



Dave Yost • Auditor of State



**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Miamisburg City School District  
Montgomery County  
540 East 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 School District), as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School 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, 2010, and the respective changes in financial position and the 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 April 4, 2011, on our consideration of the School 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.

As disclosed in Note 20, the School District restated the beginning net assets.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The Schedule of Federal Awards Receipts and Expenditures provides additional information required by the 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. The Schedule of Federal Awards Receipts and Expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

April 4, 2011

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED**

The discussion and analysis of Miamisburg City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2010 are as follows:

- The School District continues to progress with their many building projects through the School Facilities project.
- The School District paid \$22.75 million on the School Facilities Bond Anticipation Note of \$39.25 million in fiscal year 2010.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Miamisburg City School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net assets and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

**Reporting the School District as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2010?" The statement of net assets and the statement of activities help answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This method of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility condition, required educational programs and other factors.

In the statement of net assets and the statement of activities, the School District only reports governmental activities. Governmental activities are the activities where all of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED  
(Continued)**

**Reporting the School District's Most Significant Funds**

***Fund Financial Statements***

Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Debt Service Fund, Permanent Improvement Fund, and Building Fund.

**Governmental Funds**

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the financial statements.

**Fiduciary Funds**

The School District has one private purpose trust fund and three agency funds. All of the School District's fiduciary activities are reported in separate statements, the statement of fiduciary net assets and the statement of changes in fiduciary net assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds use the accrual basis of accounting.

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED  
(Continued)**

**The School District as a Whole**

Recall that the statement of net assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for fiscal years 2010 and 2009:

**Table 1  
Net Assets  
Governmental Activities**

	<b>2010</b>	<b>2009 (Restated)</b>	<b>Change</b>
<b>Assets:</b>			
Current and Other Assets	\$98,683,976	\$147,116,780	(\$48,432,804)
Capital Assets, Net	58,283,270	29,794,312	28,488,958
Total Assets	<u>156,967,246</u>	<u>176,911,092</u>	<u>(19,943,846)</u>
<b>Liabilities:</b>			
Other Liabilities	44,258,106	40,137,119	4,120,987
Long-Term Liabilities	90,853,905	115,032,291	(24,178,386)
Total Liabilities	<u>135,112,011</u>	<u>155,169,410</u>	<u>(20,057,399)</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	17,015,068	15,386,568	1,628,500
Restricted	12,158,464	10,225,841	1,932,623
Unrestricted (Deficit)	(7,318,297)	(3,870,727)	(3,447,570)
Total Net Assets	<u>\$21,855,235</u>	<u>\$ 21,741,682</u>	<u>\$ 113,553</u>

Total assets of governmental activities decreased \$19,943,846, or 11 percent. The largest decrease was in cash and cash equivalents due largely to the School District's repayment of \$22.75 million of the bond anticipation note of \$39.25 million from fiscal year 2009. Capital assets, net had a large increase due to construction in process from the building projects.

Long-term liabilities declined mainly from the pay down of \$22.75 million in bond anticipation notes. Restricted net assets increased due largely to an increase in the permanent improvement fund balance as the School District accumulates a fund balance for future capital improvements. Unrestricted net assets decreased due primarily to a decrease in State funding.

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED  
(Continued)**

Table 2 shows the changes in net assets for the fiscal years 2010 and 2009.

**Table 2  
Changes in Net Assets  
Governmental Activities**

	<u>2010</u>	<u>2009 (Restated)</u>	<u>Change</u>
<b>Revenues:</b>			
Program Revenues:			
Charges for Services and Sales	\$ 1,957,150	\$ 2,335,557	(\$ 378,407)
Operating Grants, Contributions and Interest	7,845,294	6,154,063	1,691,231
Total Program Revenues	<u>9,802,444</u>	<u>8,489,620</u>	<u>1,312,824</u>
General Revenues:			
Property Taxes	31,675,312	30,413,393	1,261,919
Payments in Lieu of Taxes	159,708	563,298	(403,590)
Grants and Entitlements not Restricted to Specific Programs	17,344,430	16,071,913	1,272,517
Interest	1,147,199	2,424,150	(1,276,951)
Miscellaneous	267,548	324,693	(57,145)
Total General Revenues	<u>50,594,197</u>	<u>49,797,447</u>	<u>796,750</u>
Total Revenues	<u>60,396,641</u>	<u>58,287,067</u>	<u>2,109,574</u>
<b>Program Expenses:</b>			
Instruction	34,568,025	34,897,778	(329,753)
Support Services	17,328,021	17,557,037	(229,016)
Operation of Non-Instructional Services	2,980,636	3,127,505	(146,869)
Extracurricular Activities	774,556	830,644	(56,088)
Intergovernmental		443,778	(443,778)
Interest and Fiscal Charges	4,631,850	2,534,675	2,097,175
Total Expenses	<u>60,283,088</u>	<u>59,391,417</u>	<u>891,671</u>
Change in Net Assets	113,553	(1,104,350)	
Net Assets at Beginning of Year (Restated)	<u>21,741,682</u>	<u>22,846,032</u>	
Net Assets at End of Year	<u>\$21,855,235</u>	<u>\$21,741,682</u>	

**Governmental Activities**

Revenues increased mainly due to the increase in grants due to the establishment of the ARRA federal grants in fiscal year 2010. However, interest revenue decreased due to the reduction of cash and cash equivalents mainly from the pay off of \$22.75 million of the bond anticipation notes of \$39.25 million from fiscal year 2009.

Total expenses increased just over \$.9 million. The large increase in interest and fiscal charges is due to the large payment made for the bond anticipation notes. The largest offsetting decrease to expenses was to intergovernmental expense. Last fiscal year, the School District had an arbitrage rebate payment.

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED  
(Continued)**

**The School District's Funds**

The major funds are the General Fund, Debt Service Fund, Permanent Improvement Fund and Building Fund and are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$58,097,308 and total expenditures of \$112,061,304. The four major funds account for 88 percent of total revenues and 93 percent of total expenditures.

For the General Fund, both revenue and expenditures decreased overall. Fund balance decreased \$4,151,443, which is relatively the same as the decrease in fiscal year 2009, which was \$3,102,063. Economic conditions have reduced State foundation and property tax revenues over the past several years and the School District is exploring all possibilities to try and reduce this trend of declining fund balance.

The decrease of \$22,213,162 in the Debt Service Fund was the result of the pay off of \$22.75 million of the \$39.25 million bond anticipation note from fiscal year 2009.

The Permanent Improvement Fund increased \$1,327,578. This fund has accumulated a balance for future improvements while the Building Fund has had the majority of improvement expenditures.

The Building Fund decreased over \$28.5 million due to the progression of the building project.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal year, final appropriations increased \$134,040 or less than one percent from original appropriations. Final appropriations were larger than actual expenditures by over \$2 million dollars, primarily from regular instruction being less than expected.

For the General Fund, the budget basis revenue decreased over \$4 million from the original budgeted estimates. Actual revenues were more than final budget basis revenues by over \$2 million, primarily from intergovernmental revenues being more than expected.

**Capital Assets**

Table 3 shows fiscal year 2010 balances compared to fiscal year 2009.

**Table 3  
Capital Assets (Net of Depreciation) at June 30,**

	<b>2010</b>	<b>2009</b>
Land	\$ 2,654,363	\$ 2,654,363
Construction in Progress	38,032,521	9,002,280
Land Improvements	557,624	559,742
Buildings and Improvements	13,003,874	13,566,967
Furniture and Equipment	2,405,382	2,388,629
Vehicles	1,629,506	1,622,331
<b>Totals</b>	<b>\$58,283,270</b>	<b>\$29,794,312</b>

Overall capital assets increased \$28,488,958 from fiscal year 2009 as additions exceeded depreciation and loss on assets. For more information on capital assets, refer to Note 8 of the basic financial statements.

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED  
(Continued)**

**Debt Administration**

At June 30, 2010, the School District had \$84,395,000 in bonds and notes outstanding, as well as \$298,601 of accretion on capital appreciation bonds outstanding and premiums on bonds in the amount of \$2,613,397. \$40,380,000 represents the amount of debt principal payments on bonds made during the fiscal year, and \$1,195,000 represents amount of principal payments that will be due within one fiscal year. For more information on debt administration, refer to Notes 13 and 14 of the basic financial statements.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Tammy Emrick, Treasurer, at Miamisburg City School District, 540 East Park Avenue, Miamisburg, Ohio 45342 or email at [temrick@miamisburg.k12.oh.us](mailto:temrick@miamisburg.k12.oh.us).

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS  
JUNE 30, 2010**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$61,862,343
Materials and Supplies Inventory	26,682
Accrued Interest Receivable	207,758
Accounts Receivable	58,402
Intergovernmental Receivable	1,458,102
Property Taxes Receivable	34,341,347
Revenue in Lieu of Taxes Receivable	31,942
Deferred Charges	697,400
<b>Capital Assets:</b>	
Non-depreciable Capital Assets	40,686,884
Depreciable Capital Assets, Net	17,596,386
Total Assets	156,967,246
<b>Liabilities:</b>	
Accounts Payable	309,937
Contracts Payable	2,959,161
Accrued Wages and Benefits Payable	5,619,936
Intergovernmental Payable	1,608,002
Retainage Payable	862,001
Deferred Revenue	31,661,883
Accrued Interest Payable	589,975
Notes Payable	500,000
Matured Compensated Absences Payable	147,211
<b>Long-Term Liabilities:</b>	
Due Within One Year	1,606,976
Due in More Than One Year	89,246,929
Total Liabilities	135,112,011
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	17,015,068
Restricted for Debt Service	1,874,712
Restricted for Capital Projects	8,235,106
Restricted for Food Service	947,441
Restricted for Auxillary Services	298,832
Restricted for Title I Grant	328,607
Restricted for Uniform School Supplies	158,250
Restricted for Public School Support	153,381
Restricted for Other Purposes	162,135
Unrestricted	(7,318,297)
Total Net Assets	\$21,855,235

*See accompanying notes to the basic financial statements.*

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>
	<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants, Contributions and Interest</b>	<b>Governmental Activities</b>
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$25,460,573	\$355,018	\$770,815	(\$24,334,740)
Special	8,346,559	46,239	3,638,568	(4,661,752)
Vocational	673,930		139,585	(534,345)
Student Intervention Services	86,963			(86,963)
<b>Support Services:</b>				
Pupils	4,384,169	81	258,182	(4,125,906)
Instructional Staff	1,311,102	74	94,050	(1,216,978)
Board of Education	31,203			(31,203)
Administration	2,997,546	19,900	677,647	(2,299,999)
Fiscal	860,158			(860,158)
Business	291,902			(291,902)
Operation and Maintenance of Plant	4,119,441	12,170	168,262	(3,939,009)
Pupil Transportation	2,675,320	22,403	3,860	(2,649,057)
Central	657,180	51,060	9,718	(596,402)
Operation of Non-Instructional Services	2,980,636	1,234,298	2,051,110	304,772
Extracurricular Activities	774,556	215,907	33,497	(525,152)
Interest and Fiscal Charges	4,631,850			(4,631,850)
<b>Total Governmental Activities</b>	<b><u>\$60,283,088</u></b>	<b><u>\$1,957,150</u></b>	<b><u>\$7,845,294</u></b>	<b><u>(50,480,644)</u></b>
<b>General Revenues:</b>				
<b>Property Taxes Levied for:</b>				
				24,146,147
General Purposes				4,794,233
Debt Service				2,734,932
Capital Projects				159,708
Revenue In Lieu of Taxes				17,344,430
Grants and Entitlements not Restricted to Specific Programs				1,147,199
Interest				267,548
Miscellaneous				<u>50,594,197</u>
<b>Total General Revenues</b>				<b><u>50,594,197</u></b>
Change in Net Assets				113,553
Net Assets at Beginning of Year - Restated (Note 20)				<u>21,741,682</u>
Net Assets at End of Year				<b><u>\$21,855,235</u></b>

See accompanying notes to the basic financial statements.

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<b>General</b>	<b>Debt Service</b>	<b>Permanent Improvement</b>	<b>Building</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>						
Equity in Pooled Cash and Cash Equivalents	\$930,185	\$3,179,990	\$7,619,659	\$47,698,579	\$2,433,930	\$61,862,343
<b>Receivables:</b>						
Property Taxes	26,980,148	4,710,553	2,650,646			34,341,347
Revenue in Lieu of Taxes	31,942					31,942
Intergovernmental	336,404				1,121,698	1,458,102
Accounts	9,392				49,010	58,402
Accrued Interest			207,758			207,758
Interfund	73,766					73,766
Materials and Supplies Inventory					26,682	26,682
<b>Total Assets</b>	<b>28,361,837</b>	<b>7,890,543</b>	<b>10,478,063</b>	<b>47,698,579</b>	<b>3,631,320</b>	<b>98,060,342</b>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts Payable	147,572		2,825	7,815	151,725	309,937
Contracts Payable			14,195	2,944,966		2,959,161
Accrued Wages and Benefits Payable	5,065,989		4,962		548,985	5,619,936
Intergovernmental Payable	1,428,756		38,820	182	140,244	1,608,002
Accrued Interest Payable				9,779		9,779
Interfund Payable					73,766	73,766
Retainage Payable				862,001		862,001
Matured Compensated Absences Payable	147,211					147,211
Notes Payable				500,000		500,000
Deferred Revenue	25,742,935	4,449,764	2,606,210		1,162,307	33,961,216
<b>Total Liabilities</b>	<b>32,532,463</b>	<b>4,449,764</b>	<b>2,667,012</b>	<b>4,324,743</b>	<b>2,077,027</b>	<b>46,051,009</b>
<b>Fund Balances:</b>						
Reserved for Encumbrances	221,299		81,391	19,031,663	432,117	19,766,470
Reserved for Property Taxes	1,297,753	260,789	144,647			1,703,189
<b>Unreserved, Undesignated (Deficit), Reported in:</b>						
General Fund	(5,689,678)					(5,689,678)
Special Revenue Funds					890,788	890,788
Debt Service Fund		3,179,990				3,179,990
Capital Projects Funds			7,585,013	24,342,173	231,388	32,158,574
<b>Total Fund Balances</b>	<b>(4,170,626)</b>	<b>3,440,779</b>	<b>7,811,051</b>	<b>43,373,836</b>	<b>1,554,293</b>	<b>52,009,333</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$28,361,837</b>	<b>\$7,890,543</b>	<b>\$10,478,063</b>	<b>\$47,698,579</b>	<b>\$3,631,320</b>	<b>\$98,060,342</b>

See accompanying notes to the basic financial statements.

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2010**

Total Governmental Fund Balances	\$52,009,333
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**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. These assets consist of:

Land	\$2,654,363	
Construction in progress	38,032,521	
Other capital assets	40,480,277	
Accumulated depreciation	<u>(22,883,891)</u>	
Total capital assets		58,283,270

Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

Delinquent property taxes	1,209,005	
Revenue in lieu of taxes	31,942	
Intergovernmental	917,566	
Interest	100,211	
Tuition and Fees	<u>40,609</u>	
		2,299,333

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.	697,400
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In the Statement of Activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.	(580,196)
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds payable	(67,395,000)	
Accretion on bonds	(298,601)	
Notes payable	(16,500,000)	
Premium on debt issue	(2,613,397)	
Compensated absences	<u>(4,046,907)</u>	
Total liabilities		<u>(90,853,905)</u>

Net Assets of Governmental Activities	<u><u>\$21,855,235</u></u>
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*See accompanying notes to the basic financial statements.*

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<b>General</b>	<b>Debt Service</b>	<b>Permanent Improvement</b>	<b>Building</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>						
Property Taxes	\$23,218,392	\$4,616,989	\$2,630,926			\$30,466,307
Revenue in Lieu of Taxes	31,941		95,825			127,766
Intergovernmental	17,381,972	569,847	638,507		\$5,632,427	24,222,753
Interest	82,917		963,540		1,691	1,048,148
Tuition and Fees	219,345				66,135	285,480
Extracurricular Activities					210,444	210,444
Customer Sales and Services			400	\$19,500	1,239,687	1,259,587
Contributions and Donations					48,245	48,245
Rent	161,030					161,030
Miscellaneous	219,748		965	1,606	45,229	267,548
<b>Total Revenues</b>	<b>41,315,345</b>	<b>5,186,836</b>	<b>4,330,163</b>	<b>21,106</b>	<b>7,243,858</b>	<b>58,097,308</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	22,742,183		843,681	22,846	969,085	24,577,795
Special	6,081,199		3,656		2,284,929	8,369,784
Vocational	644,851		31,143	799	2,720	679,513
Student Intervention Services	79,831				218	80,049
<b>Support Services:</b>						
Pupils	4,099,416				159,481	4,258,897
Instructional Staff	1,128,487		81,866		72,054	1,282,407
Board of Education	30,936					30,936
Administration	2,424,252		945		556,119	2,981,316
Fiscal	744,620	48,903	61,915			855,438
Business	283,949			733		284,682
Operation and Maintenance of Plant	3,572,228		576,391		34,720	4,183,339
Pupil Transportation	2,420,679		247,151		8,026	2,675,856
Central	488,408				167,845	656,253
Operation of Non-Instructional Services					3,306,029	3,306,029
Extracurricular Activities	512,399		31,292	10,340	214,123	768,154
Capital Outlay			1,124,545	28,020,894	47,968	29,193,407
<b>Debt Service:</b>						
Principal Retirement		23,380,000				23,380,000
Interest and Fiscal Charges		3,982,478		9,779		3,992,257
Issuance Costs		5,192				5,192
Current Refunding		500,000				500,000
<b>Total Expenditures</b>	<b>45,253,438</b>	<b>27,916,573</b>	<b>3,002,585</b>	<b>28,065,391</b>	<b>7,823,317</b>	<b>112,061,304</b>
Excess of Revenues Over (Under) Expenditures	(3,938,093)	(22,729,737)	1,327,578	(28,044,285)	(579,459)	(53,963,996)
<b>Other Financing Sources (Uses):</b>						
Bond Anticipation Notes Issued		16,500,000				16,500,000
Premium on Note Issuance		16,575				16,575
Current Refunding		(16,500,000)				(16,500,000)
Transfers In		500,000			213,350	713,350
Transfers Out	(213,350)			(500,000)		(713,350)
<b>Total Other Financing Sources (Uses)</b>	<b>(213,350)</b>	<b>516,575</b>		<b>(500,000)</b>	<b>213,350</b>	<b>16,575</b>
Net Change in Fund Balances	(4,151,443)	(22,213,162)	1,327,578	(28,544,285)	(366,109)	(53,947,421)
Fund Balances (Deficit) at Beginning of Year	(19,183)	25,653,941	6,483,473	71,918,121	1,920,402	105,956,754
Fund Balances (Deficit) at End of Year	(\$4,170,626)	\$3,440,779	\$7,811,051	\$43,373,836	\$1,554,293	\$52,009,333

See accompanying notes to the basic financial statements.

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Net Change in Fund Balances - Total Governmental Funds (\$53,947,421)

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

Capital outlays are reported as expenditures in governmental funds. However,  
in the Statement of Activities, the cost of capital assets is allocated over their  
estimated useful lives as depreciation expense. In the current period, these  
amounts are:

Capital assets additions	\$1,087,917	
Construction in progress additions	29,030,241	
Depreciation expense	<u>(1,627,551)</u>	
Excess of depreciation expense under capital outlay		28,490,607

The proceeds from the sale of capital assets are reported as revenue in the  
governmental funds. However, the cost of capital assets are removed from  
the capital assets account in the Statement of Net Assets and offset against the  
proceeds from the sale of capital assets resulting in a loss on the sale of capital  
assets in the Statement of Activities.

Loss on disposal of capital assets		(1,649)
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Because some revenues will not be collected for several months after the School  
District's fiscal year ends, they are not considered "available" revenues and are  
deferred in the governmental funds.

Delinquent property taxes	1,209,005	
Revenue in lieu of taxes	31,942	
Intergovernmental	917,566	
Interest	100,211	
Tuition and Fees	<u>40,609</u>	
		2,299,333

Some expenses reported in the Statement of Activities do not require the use of  
current financial resources and therefore are not reported as expenditures in  
governmental funds. The difference in the amount of interest on the Statement  
of Activities is the result of the following:

Amortization of bond issuance costs (deferred charges)	(54,281)	
Amortization of debt premium	293,485	
Increase in accrued interest payable	(580,196)	
Accretion on bonds	<u>(298,601)</u>	
		(639,593)

Governmental funds report bond issuance costs as expenditures, whereas these  
amounts are deferred and amortized in the Statement of Activities

5,192

Repayment of long-term debt is reported as an expenditure in governmental  
funds, but the repayment reduces long-term liabilities in the Statement of Net  
Assets. In the current fiscal year, these amounts consist of:

Bond payments	1,130,000	
Note payments	<u>39,250,000</u>	
		40,380,000

Some items reported in the Statement of Activities do not require the use of  
current financial resources and therefore are not reported as expenditures in  
governmental funds. These activities consist of:

Notes Issued	(16,500,000)	
Premium on Notes Issued	(16,575)	
Decrease in compensated absences payable	<u>43,659</u>	
		<u>(16,472,916)</u>

Change in Net Assets of Governmental Activities

\$113,553

*See accompanying notes to the basic financial statements.*

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over/(Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property Taxes	\$25,000,000	\$23,108,803	\$23,108,803	
Revenue in Lieu of Taxes	300,000	246,003	246,003	
Intergovernmental	16,985,000	15,267,777	17,213,083	\$1,945,306
Interest	550,000	90,560	101,915	11,355
Tuition and Fees	335,000	194,906	219,345	24,439
Customer Sales and Services	45,000			
Rent	90,000	143,088	161,030	17,942
Miscellaneous	39,566	21,545	23,719	2,174
<b>Total Revenues</b>	<b>43,344,566</b>	<b>39,072,682</b>	<b>41,073,898</b>	<b>2,001,216</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	23,411,027	23,895,755	22,768,893	1,126,862
Special	6,480,513	6,386,770	6,085,587	301,183
Vocational	702,078	674,583	642,770	31,813
Student Intervention Services	121,586	91,763	87,437	4,326
<b>Support Services:</b>				
Pupils	3,936,269	4,262,468	4,061,462	201,006
Instructional Staff	1,530,186	1,185,663	1,129,751	55,912
Board of Education	48,961	32,492	30,960	1,532
Administration	3,221,507	2,678,734	2,552,411	126,323
Fiscal	930,032	792,159	754,803	37,356
Business	356,826	299,890	285,748	14,142
Operation and Maintenance of Plant	3,723,468	3,760,836	3,583,485	177,351
Pupil Transportation	2,469,531	2,645,214	2,520,472	124,742
Central	491,013	582,138	554,687	27,451
Operation of Non-Instructional Services	38,390	25,277		25,277
Extracurricular Activities	229,055	510,740	510,740	
<b>Total Expenditures</b>	<b>47,690,442</b>	<b>47,824,482</b>	<b>45,569,206</b>	<b>2,255,276</b>
Excess of Revenues Over (Under) Expenditures	<u>(4,345,876)</u>	<u>(8,751,800)</u>	<u>(4,495,308)</u>	<u>4,256,492</u>
<b>Other Financing Sources (Uses):</b>				
Refund of Prior Year Expenditures	10,000	276,335	276,335	
Transfers Out	(150,000)	(213,350)	(213,350)	
Advances In	45,934	33,250	33,250	
Advances Out	(50,000)	(73,766)	(73,766)	
<b>Total Other Financing Sources (Uses)</b>	<b>(144,066)</b>	<b>22,469</b>	<b>22,469</b>	
Net Change in Fund Balance	(4,489,942)	(8,729,331)	(4,472,839)	4,256,492
Fund Balance at Beginning of Year	4,509,040	4,509,040	4,509,040	
Prior Year Encumbrances Appropriated	501,231	501,231	501,231	
Fund Balance (Deficit) at End of Year	<u>\$520,329</u>	<u>(\$3,719,060)</u>	<u>\$537,432</u>	<u>\$4,256,492</u>

See accompanying notes to the basic financial statements.

MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

	<u>Private Purpose Trust</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$6,500</u>	<u>\$171,525</u>
<b>Liabilities:</b>		
Undistributed Monies		<u>\$171,525</u>
<b>Net Assets:</b>		
Held in Trust for Scholarships	<u>\$6,500</u>	

*See accompanying notes to the basic financial statements.*

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Private Purpose Trust</u>
	<u>Scholarships</u>
<b>Additions:</b>	
Contributions and Donations	\$6,500
<b>Deductions:</b>	
Change in Net Assets	6,500
Net Assets at Beginning of Year	
Net Assets at End of Year	<u><u>\$6,500</u></u>

*See accompanying notes to the basic 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, 2010**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The Board controls the School District's instructional/support facilities staffed by 700 full-time employees. There are 385 certificated employees including 25 administrators and 276 classified employees including 14 administrators, who provide services to approximately 5,736 students and other community members.

**Reporting Entity:**

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

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

The School District participates in three jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 15 to the basic financial statements. These organizations are:

**Jointly Governed Organizations:**

- Metropolitan Dayton Educational Cooperative Association
- Southwestern Ohio Educational Purchasing Council
- Miami Valley Career Technology Center

**Insurance Purchasing Pool:**

- Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**1. Government-wide Financial Statements:**

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide financial statements usually distinguish between those activities that are governmental and those that are business-type. The School District, however, has no activities which are reported as business-type.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

**2. Fund Financial Statements:**

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The School District divides its funds into two categories: governmental and fiduciary.

**1. Governmental Funds:**

Governmental funds are those through which most governmental functions of the School District typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

**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.

**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 trust funds.

**Building Fund** - The Building Fund is used to account for the receipts and expenditures related to all special bond funds in the School District. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

**2. Fiduciary Funds:**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The School District's fiduciary funds are three agency funds and one private purpose trust fund. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for those student activities which consist of a student body, student president, student treasurer, and faculty advisor as well as a benefits and flower account for employees. The School District's private purpose trust fund accounts for college scholarship programs for students.

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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

**C. Measurement Focus**

**1. Government-wide Financial Statements:**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

**2. Fund Financial Statements:**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust funds are reported using the economic resources measurement focus.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statements of the fiduciary fund are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**1. Revenues - Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means that the amount of the transaction can be determined, and "available" means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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

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

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

**2. Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**3. Expenses/Expenditures:**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

**E. Cash and Cash Equivalents**

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented on the financial statements as "Equity in Pooled Cash and Cash Equivalents."

During fiscal year 2010, the School District invested in money market mutual funds, federal agency securities, negotiable certificates of deposit, and the State Treasury Asset Reserve of Ohio (STAROhio). Except for the mutual fund, investments are reported at fair value which is based on the fund's quoted market prices. For investments in open-ended mutual funds, the fair value is determined by the fund's current share price.

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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

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 June 30, 2010.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2010 amounted to \$82,917, which includes \$76,752 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

**F. Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expensed/expensed when used. Inventory consists of expendable supplies held for consumption.

**G. Bond Premiums/Issuance Costs/Compounded Interest on Capital Appreciation Bonds**

On the government-wide financial statements, bond premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest during the fiscal year. Bond premiums and the compounded interest earned on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable. Issuance costs are amortized on a straight-line basis over the term of the bonds and are reported as deferred charges.

On the governmental fund financial statements, bond premiums and issuance costs are recognized in the period in which the debt is issued. Interest on capital appreciation bonds is recorded as an expenditure when the debt becomes due.

**H. Capital Assets**

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets usually result from expenditures in governmental funds. These assets are reported in the governmental activities column of 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 which is determined by indexing the current replacement cost back to the fiscal year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land and construction in progress, 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:

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10-25 years
Buildings and Improvements	20-50 years
Furniture and Equipment	5-20 years
Vehicles	1-15 years

**I. Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Long-term notes and bonds that will be paid from governmental funds are recognized as liabilities in the fund financial statements when due.

**J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. 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 government-wide financial statements.

On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employees will be paid.

**K. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include amounts for music and athletic programs and student activities, and federal and State grants whose use is restricted to specified purposes.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**MIAMISBURG CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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

**L. Fund Balance Reserves**

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

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

**M. Internal Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**N. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable" and "Interfund Payable". These amounts are eliminated in the governmental activities column of the statement of net assets.

**O. Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**P. Budgetary Process**

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been given the authority to allocate the Board's appropriations to the function and object level.

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in certificate that were in effect at the time the final appropriations were passed. Prior to fiscal year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year in all funds.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations.

**3. ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

At June 30, 2010, the following funds had a deficit fund balance:

<u>Funds</u>	<u>Amounts</u>
General	\$4,170,626
Education Management Information Systems	6,063
Alternative Schools	1,606
Miscellaneous State Grants	4,083
Title VI-B IDEA	288,044
Title III	1,752
Drug Free Schools	123
IDEA Preschool	10,662
Title II-A	37,166
Title I	103,616

The General Fund deficit fund balance was due to adjustments for accrued liabilities. The School District is monitoring the General Fund deficit and will take appropriate action if deemed necessary. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**B. Compliance**

At June 30, 2010, the General Fund had final appropriations in excess of final estimated resources and available fund balance in the amount of \$3,719,060.

**MIAMISBURG CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget and actual (budget basis) is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

<b>Net Change in Fund Balance</b>	
	<b>General</b>
GAAP Basis	(\$4,151,443)
Revenue Accruals	36,312
Expenditure Accruals	75,561
Encumbrances	(391,329)
Advances	(40,516)
Unrecorded Cash	(1,424)
Budget Basis	(\$4,472,839)

**5. DEPOSITS AND INVESTMENTS**

Monies held by the School District are classified by State statute into three categories.

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

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

**MIAMISBURG CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (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 monies must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Interim monies held by the School District may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and,
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

**Investments**

As of June 30, 2010, the School District had the following investments.

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			<u>S&amp;P Rating</u>	<u>Concentration of Credit Risk</u>
		<u>Less than 1</u>	<u>1 - 2</u>	<u>3 - 5</u>		
STAROhio	\$ 8,727,394	\$ 8,727,394			AAAm	14.73%
Federal Farm Credit Banks Bonds	1,158,401	1,158,401			AAA	1.95%
Federal Farm Credit Corporation Notes	314,902	314,902			AAA	0.53%
Federal Home Loan Bank Bonds	4,370,788	1,007,190	\$ ,319,538	\$2,044,060	AAA	7.37%
Federal Home Loan Banks Discount Notes	1,519,848	1,519,848			AAA	2.56%
Federal Home Loan Banks Notes	16,058,518	9,312,872	4,170,646	2,575,000	AAA	27.10%
Federal Home Loan Mortgage Corp. Notes	4,586,182		4,586,182		AAA	7.74%
Federal Home Loan Mortgage Discount Notes	1,005,758		1,005,758		AAA	1.70%
Federal National Mortgage Discount Notes	1,644,810		847,450	797,360	AAA	2.78%
Federal National Mortgage Association Notes	3,657,304		2,203,709	1,453,595	AAA	6.17%
First American Government Money Market Fund	20,216	20,216			AAA	0.03%
Fifth Third Institution Government Money Market Funds	6,890,917	6,890,917			AAA	11.63%
Negotiable Certificates of Deposit	9,309,944	8,628,993	680,951		----	15.71%
<b>Totals</b>	<u>\$59,264,982</u>	<u>\$37,580,733</u>	<u>\$14,814,234</u>	<u>\$6,870,015</u>		

**Interest Rate Risk:** The School District's investment policy follows State statute, which requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

**Credit Risk:** The S&P ratings of the School District's investments are listed in the table above. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The negotiable certificates of deposit are in denominations of under \$250,000 each, in separate banks, and are insured by the Federal Deposit Insurance Corporation (FDIC). The negotiable certificates of deposit are, therefore, not subject to credit risk. The School District's investment policy limits investments to those authorized by State statute.

**Concentration of Credit Risk:** The School District places no limit on the amount it may invest in any one issuer, however State statute limits investments in commercial paper and bankers acceptances to 25 percent of the interim monies available for investment at any one time. The percentage that each investment represents of the total investments is listed in the table above.

**6. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District's 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.

**MIAMISBURG CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**6. PROPERTY TAXES (Cntinued)**

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at 35 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 year 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in calendar year 2010 with real property taxes. Public utility real property is assessed at 35 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 year 2010 (other than public utility property tax) represents the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. 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, 2010, are available to finance fiscal year 2010 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, 2010 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.

The amount available as an advance at June 30, 2010 was \$1,297,753 in the General Fund, \$260,789 in the Debt Service Fund, and \$144,647 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2009 was \$1,188,164 in the General Fund, \$242,117 in the Debt Service Fund, and \$133,984 in the Permanent Improvement Capital Projects 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 2010 taxes were collected are:

**MIAMISBURG CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**6. PROPERTY TAXES (Continued)**

	<b>2009 Second- Half Collections</b>		<b>2010 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Real Estate	\$916,767,900	97.7%	\$906,108,510	98.0%
Public Utility Personal	19,086,430	2.0%	18,727,640	2.0%
General Business Personal Property	2,157,830	0.3%		0.0%
Total Assessed Value	<u>\$938,012,160</u>	<u>100.0%</u>	<u>\$924,836,150</u>	<u>100.0%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$51.90		\$51.90	

**7. RECEIVABLES**

Receivables at June 30, 2010, consisted of property taxes, revenue in lieu of taxes, intergovernmental grants, accounts (tuition and student fees), interest and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	<b>Amount</b>
<b>Governmental Activities:</b>	
Alternative Education	\$ 3,314
Title VI-B	260,747
Title VI-B ARRA	222,612
Technology Title II-D	4,029
Title III	4,679
Title I	476,427
Title I ARRA	9,901
Early Childhood Special Education ARRA	10,118
Title II-A	43,359
CAFS	15,452
Montgomery County Educational Service Center	117,900
Community Schools	86,513
City of Springboro	174,453
School Employees Retirement System	28,598
Total Intergovernmental Receivable	<u>\$1,458,102</u>

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**8. CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2010, was as follows:

	<b>Balance 6/30/09</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 6/30/10</b>
<b>Governmental Activities:</b>				
<b>Capital Assets, not Being Depreciated:</b>				
Land	\$ 2,654,363			\$ 2,654,363
Construction in Progress	9,002,280	\$29,030,241		38,032,521
<b>Total Capital Assets, not Being Depreciated</b>	<b>11,656,643</b>	<b>29,030,241</b>		<b>40,686,884</b>
<b>Capital Assets, Being Depreciated:</b>				
Land Improvements	915,410	29,990		945,400
Buildings and Improvements	26,029,554	13,906		26,043,460
Furniture and Equipment	8,849,260	860,784	(\$140,024)	9,570,020
Vehicles	3,738,160	183,237		3,921,397
<b>Total Capital Assets, Being Depreciated</b>	<b>39,532,384</b>	<b>1,087,917</b>	<b>(140,024)</b>	<b>40,480,277</b>
<b>Less Accumulated Depreciation:</b>				
Land Improvements	(355,668)	(32,108)		(387,776)
Buildings and Improvements	(12,462,587)	(576,999)		(13,039,586)
Furniture and Equipment	(6,460,631)	(842,382)	138,375	(7,164,638)
Vehicles	(2,115,829)	(176,062)		(2,291,891)
<b>Total Accumulated Depreciation</b>	<b>(21,394,715)</b>	<b>(1,627,551) *</b>	<b>138,375</b>	<b>(22,883,891)</b>
<b>Capital Assets, Being Depreciated, Net</b>	<b>18,137,669</b>	<b>(539,634)</b>	<b>(1,649)</b>	<b>17,596,386</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$29,794,312</b>	<b>\$28,490,607</b>	<b>(\$ 1,649)</b>	<b>\$58,283,270</b>

\*Depreciation expense was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular	\$ 827,486
Special	89,019
Vocational	35,274
Student Intervention Services	6,914
<b>Support Services:</b>	
Pupils	43,748
Instructional Staff	60,490
Board of Education	267
Administration	36,474
Fiscal	4,337
Business	2,822
Operation and Maintenance of Plant	77,955
Pupil Transportation	210,634
Central	4,205
Operation of Non-Instructional Services	188,125
Extracurricular Activities	39,801
<b>Total Depreciation Expense</b>	<b>\$1,627,551</b>

**MIAMISBURG CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**9. RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2010, the School District contracted with Netherlands Insurance Company for building and property insurance. This policy has a limit of insurance in the amount of \$120,330,293 for property with a \$2,500 deductible. The Netherlands Insurance Company also covers auto insurance for actual cash value with a \$500 deductible. General liability insurance is under The Netherlands Insurance Company. The base policy has a \$1,000,000 per occurrence and a \$2,000,000 aggregate limit. The Treasurer, Superintendent, Director of Business Services, and Board President are bonded separately.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior fiscal year.

**B. Workers' Compensation**

For fiscal year 2010, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting Company provides administrative, cost control, and actuarial services to the GRP.

**10. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

**Plan Description** – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

**Funding Policy** – 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 and death benefit obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension and death benefit obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 were \$1,169,726, \$645,650, and \$630,172, respectively; 53.28 percent has been contributed for fiscal year 2010, 100 percent for fiscal years 2009 and 2008.

**MIAMISBURG CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**10. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System of Ohio**

**Plan Description** – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**Funding Policy** – For the fiscal year ended June 30, 2010, 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. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent 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 to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$3,160,835, \$3,085,050, and \$3,106,155, respectively; 83.47 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$156,868 made by the School District and \$112,049 made by the plan members.

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**11. POST-EMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

**Plan Description** – The School District participates in two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

**Funding Policy** – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, 0.46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$154,469, \$399,739, and \$439,004, respectively; 53.28 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010 and 2009 were \$69,561 and \$52,864, respectively; 53.28 percent has been contributed for fiscal year 2010, and 100 percent for fiscal year 2009.

**B. State Teachers Retirement System of Ohio**

**Plan Description** – The School District contributes to the cost-sharing, multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Funding Policy** – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$243,141, \$237,312, and \$238,935, respectively; 83.47 percent has been contributed for fiscal year 2010, and 100 percent for fiscal years 2009 and 2008.

**MIAMISBURG CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**12. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 360 days for all personnel. Upon retirement, payment is made based on the following schedule:

<u>Days of Sick Leave</u>	<u>Percent Payout</u>	<u>Maximum Payout Days</u>
0-100	25.0%	25.0
101-200	27.5%	27.5
201-300	33.0%	33.0
301-400	40.0%	40.0

**B. Employee Benefits**

The School District has elected to provide employee medical benefits through United Health Care. The employees share the cost of the monthly premium with the Board of Education. The percentage varies depending upon the plan selected by the employee. The School District provides life insurance to employees through the Standard Life Insurance Company and dental insurance through Delta Dental of Ohio.

**13. NOTES PAYABLE**

During fiscal year 2010, the School District entered into a new note for School Facilities that was part of a long-term note.

<u>Types / Issues</u>	<u>Balance 6/30/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2010</u>
School Facilities Bond Anticipation Note	\$0	\$500,000	\$0	\$500,000

The note is backed by the full faith and credit of the School District and will mature within one fiscal year. The School Facilities Bond Anticipation Note will be paid from the Debt Service Fund. The notes are issued in anticipation of long-term bond financing, and the School District intends to refinance the notes until such bonds are issued. The liability for the notes is presented in the fund that received the note proceeds.

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**14. LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2010 were as follows:

<u>Types / Issues</u>	<u>Balance 6/30/09</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/10</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
1998 School Facilities General Obligation Serial Bond	\$ 1,400,000			\$ 1,400,000	
2006 Refunding Bonds:					
Serial Bonds	5,530,000		\$ 325,000	5,205,000	\$ 335,000
Capital Appreciation Bonds	95,000			95,000	
Accretion on Capital Appreciation Bonds		\$ 88,318		88,318	
Premium on Refunding Bonds	249,945		15,622	234,323	
2008 School Facilities Bonds:					
Serial Bonds	18,425,000		10,000	18,415,000	490,000
Term Bonds	19,600,000			19,600,000	
Capital Appreciation Bonds	1,225,000			1,225,000	
Accretion on Capital Appreciation Bonds		136,019		136,019	
Premium on Bonds	1,189,004		42,464	1,146,540	
2009 School Facilities Bonds:					
Serial Bonds	5,565,000		795,000	4,770,000	370,000
Term Bonds	16,290,000			16,290,000	
Capital Appreciation Bonds	395,000			395,000	
Accretion on Capital Appreciation Bonds		74,264		74,264	
Premium on Bonds	1,260,995		45,036	1,215,959	
2009 School Facilities Bond Anticipation Notes	39,250,000		39,250,000		
Premium on Refunding Notes	190,363		190,363		
2010 School Facilities Bond Anticipation Notes		16,500,000		16,500,000	
Premium on Refunding Notes		16,575		16,575	
Total Long-Term Debt	<u>110,665,307</u>	<u>16,815,176</u>	<u>40,673,485</u>	<u>86,806,998</u>	<u>1,195,000</u>
Compensated Absences Payable	<u>4,366,984</u>	<u>85,562</u>	<u>405,639</u>	<u>4,046,907</u>	<u>411,976</u>
Total - General Long-Term Obligations	<u>\$115,032,291</u>	<u>\$16,900,738</u>	<u>\$41,079,124</u>	<u>\$90,853,905</u>	<u>\$1,606,976</u>

**1998 General Obligation Bonds** – On April 1, 1998, Miamisburg City School District issued \$9,625,000 in general obligation serial bonds. The bonds were issued for a 28-year period with the final maturity during fiscal year 2026. The bonds will be retired from the Debt Service Fund with property tax revenue.

**2006 Refunding Bonds** – The School District issued \$5,715,000 in general obligation refunding bonds on November 10, 2006 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.

Serial bonds were issued at \$5,620,000 and mature December 1, 2024.

**MIAMISBURG CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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

Capital appreciation bonds were issued at \$95,000. The capital appreciation bonds mature in fiscal year 2016 and will bear interest compounded semiannually on June 1 and December 1 of each year and began in fiscal year 2007. The maturity amount of the capital appreciation bonds is \$440,000.

**2008 School Facilities Bonds** – The School District issued \$39,250,000 in general obligation bonds on August 28, 2008. The general obligation bonds were issued for construction and renovation of school buildings and are paid from the Debt Service Fund with property tax revenue. The proceeds from the issuance of the general obligation bonds were used to retire the bond anticipation notes maturing on November 13, 2008.

During the issuance of the general obligation bonds, the School District received \$1,189,004 in bond premium. This will be expensed, \$42,464 per year throughout the life of the general obligation bonds.

The serial bonds mature December 1, 2028.

The capital appreciation bonds were issued at \$1,225,000. The capital appreciation bonds mature in fiscal years 2020 through 2022 and will bear interest compounded semiannually on June 1 and December 1 of each year and began in fiscal year 2009. The maturity amount of the capital appreciation bonds is \$3,650,000. For fiscal year 2010, the capital appreciation bonds were accreted \$136,019.

The term bonds issued at \$19,600,000 and maturing on December 1, 2036, will be subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the fiscal years and in the respective principal amounts as follows:

<u>Fiscal Year</u>	<u>Amount to be Redeemed</u>
2030	\$2,050,000
2031	2,155,000
2032	2,265,000
2033	2,375,000
2034	2,495,000
2035	2,620,000
2036	2,750,000
2037	2,890,000

**2009 School Facilities Bonds** – The School District issued \$22,250,000 in general obligation bonds on May 13, 2009 for school facilities construction and improvement.

The serial bonds mature December 1, 2018 and are not subject to optional redemption.

The capital appreciation bonds were issued at \$395,000 and are subject to optional redemption prior to the stated maturity. The capital appreciation bonds mature in fiscal years 2019 through 2021 and will bear interest compounded semiannually on June 1 and December 1 of each year and began in fiscal year 2009. The maturity amount of the capital appreciation bonds is \$2,280,000. For fiscal year 2010, the capital appreciation bonds were accreted \$74,264.

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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

The term bonds issued at \$16,290,000 and maturing on December 1, 2036, will be subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the fiscal years and in the respective principal amounts as follows:

<u>Fiscal Year</u>	<u>Amount to be Redeemed</u>
2023	\$760,000
2024	795,000
2025	835,000
2026	880,000
2027	920,000
2028	970,000
2029	1,015,000
2030	1,065,000
2031	1,120,000
2032	1,175,000
2033	1,230,000
2034	1,285,000
2035	1,350,000
2036	1,410,000
2037	1,480,000

**2009 School Facilities Bond Anticipation Notes** – The School District’s bond anticipation notes were issued on October 23, 2008 at 2.86 percent and matured on July 28, 2009. The bond anticipation notes were issued for construction and renovation of school buildings and are paid from the debt service fund with property tax revenue. The proceeds from the issuance of the bond anticipation notes were used to retire the bond anticipation notes maturing on November 13, 2008.

During the issuance of the bond anticipation notes, the School District received \$190,363 in a bond premium. This was be expensed in fiscal year 2010.

**2010 School Facilities Bond Anticipation Notes** – On July 22, 2009, Miamisburg City School District issued bond anticipation notes for \$17,000,000. These notes were refinanced prior to the issuance of the fiscal year 2010 statements for \$16,500,000. This portion of the notes was a long-term liability. The short-term portion of this note was \$500,000, the amount that was paid on the note during July 2010 (See Note 13). The notes will be paid through the Debt Service Fund.

Compensated absences will be paid from the General, Food Service, Auxiliary Services, EMIS, Miscellaneous State Grants, State Fiscal Stabilization, Title VI-B, Title I, Preschool, and Miscellaneous Federal Grants Funds.

The School District’s overall legal debt margin was \$2,281,033 with an unvoted debt margin of \$924,836 at June 30, 2010.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2010, are as follows:

**MIAMISBURG CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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

<u>Fiscal Year Ending June 30,</u>	<u>Serial Bond Principal</u>	<u>Serial Bond Interest</u>	<u>Capital Appreciation Bond Principal</u>	<u>Capital Appreciation Bond Interest</u>	<u>Term Bond Principal</u>	<u>Term Bond Interest</u>
2011	\$ 1,195,000	\$ 1,242,687				\$ 1,771,875
2012	1,275,000	1,201,263				1,771,875
2013	1,465,000	1,152,069				1,771,875
2014	1,555,000	1,097,594				1,771,875
2015	1,650,000	1,037,987				1,771,875
2016-2020	8,240,000	4,570,689	\$ 575,000	\$1,350,000		8,859,375
2021-2025	7,130,000	2,890,637	1,140,000	3,305,000	\$ 2,390,000	8,683,875
2026-2030	7,280,000	801,250			6,900,000	7,576,374
2031-2035					18,070,000	4,401,700
2036-2037					8,530,000	424,437
<b>Total</b>	<u>\$29,790,000</u>	<u>\$13,994,176</u>	<u>\$1,715,000</u>	<u>\$4,655,000</u>	<u>\$35,890,000</u>	<u>\$38,805,136</u>

**15. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL**

**A. Jointly Governed Organizations**

**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. Payments to MDECA are made from the General Fund. The School District paid MDECA \$133,627 for services provided during the fiscal year. Financial information can be obtained from Jerry Woodyard, who serves as Executive Director, at 225 Linwood Street, Dayton, Ohio 45405.

**Southwestern Ohio Educational Purchasing Council** - The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 100 school districts in 12 counties. The purpose of the council 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. Any district withdrawing from the SOEPC forfeits 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. During fiscal year 2010, the School District paid \$7,739 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**MIAMISBURG CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**15. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL (Continued)**

**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 nine representatives from the 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 School District did not contribute financially to this organization during fiscal year 2010. 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.

**B. 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), an insurance purchasing pool. The GRP's business and affairs are conducted by an 11 member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of the GRP serves as the coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**16. SET-ASIDE CALCULATIONS**

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 fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end.

The following cash basis information describes the change in the fiscal year-end set-aside amounts for textbooks/instructional materials and capital improvements. Disclosure of this information is required by State statute.

<u>Company</u>	<u>Textbooks/ Instructional Materials</u>	<u>Capital Improvements</u>
Set-aside Reserve Balance as of June 30, 2009	(\$5,117,163)	
Current Fiscal Year Set-aside Requirement	914,922	\$914,922
Current Fiscal Year Offsets	(2,620,263)	(914,922)
Qualifying Disbursements		
Totals	<u>(\$6,822,504)</u>	<u>\$ 0</u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u>(\$6,822,504)</u>	<u>\$ 0</u>
Set-aside Reserve Balance as of June 30, 2010	<u>\$ 0</u>	<u>\$ 0</u>

The School District had qualifying disbursements during the fiscal year that reduced textbook/instructional materials below zero. The extra amount for textbooks/instructional materials may be used to reduce the set-aside requirements in future fiscal years.

**MIAMISBURG CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**16. SET-ASIDE CALCULATIONS (Continued)**

Amounts of offsets and qualifying disbursements for capital acquisitions presented in the table were limited to those necessary to reduce the fiscal year-end balance to zero. Although the School District had qualifying disbursements during the fiscal year that would have reduced the set-aside amount for capital acquisitions to below zero, this extra amount may not be used to reduce the set-aside requirements for future fiscal years, therefore the School District has chosen not to present them.

**17. CONTRACTUAL COMMITMENTS**

The following table provides a summary of the outstanding contractual commitments for various projects as of June 30, 2010:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Amount Outstanding</u>
Brumbaugh Construction, Inc.	\$ 194,722	\$ 32,565	\$ 162,157
Butler County Electric, Inc.	163,362	101,837	61,525
Cannell Graphics, LLC	35,000	21,596	13,404
Cincinnati Bell	59,848		59,848
D&D Coatings	55,724	52,938	2,786
Dayton Power and Light Company	25,600	6,820	18,780
Educational Furniture	133,065		133,065
Energy Optimizers USA, LLC	47,400	11,850	35,550
Heapy Engineering	3,084,515	1,902,227	1,182,288
Ferguson Construction Company	25,400	24,130	1,270
Monarch Construction	10,647,989	3,941,314	6,706,675
Reddy Electric Company	2,043,399	1,700,322	343,077
Settle Muter Electric	3,940,773	2,268,776	1,671,997
Slagle Mechanical	3,386,738	3,141,976	244,762
SPL Intelegated Solutions	416,583	219,857	196,726
SSOE, Inc.	3,895,600	3,167,870	727,730
Testech, Inc.	51,493	50,398	1,095
Tom Sexton & Associates, Inc.	255,375	234,111	21,264
TP Mechanical Contractors	3,981,668	2,332,091	1,649,577
	<u>\$32,444,254</u>	<u>\$19,210,678</u>	<u>\$13,233,576</u>

**18. INTERFUND ASSETS/LIABILITIES AND TRANSFERS**

Interfund balances at June 30, 2010, consist of the following interfund receivable and payable:

<b>Payable</b>	<b>Receivable</b>
	<b>General Fund</b>
Other Governmental Funds	<u>\$73,766</u>

**MIAMISBURG CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**18. INTERFUND ASSETS/LIABILITIES AND TRANSFERS (Continued)**

The General Fund made advances totaling \$73,766 to eliminate the negative balances in these Other Governmental Funds. General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Restricted monies are used to reimburse the General Fund for advancing monies to other funds due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund reimburses the General Fund for the initial advance. All interfund payables are expected to be repaid within one year.

The following table shows transfers made during the fiscal year:

Transfers To	Transfers From		
	General Fund	Building Fund	Total
Debt Service Fund		\$500,000	\$500,000
Other Governmental Funds	\$213,350		213,350
Total	\$213,350	\$500,000	\$713,350

The General Fund had transfers out to the Other Governmental Funds. Transfers are used to move General Fund revenues that are used to subsidize various programs in other funds. For fiscal year 2010, these programs included State and federal grants. The Debt Service Fund had transfers to Other Governmental Funds to move the current refunding portion of the classroom facilities bond anticipation notes.

**19. CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

**B. Litigation**

The School District is currently involved in a legal proceeding as of June 30, 2010. The School District is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

**20. ACCOUNTING CHANGE**

Construction in progress at June 30, 2009 was understated. This restatement had the following effect on net assets at June 30, 2009, as previously reported:

	<b>Governmental Activities</b>
Net Assets, June 30, 2009, as previously reported	\$18,587,111
Construction in Progress	3,154,571
Net Assets, June 30, 2009, as restated	\$21,741,682

**MIAMISBURG CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**21. SUBSEQUENT EVENT**

On July 13, 2010, the School District reissued \$16,500,000 in bond anticipation notes for school facilities construction and improvement with an interest rate of 1.50 percent.

On November 18, 2010, the School District awarded bids in the amount of \$10,929,122 for the construction of Kinder Elementary School to various vendors.

On December 16, 2010, the School District borrowed \$2,000,000 from the Debt Service Fund for General Fund cash flow purposes. The amount borrowed will be repaid over a three year period by the General Fund using a three year emergency levy that will begin collections during fiscal year 2011.

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**MIAMISBURG CITY SCHOOL DISTRICT  
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**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Cash Receipts</b>	<b>Non-Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>					
<i>Passed Through Ohio Department of Education</i>					
<b>Nutrition Cluster:</b>					
School Breakfast Program	10.553	\$137,109		\$137,109	
National School Lunch Program	10.555				
Cash Assistance		827,986		827,986	
Non-Cash Assistance (Food Distribution)			\$95,023		\$95,023
Total Nutrition Cluster		<u>965,095</u>	<u>95,023</u>	<u>965,095</u>	<u>95,023</u>
Total United States Department of Agriculture		<u>965,095</u>	<u>95,023</u>	<u>965,095</u>	<u>95,023</u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>					
<i>Passed Through Ohio Department of Education</i>					
<b>Title 1, Part A Cluster</b>					
Title I Grants to Local Educational Agencies	84.010	478,909		495,752	
ARRA-Title I Grants to Local Educational Agencies, Recovery Act	84.389	<u>219,167</u>		<u>201,552</u>	
Total Title I, Part A Cluster		<u>698,076</u>		<u>697,304</u>	
<b>Special Education Cluster:</b>					
Special Education Grants to States	84.027	1,054,251		1,130,238	
ARRA-Special Education Grants to States, Recovery Act	84.391	875,626		804,373	
Special Education Preschool Grants	84.173	22,399		22,444	
ARRA-Special Education Preschool Grants, Recovery Act	84.392	<u>33,459</u>		<u>35,497</u>	
Total Special Education Cluster		<u>1,985,735</u>		<u>1,992,552</u>	
Safe and Drug-Free Schools and Communities State Grants	84.186	16,921		16,921	
Educational Technology State Grants	84.318	2,692		2,544	
English Language Acquisition Grants	84.365	21,225		16,836	
Improving Teacher Quality State Grants	84.367	179,416		172,165	
ARRA-State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	<u>739,601</u>		<u>710,700</u>	
Total United States Department of Education		<u>3,643,666</u>		<u>3,609,022</u>	
<b>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</b>					
<i>Passed through the Ohio Department of Public Safety</i>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	<u>34,720</u>		<u>34,720</u>	
Total Federal Financial Assistance		<u>\$4,643,481</u>	<u>\$95,023</u>	<u>\$4,608,837</u>	<u>\$95,023</u>

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

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Miamisburg City School District (the School District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

The School District reports commodities consumed on the Schedule at the fair value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



# Dave Yost • 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 East 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 School District) as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 4, 2011. 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 School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

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 deficiencies in internal control that might be deficiencies, 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2010-001 to be a significant deficiency. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of reasonably assuring whether the School 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-002.

We also noted certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated April 4, 2011.

The School District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the School District's response and, accordingly, we express no opinion on them.

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



**Dave Yost**  
Auditor of State

April 4, 2011



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

### Compliance

We have audited the compliance of Miamisburg City School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School 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 School 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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 School 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 School 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 could directly and materially affect each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists these instances as Findings 2010-003 through 2010-005.

### Internal Control Over Compliance

The School 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 School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 over compliance that might be deficiencies, 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.

The School District's responses to the findings we identified are described in the accompanying schedule of findings. We did not audit the School District's responses and, accordingly, we express no opinion on them.

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



**Dave Yost**  
Auditor of State

April 4, 2011

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2010**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Title I, Part A Cluster: Title I Grants to Local Educational Agencies: CFDA #84.010 ARRA-Title I Grants to Local Educational Agencies, Recovery Act: CFDA #84.389  Special Education Cluster: Special Education_Grants to States: CFDA #84.027 ARRA-Special Education Grants to States, Recovery Act: CFDA#84.391 Special Education_Preschool Grants: CFDA #84.173 ARRA-Special Education Preschool Grants, Recovery Act: CFDA#84.392  ARRA-State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act CFDA#84.394
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2010-001**

**Significant Deficiency**

Governmental Accounting Standards Board Statement 33 Paragraphs 17-18 state:

- 17. Governments should recognize *assets* from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. For property (ad valorem) taxes, the date when an enforceable legal claim to taxable property arises generally is specified in the enabling legislation. Many governments refer to this date as the “lien date,” even though a lien is not formally placed on the property at that date. Some governments, however, use a different term, such as the “assessment date.” (For some governments, the enforceable legal claim does not arise until the period after the period for which the taxes are levied. Those governments should recognize property taxes receivable in the same period that revenues are recognized in accordance with paragraph 18.)
- 18. Governments should recognize *revenues* from property taxes, net of estimated refunds and estimated uncollectible amounts, *in the period for which the taxes are levied*, even if the enforceable legal claim arises or the due date for payment occurs in a different period. All other imposed nonexchange revenues should be recognized in the same period that the assets are recognized unless the enabling legislation includes time requirements. If so, revenues should be recognized in the period when the resources are required to be used or when use is first permitted. (Resources received or recognized as receivable before that period should be reported as deferred revenues.)

Additionally Governmental Accounting Standards Board Statement 33 Paragraph 30b states *Imposed non-exchange revenues—property taxes* - Recipients should recognize revenues in accordance with NCGA Interpretation 3, as amended.

National Council on Government Accounting Interpretation 3 paragraphs 6 through 8 state:

- 6. Property tax revenue should be recognized in the fiscal year for which taxes have been levied, provided the “available” criteria of paragraph 8 are met. When a property tax assessment is made, it is to finance the budget of a particular period, and the revenue produced from any property tax assessment should be recognized in the period for which it was levied.
- 7. When property taxes receivable are recognized, or when property taxes are collected in advance of the year for which they are levied, they should be recorded as deferred revenue and recognized as revenue in the year for which they are levied.
- 8. Property tax revenues are recognized when they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. If, because of unusual circumstances, the facts justify a period greater than 60 days, the governmental unit should disclose the period being used and the facts that justify it.

The School District failed to utilize the correct certificate of estimated resources as approved by the County Budget Commission, additionally the School District incorrectly included the public utility reimbursement as part of the calculation to remove the homestead and rollback payments included in the estimated taxes approved on the certificate of estimated resources. This resulted in the following errors:

**FINDING NUMBER 2010-001**  
**(Continued)**

- Governmental Activities property tax receivable and deferred revenue were overstated by \$1,174,755, this represented .74% and .87% of total assets and liabilities, respectively;
- General Fund property tax receivable and deferred revenue were overstated by \$931,047, this represented 3.3% and 2.9% of total assets, and liabilities, respectively;
- Permanent Improvement Fund property tax receivable and deferred revenue were overstated by \$243,728, this represented 2.3% and 8.4% of total assets, and liabilities, respectively.

The accompanying financial statements have been adjusted to correct the overstatement noted in the Permanent Improvement Fund. All other variances noted above did not require adjustment of the financial statements

The School District should implement controls over the conversion process to verify that all accruals are calculated according to the Governmental Accounting Standards Board statements.

**Official's Response:**

See Page 61 for Corrective Action Plan.

**FINDING NUMBER 2010-002**

**NONCOMPLIANCE**

**Ohio Rev. Code Section 5705.412(B)** states, in part, no school district shall adopt any appropriation measure, make any qualifying contract, or increase during any school year any wage or salary schedule unless there is attached thereto a certificate, signed by the treasurer and president of the board of education and the superintendent of the school district that the school district has in effect the authorization to levy taxes including the renewal or replacement of existing levies which, when combined with the estimated revenue from all other sources available to the district at the time of certification, are sufficient to provide the operating revenues necessary to enable the district to maintain all personnel and programs for all the days set forth in its adopted school calendars for the current fiscal year and for a number of days in succeeding fiscal years equal to the number of days instruction was held or is scheduled for the current fiscal year. For a school district in fiscal emergency under Ohio Rev. Code chapter 3316, the certificate shall be signed by a member of the school district's financial planning and supervision commission

Term of certificate:

- Pursuant to Ohio Revised Code 5705.412(A) The certificate attached to an appropriation measure covers only the fiscal year in which the appropriation measure is effective.
- Pursuant to Ohio Revised Code 5705.412(H) The certification must be attached to all appropriation measures *except* for temporary measures when the temporary measure (1) does not appropriate more than twenty five percent of the total resources available last year for any fund, (2) the measure will not be in effect for more than thirty days after the earliest date the school district could pass an annual appropriation measure, (3) and an amended certificate of available revenues has not been certified to the school district under Ohio Rev. Code §5705.36.

Section 5705.412 certificates *should* be executed for:

- appropriation measures (except certain temporary measures; see above)

Pursuant to Ohio Revised Code 5705.412(C) Obligations that have not been certified as required are considered void. No payments may be made on void obligations.

**FINDING NUMBER 2010-002  
 (Continued)**

Pursuant to Ohio Revised Code 5705.412(G)Penalties: Anyone who knowingly does any of the following, is liable for the full amount paid on the obligation, up to \$10,000:

- o expends or authorizes the expenditure of any public funds or authorizes contrary to §5705.412, or;
- o executes any contract or schedule contrary to ORC Section 5705.412,
- o expends or authorizes the expenditure of any public funds on the void contract or schedule,
- o or issues a certificate under this section which contains any false statements

During 2010, the School District failed to properly certify all of the appropriations that were approved during 2010. The School District should implement procedures to verify that all appropriation resolutions have "412" certificates that are properly executed and signed by the Treasurer, Superintendent, and Board President.

**Official's Response:**

See Page 61 for Corrective Action Plan.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	2010-003
<b>CFDA Title and Number</b>	Title I, Part A Cluster: Title I Grants to Local Educational Agencies: CFDA #84.010 ARRA-Title I Grants to Local Educational Agencies, Recovery Act: CFDA #84.389  Special Education Cluster: Special Education_Grants to States: CFDA #84.027 ARRA-Special Education Grants to States, Recovery Act: CFDA#84.391 Special Education_Preschool Grants: CFDA #84.173 ARRA-Special Education-Preschool Grants, Recovery Act: CFDA#84.392  ARRA-State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act: CFDA#84.394
<b>Federal Award Number / Year</b>	2010
<b>Federal Agency</b>	United States Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**NONCOMPLIANCE**

**34 CFR 80.20 (b)(7)** requires that when advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements.

**FINDING NUMBER 2010-003  
 (Continued)**

In addition, **34 CFR 80.21 (h)(2)(i)** requires except for interest earned on advances of funds exempt under the Intergovernmental Cooperation Act ( et seq.) and the Indian Self-Determination Act ( 450), grantees and sub-grantees shall promptly, but at least quarterly, remit interest earned on advances to the Federal agency. The grantee or sub-grantee may keep interest amounts up to \$100 per year for administrative expenses.

During 2010, the District failed to properly expend requested funds within the required time frame for the following grants; All advances for FY 2010 ARRA-State Fiscal Stabilization (SFSF) – Education State Grant program funds; seven of the nine advances for Title I, Part A Cluster program funds; and five of 19 Special Education Cluster program fund requests were not expended within the required period of time which was for the month the funds were requested.

This could result in noncompliance with Federal grant agreements, an excess accumulation of funds in which interest could be earned and potentially exceed \$100, and loss of grant revenue from the federal grantor. The School District should implement procedures to verify that all requests of federal monies are properly expended within the required timeframe as outlined in the grant agreement

**Official’s Response:**

See page 61 for Corrective Action Plan.

<b>Finding Number</b>	2010-004
<b>CFDA Title and Number</b>	ARRA-Special Education Grants to States, Recovery Act: CFDA#84.391
<b>Federal Award Number / Year</b>	2010
<b>Federal Agency</b>	United States Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**NONCOMPLIANCE**

**American Recovery and Reinvestment Act of 2009 (ARRA), Section 1512 (b) & (c)** require any entity that receives certain Recovery funds directly from the Federal government (including recovery funds received through grant, loan or contract other than an individual) to submit a report to the Federal Agency not later than 10 days after the end of each calendar quarter in which the Federal Recovery funds were received. **Section 1512 (c) (4)** requires detailed information on any subcontracts or sub-grants awarded by the recipient to include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282), allowing aggregate reporting on awards below \$25,000 or to individuals. Further, **Office of Management and Budget Memo M-09-21 dated June 22, 2009** states that prime recipients may choose to delegate certain reporting requirements to sub-recipients. This Memo requires the reporting of three additional data elements associated with any vendors receiving funds from the prime recipient for any payments greater than \$25,000. These elements include: the identity of the vendor by reporting D-U-N-S number; the amount of payment; and a description of what was obtained in exchange for payment. Additionally, the **Ohio Department of Education’s American Recovery and Reinvestment Act Reporting Guidance** states the Ohio Department of Education (ODE), as a prime recipient of ARRA funding, is required to report quarterly to the federal government data on ARRA programs. ODE distributes ARRA funds to local education agencies (LEAs) as sub recipients and must collect quarterly data from LEAs to meet the reporting requirements associated with ARRA funding.

**FINDING 2010-004  
 (Continued)**

Among the items to be reported:

- LEAs are required to report the number of jobs created or retained with ARRA or EdJobs funds during the reporting quarter in full time equivalencies (FTE). A job is considered to be created or retained if the position is funded in total or part with an ARRA grant or EdJobs funding. In addition to the FTE for positions funded by the LEA with an ARRA grant or EdJobs funding, each LEA must calculate or obtain from their vendors an estimate of the FTE for positions retained or created with ARRA funds when the vendor provides personnel services to the LEA.
- The vendor name and zip code are required for each vendor that received a single payment, from a single ARRA grant, in excess of \$25,000. If the vendor received multiple payments less than \$25,000, even when the total of the payments exceeds \$25,000, the vendor information should *not* be reported.

During 2010, the School District paid \$31,258 to the Warren County Educational Service Center for Special Education Services with Special Education Grants to States ARRA monies (CFDA 84.391). This purchase was not reported to ODE on the 1512 ARRA Subrecipient Vendor report. Additionally, the School District failed to accurately report the number of FTE's related to the Special Education Grants to States ARRA funds (CFDA 84.391) as the School District reported 1.5 FTE's however the accounting records indicated 8 FTE's were paid for with ARRA program funds.

The School District should implement procedures over the reporting process to verify that all vendors receiving single payments of \$25,000 from ARRA funds and all ARRA related FTE's are reported to ODE in the required format and in a timely manner. Noncompliance with 1512 reporting requirements could result in temporary suspension or permanent loss of Federal Recovery Funding.

**Official's Response:**

See page 61 for Corrective Action Plan.

<b>Finding Number</b>	2010-005
<b>CFDA Title and Number</b>	ARRA-State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act: CFDA#84.394
<b>Federal Award Number / Year</b>	2010
<b>Federal Agency</b>	United States Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**NONCOMPLIANCE**

**34 Code of Federal Regulations (CFR) Section 80.41 states** (1) Except as provided in paragraphs (a) (2) and (5) of this section, grantees will use only the forms specified in paragraphs (a) through (e) of this section, and such supplementary or other forms as may from time to time be authorized by OMB, for:

- (i) Submitting financial reports to Federal agencies, or
- (ii) Requesting advances or reimbursements when letters of credit are not used.

**34 CFR Section 76.722** state may require a sub-grantee to submit reports in a manner and format that assists the State in complying with the requirements under 34 CFR 76.720 and in carrying out other responsibilities under the program.

**FINDING NUMBER 2010-005  
(Continued)**

**Ohio Rev. Code Section 5705.391** states School Boards must submit five year projections of operational revenues and expenditures. Ohio Admin. Code § 3301-92-04 provides guidance on the preparation of these projections and requires that the plan be approved by resolution and submitted to the Department of Education upon the adoption of an annual appropriation measure, but no later than October 31 of any fiscal year.

Additionally, Ohio Admin. Code § 3301-92-04(E) states that a Board of Education notified under division (A) of section 5705.391 of the Ohio Rev. Code shall submit a school district approved written plan in a timely manner as required to the Department of Education to eliminate any current deficits and avoid the projected future deficits. Further, Ohio Admin. Code § 3301-92-04 (F) provides that a Board of Education must update its five year projection between April 1 and May 31 of each fiscal year and submit it to the Department of Education.

Further, **Ohio Department of Education “Stabilizations Fund General FAQ’s” question 12** states:

**Q12) Will these funds be reported on the five year forecast?**

**A)** Yes, the funds will be reported on line 1.045 – Restricted Grants-in- Aid SFSF and 9.045 – Reservation of Fund Balance SFSF. In addition, districts will be required to provide disclosure items 21.010 through 21.060 detailing the object level expenditures.

The School District failed to properly include lines 9.045 and 21.010 – 21.060 related to the State Fiscal Stabilization Fund (SFSF) grant as required by the Ohio Department of Education. The School District should implement procedures to verify that all required information is included on the five year forecast.

**Official’s Response:**

See page 61 for Corrective Action Plan.

MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2009-001	Financial Statement Adjustments	No	Partially Corrected, Repeated as Finding 2010-001

**MIAMISBURG CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
JUNE 30, 2010**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2010-001	The District is utilizing a different company to help in the preparation of the financial statements for FY 2011 and as such anticipates all accruals will be prepared in accordance with the Governmental Accounting Standards Board.	6/30/11	Tammy Emrick, Treasurer
2010-002	The District is in the process of changing the procedures for the signing of the 412 certificates, which will include them being signed on a monthly basis as appropriation changes are made.	6/30/11	Tammy Emrick, Treasurer
2010-003	For FY 2011 monthly cash advances are being processed. At the beginning of every month a FINSUM is ran to determine how much cash will be needed for that month and a cash advance is processed based on salary and benefit amounts.	6/30/11	Tammy Emrick, Treasurer
2010-004	For FY 2011 a spreadsheet of all certified employees has been maintained. This spreadsheet includes the grant or fund the employee is being paid from. Each quarter, this spreadsheet is consulted as well as examining the accounting system for payments over \$25,000.	6/30/11	Tammy Emrick, Treasurer
2010-005	Beginning FY 2011, the Baird model for five year forecasting is being used, which includes lines 9.045 and 21.010 on the submission document.	6/30/11	Tammy Emrick, Treasurer

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# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedures

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Miamisburg City School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on March 18, 2010.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
  - (6) A procedure for documenting any prohibited incident that is reported;

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- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.



**Dave Yost**  
Auditor of State

April 4, 2011



# Dave Yost • 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  
MAY 17, 2011**