, \$103,696 Permanent Improvement Capital Projects Fund and \$22,078 in the Bond Retirement Fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2007 First- Half Collections	Percent	2007 Second- Half Collections	Percent
Agricultural/Residential and Other Real Estate	\$870,106,280	89.30%	\$886,791,260	91.38%
Public Utilities Personal	24,182,940	2.48	23,252,950	2.40
Tangible Personal Property	80,081,336	8.22	60,390,752	6.22
Total	\$974,370,556	100.00%	\$970,434,962	100.00%
Tax rate per \$1,000 of assessed valuation	\$46.63		\$46.63	

6. RECEIVABLES

Receivables at June 30, 2007 consisted of taxes, accounts, intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the non-payment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

A summary of receivable follows:

Taxes – Current and Delinquent	\$ 28,997,387
Accounts	174,510
Intergovernmental	215,304
Total Receivable	\$ 29,387,201

7. CAPITAL ASSETS

A summary of capital asset activity during the fiscal year follows:

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Governmental Activities				
Land and Improvements	\$ 3,565,783	\$ 3,990		\$ 3,569,773
Buildings	24,299,471	865,369		25,164,840
Equipment	7,942,231	852,777	\$739,633	8,055,375
Vehicles	3,228,580	155,100	102,992	3,280,688
Totals	39,036,065	1,877,236	842,625	40,070,676
Accumulated Depreciation:				
Land and Improvements	248,767	35,644		284,411
Buildings	10,744,853	562,912		11,307,765
Equipment	5,028,316	901,011	683,249	5,246,078
Vehicles	1,871,554	123,897	102,992	1,892,459
Total	17,893,490	1,623,464	786,241	18,730,713
Capital Assets, Net	\$21,142,575	\$ 253,772	\$ 56,384	\$21,339,963

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

7. CAPITAL ASSETS (Continued)

* Depreciation Expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 908,162
Special	78,513
Vocational	51,180
Support Services:	
Pupil	37,554
Instructional Staff	71,671
Board of Education	135
School Administration	55,259
Fiscal Services	5,927
Business	3,834
Operations & Maintenance	100,338
Pupil Transportation	155,076
Central	3,049
Op. of Non-Instructional Services	104,066
Extracurricular Activities	48,700
Total Depreciation Expense	<u>\$1,623,464</u>

8. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006 and 2005 were \$741,155, \$703,817 and, \$689,637 respectively; 52.64 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio Web site at www.strs.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations for the fiscal years ended June 30, 2007, 2006, and 2005 were \$3,024,320, \$2,858,164, and \$2,689,483, respectively; 83.03 percent has been contributed for the fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$47,004 made by the School District and \$92,181 made by the plan members.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2007, no employees of the district have elected Social Security.

9. POST-EMPLOYMENT 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. All 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, 2007, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$232,640 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Reserve Fund. At June 30, 2006 (the latest information available), the balance in the Fund was \$3.5 billion. For the year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 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. All retirees and beneficiaries are required to pay a portion of their health care premiums. The portion is based on years of service, Medicare eligibility, and retirement status.

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, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.42 percent of covered payroll for fiscal year 2006. 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 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$334,897.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the minimum reserve 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, 2006 (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has approximately 59,492 participants currently receiving health care benefits.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

10. 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 \$140,740 at June 30, 2007.

2. Accumulated Unpaid Sick Leave

District employees may accumulate sick leave. Upon retirement, payment is made for one-fourth of 180 days of unused sick leave. Any amount over the 180 days is paid out at one-tenth. The total obligation for sick leave accrual for the District as a whole, as of June 30, 2007 was \$ 3,050,543.

11. 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 2007 the School District contracted with Indiana Insurance Company for building and property insurance. This policy has a limit of insurance in the amount of \$104,892,310 for property and a \$2,500 deductible. Indiana Insurance also covers auto insurance for actual cash value with a \$500 deductible. General liability insurance is under Indiana Insurance Company. The base policy has a \$1,000,000 per occurrence and a \$1,000,000 aggregate limit. The treasurer, superintendent, assistant superintendent and Board President are bonded separately.

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 approximately 92 percent of the premium. The School District provides life insurance to employees through the American United Life Insurance Company.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

12. LONG-TERM OBLIGATIONS

The District's general obligation bonds were issued April 1, 1998 at 5.11% and mature December 1, 2015. The bonds were issued for construction and renovation of school buildings and are paid from the debt service fund with property tax revenue. The District's refunding bonds were issued on November 10, 2006 at 4.01%-16.59% and mature on December 1, 2024. The bonds were issued for the purpose of advance refunding certain bonds at the School District. Compensated absences will be paid from the fund from which the employee is paid if the funds are available, otherwise, from the General Fund.

Principal and interest requirements to retire general obligation bonds at June 30, 2007 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2008	315,000	329,813
2009	325,000	315,843
2010	325,000	302,213
2011	335,000	289,013
2012	370,000	271,713
2013-2017	1,780,000	1,386,413
2018-2022	2,480,000	620,899
2023-2025	1,735,000	109,828
	<u>\$7,665,000</u>	<u>\$3,625,735</u>

Long-term obligations at June 30, 2007 were as follows:

	Balance 6/30/06	Increase	Decrease	Balance 6/30/07	Amount Due in One Year
2006 Refunding		5,715,000		5,715,000	45,000
1998 General Obligation	7,925,000		5,975,000	1,950,000	270,000
Compensated Absences	3,048,552	142,731		3,191,283	195,578
Total Long-term Obligations	<u>\$10,973,552</u>	<u>\$5,857,731</u>	<u>\$5,975,000</u>	<u>\$10,856,283</u>	<u>\$510,578</u>

The District's voted legal debt margin was \$87,346,438, or 9% of the District's assessed valuation at June 30, 2007, with an un-voted debt margin of \$970,516, or .1% of the same assessed valuation.

A. Advance Refundings:

In 2007, the district issued \$5,715,000 in general obligation refunding bonds to provide resources to purchase US Government Securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$5,715,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price was less than the net carrying amount of the old debt by \$281,189. This amount is being netted against the new debt and will be amortized over the life of the new issue which is less than the life of the original issue. The advance refunding was undertaken to reduce total debt service payments over the next 18 years by \$485,510.

**MIAMISBURG CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

13. JOINTLY GOVERNED ORGANIZATIONS

- A. Metropolitan Dayton Educational Cooperative Association** - The School District is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is an association of public school districts within the boundaries of Montgomery, Miami and Darke Counties and the Cities of Dayton, Troy and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The District paid \$96,535 to MDECA during fiscal year 2007. Financial information can be obtained from Jerry Woodyard, who serves as director, at 225 Linwood Street, Dayton Ohio 45405.

- B. Southwestern Ohio Educational Purchasing Council** -The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group.

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. The District paid \$330,067 to SOEPC during fiscal year 2007. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

- C. Miami Valley Career Technology Center** - The Miami Valley Career Technology 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. One member is appointed from the following city and/or exempted village school districts: Miamisburg, Milton-Union, Vandalia, Tipp City, and West Carrollton. Three members are appointed from the Montgomery County Educational Service Center and one is appointed from the Miami County Educational Service Center. The District paid \$200 to the Miami Valley CTC during fiscal year 2007. To obtain financial information, write to the Miami Valley Career Technology Center, Debbie Gossett, who serves as Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315.

14. INSURANCE PURCHASING POOL

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

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

15. CONTINGENT LIABILITIES

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 require compliance with terms and conditions specified in the grant agreements and are 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, 2007.

16. 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 previously reserved for budget stabilization representing bureau of workers' compensation monies required to be set-aside based on legislative changes was reduced to zero through the purchase of textbooks and instructional materials.

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>Total</u>
Balance as of June 30, 2006			
Qualifying Carryover FY06	(\$3,879,825)		(\$3,879,825)
Current Year Set Aside	863,385	\$ 863,385	1,726,770
Current Year Offsets	(884,723)	(1,943,429)	(2,828,152)
Qualifying Expenditures	(442,285)	(539,495)	(981,780)
Balance as of June 30, 2007	<u>(4,343,448)</u>	<u>(1,619,539)</u>	<u>(5,962,987)</u>
Qualifying Carry-over	(\$4,343,448)	\$ 0	(\$4,343,448)

The Textbook set-aside expenditures and offsets in excess of the set-aside requirements may be carried forward to offset future year's set-aside requirements. At June 30, 2007, the District had qualifying carry-over of \$4,343,448 for the Textbook Reserve.

17. DEFICIT FUND BALANCES

Fund balances at June 30, 2007 included the following individual fund deficits:

Non-major Funds	<u>Deficit</u>
EMIS (Fund 432)	\$2,147
Other State Grants (Fund 499)	7,716
Title I (Fund 572)	10,224
Title VI (Fund 573)	28
Title II (Fund 590)	7,714

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

17. DEFICIT FUND BALANCES (Continued)

These funds complied with Ohio state law, which only prohibits a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances are the result of adjustments for accrued liabilities.

18. RESTATEMENT OF PRIOR YEAR ENDING BALANCES

The prior year ending fund balances were restated due to the Board approving a resolution on March, 15, 2007 reclassifying a 1997 outstanding advance, in the amount of \$19,765 from the General Fund to the Uniform Supplies Fund, to a transfer.

	General Fund	Other Governmental Funds
Fund Balance – June 30, 2006	\$7,954,385	\$2,585,304
Conversion of Prior Period Advance to Transfer	(19,765)	19,765
Adjusted Fund Balance – June 30, 2006	\$7,934,620	\$2,605,069

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**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2007**

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>						
Food Donation	10.550	N/A		\$112,352		\$112,352
Nutritional Cluster:						
School Breakfast Program	10.553	05PU-2006	\$25,806		\$25,806	
		05-PU-2007	51,399		51,399	
Total School Breakfast Program			77,205		77,205	
National School Lunch Program	10.555	LLP4-2006	152,442		152,442	
		LLP4-2007	301,701		301,701	
Total National School Lunch Program			454,143		454,143	
Total Nutrition Cluster			531,348		531,348	
Total United States Department of Agriculture			531,348	112,352	531,348	112,352
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
<i>Special Education Cluster:</i>						
Special Education_Grants to States	84.027	6BSF-2006	75,251		163,243	
		6BSF-2007	1,163,005		1,012,268	
Total Special Education Grants_to States			1,238,256		1,175,511	
Special Education_Preschool Grants	84.173	PGS1-2006			1,379	
		PGS1-2007	29,150		29,361	
Total Special Educaion_Preschool Grants			29,150		30,740	
Total Special Education Cluster			1,267,406		1,206,251	
Title I Grants to Local Educational Agencies	84.010	C1S1-2006	13,170		(1,247)	
		C1S1-2007	188,135		170,488	
Total Title I Grants to Local Educational Agencies			201,305		169,241	
Safe and Drug Free Schools and Communities_State Grants	84.186	DRS1-2006	2,550		2,646	
		DRS1-2007	13,934		12,256	
Total Safe and Drug Free Schools and Communities_State Grants			16,484		14,902	
State Grants for Innovative Programs	84.298	C2S1-2005	855		1,198	
		C2S1-2006	9,961		9,997	
Total State Grants for Innovative Programs			10,816		11,195	
Education Technology State Grants	84.318	TJS1-2006	728		1,152	
		TJS1-2007	2,129		2,129	
Total Education Technology State Grants			2,857		3,281	
English Language Acquisition Grants	84.365	T3S1-2007	12,064		11,659	
		T3S2-2007	2,567		4,471	
Total English Language Acquisition Grants			14,631		16,130	
Improving Teacher Quality State Grants	84.367	TRS1-2006	25,167		26,619	
		TRS1-2007	135,781		119,367	
Total Improving Teacher Quality State Grants			160,948		145,986	
Total United States Department of Education			1,674,447		1,566,986	
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed Through Montgomery County Educational Service Center</i>						
Medical Assistance Program	93.778		10,021			
Total United States Department of Health and Human Services			10,021			
Total Federal Financial Assistance			\$2,215,816	\$112,352	\$2,098,334	\$112,352

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
FISCAL YEAR ENDED JUNE 30, 2007**

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 - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

NOTE D - MATCHING REQUIREMENTS

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

NOTE E – COMMUNITY ALTERNATIVE FUNDING SYSTEM (CAFS)

The Montgomery County Educational Service Center provided services for the District in prior years which was reimbursed in the current year as CAFS revenue. The District, therefore, reported the CAFS funds as revenue only (no expenditures), due to the revenue being a reimbursement for prior year expenditures.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 the governmental activities, each major fund, and the aggregate remaining fund information of Miamisburg City School District, Montgomery County, (the District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 22, 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the District's management in a separate letter dated February 22, 2008.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the Board of Education and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 22, 2008



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON 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) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Miamisburg City School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2007. However, in a separate letter to the District's management dated February 22, 2008, we reported another matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

**Internal Control Over Compliance
(Continued)**

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

We intend this report solely for the information and use of management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

February 22, 2008

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control 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):	CFDA #84.027 & 84.173 Special Education Cluster
(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



Mary Taylor, CPA
Auditor of State

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
MARCH 27, 2008**