

LITTLE MIAMI LOCAL SCHOOL DISTRICT



Basic Financial Statements

June 30, 2013



Dave Yost • Auditor of State

Board of Education
Little Miami Local School District
7247 Zoar Road
Maineville, Ohio 45039

We have reviewed the *Independent Auditors' Report* of the Little Miami Local School District, Warren County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Little Miami Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

March 20, 2014

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Little Miami Local School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Little Miami Local School District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the District, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–12 and pages 45 –47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting 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 assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
January 29, 2014

**Little Miami Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)**

The discussion and analysis of Little Miami Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- Net position of governmental activities increased \$10,697,278 from 2012.
- General revenues accounted for \$47,829,839 in revenue or 92.3% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,018,139 or 7.7% of total revenues of \$51,847,978.
- The District had \$41,150,700 in expenses related to governmental activities; \$4,018,139 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$47,829,839 were also used to provide for these programs.

Overview of the 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 the 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 Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the 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 District's most significant funds with all other nonmajor funds presented in total in one column. The General and the Debt Service funds, are the major funds of the District.

**Little Miami Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)**

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The Government-wide Financial Statements 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 basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, overall financial position of the District is presented in the following manner:

- Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services and extracurricular activities and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major funds is presented in the Fund Financial Statements (see Table of Contents). Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

Governmental Funds Most of the 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 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 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 Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

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

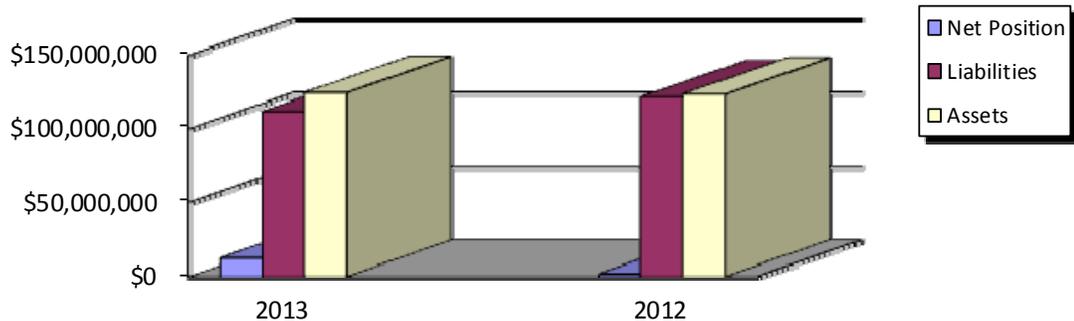
**Little Miami Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)**

The District as a Whole

As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2013 compared to 2012:

**Table 1
Net Position**

	Governmental Activities	
	2013	2012
Assets:		
Current and Other Assets	\$54,670,745	\$52,112,400
Capital Assets	<u>69,815,887</u>	<u>71,330,389</u>
Total Assets	<u>124,486,632</u>	<u>123,442,789</u>
Liabilities:		
Other Liabilities	38,091,377	45,347,660
Long-Term Liabilities	<u>73,790,385</u>	<u>76,187,537</u>
Total Liabilities	<u>111,881,762</u>	<u>121,535,197</u>
Net Position:		
Net Investment in Capital Assets	3,732,261	1,832,366
Restricted	4,446,871	4,905,858
Unrestricted	<u>4,425,738</u>	<u>(4,830,632)</u>
Total Net Position	<u>\$12,604,870</u>	<u>\$1,907,592</u>



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's assets exceeded liabilities by \$12,604,870.

**Little Miami Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)**

At year-end, capital assets represented 56% of total assets. Capital assets include land, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2013, totaled \$3,732,261. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$4,446,871 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current assets increased due to an increase in TIF receivable and an increase in equity in pooled cash and investments, which was mainly due to an increase in the District's investments in fiscal year 2013 as compared to fiscal year 2012. Capital assets decreased due to depreciation expense being larger than current year additions. Other liabilities decreased due to the note payable decreasing which was due to the District starting to pay back the State solvency assistance advances. Long term liabilities decreased mainly due to the District making regularly scheduled principal and interest payments.

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**Little Miami Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)**

Table 2 shows the changes in net position for fiscal years 2013 and 2012.

**Table 2
Changes in Net Position**

	Governmental Activities	
	2013	2012
Revenues:		
Program Revenues		
Charges for Services	\$2,053,023	\$2,157,760
Operating Grants, Contributions	1,965,116	1,736,497
General Revenues:		
Property Taxes	32,806,804	25,682,403
Grants and Entitlements	13,917,053	13,015,177
Other	1,105,982	321,521
Total Revenues	51,847,978	42,913,358
Program Expenses:		
Instruction	23,072,476	21,999,198
Support Services:		
Pupil and Instructional Staff	2,096,372	1,787,682
School Administrative, General		
Administration, Fiscal and Business	2,863,586	2,685,112
Operations and Maintenance	3,350,676	2,995,061
Pupil Transportation	3,705,066	3,103,316
Central	732,610	593,530
Operation of Non-Instructional Services	1,417,378	1,327,885
Extracurricular Activities	552,224	447,706
Interest and Fiscal Charges	3,360,312	3,587,979
Total Program Expenses	41,150,700	38,527,469
Change in Net Position	10,697,278	4,385,889
Net Position - Beginning of Year	1,907,592	(2,478,297)
Net Position - End of Year	\$12,604,870	\$1,907,592

The District revenues came from mainly two sources. Property taxes levied for general, debt service and capital projects purposes, as well as grants and entitlements comprised 90% of the District's revenues for governmental activities.

**Little Miami Local School District
 Management’s Discussion and Analysis
 For the Fiscal Year Ended June 30, 2013
 (Unaudited)**

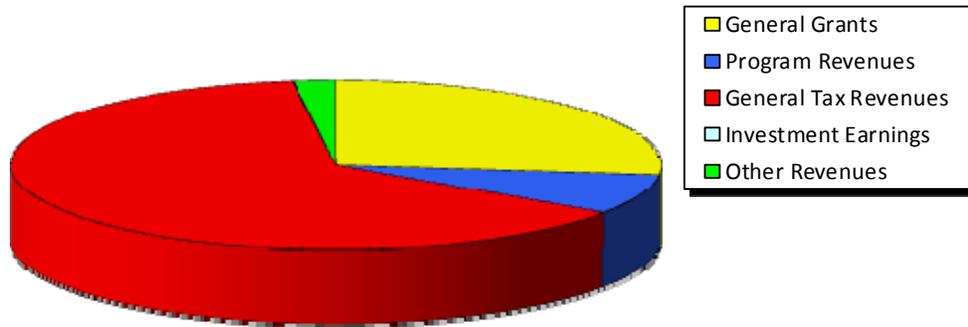
The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

Property taxes made up 63% of governmental activities for the District in fiscal year 2013. The District’s reliance upon tax revenues is demonstrated in the following graph:

**Governmental Activities
 Revenue Sources**

<u>Revenue Sources</u>	<u>2013</u>	<u>Percent of Total</u>
General Grants	\$13,917,053	26.84%
Program Revenues	4,018,139	7.75%
General Tax Revenues	32,806,804	63.27%
Investment Earnings	25,943	0.05%
Other Revenues	1,080,039	2.08%
Total Revenues	<u>\$51,847,978</u>	<u>100.00%</u>



Instruction comprises 56.07% of governmental program expenses. Support services expenses were 30.98% of governmental program expenses. All other expenses including interest expense were 12.95%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Property tax revenues increased from the prior year mainly due to an increase in property tax advances available. Total Expenses increased due to inflationary factors in 2013 as compared to 2012.

**Little Miami Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)**

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
Instruction	\$23,072,476	\$21,999,198	(\$21,297,680)	(\$20,418,687)
Support Services:				
Pupil and Instructional Staff	2,096,372	1,787,682	(1,948,876)	(1,540,688)
School Administrative, General Administration, Fiscal and Business	2,863,586	2,685,112	(2,863,586)	(2,685,112)
Operations and Maintenance	3,350,676	2,995,061	(3,226,353)	(2,823,918)
Pupil Transportation	3,705,066	3,103,316	(3,600,212)	(2,982,932)
Central	732,610	593,530	(732,610)	(593,530)
Operation of Non-Instructional Services	1,417,378	1,327,885	4,250	(19,554)
Extracurricular Activities	552,224	447,706	(107,182)	19,188
Interest and Fiscal Charges	3,360,312	3,587,979	(3,360,312)	(3,587,979)
Total Expenses	\$41,150,700	\$38,527,469	(\$37,132,561)	(\$34,633,212)

The District's Funds

The District has two major governmental funds: the General Fund and the Debt Service Fund. Assets of these funds comprised \$48,896,176 (90%) of the total \$54,512,786 governmental fund assets.

General Fund: Fund balance at June 30, 2013 was \$9,794,982. Fund balance increased \$10,285,785 from the prior year. The primary reason for the increase in fund balance was increased property tax revenues.

Debt Service Fund: Fund balance at June 30, 2013 was \$2,611,267. Fund balance increased \$210,485 from 2012. The primary reason for the increase in fund balance was an increase in property tax revenues.

General Fund Budgeting Highlights

The 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 fiscal year 2013, the District amended its general fund budget, however none were significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

**Little Miami Local School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)**

For the General Fund, final budget basis estimated revenue was \$39,368,685, compared to original budget estimates of \$37,850,269. Of the \$1,518,416 difference, most was due to a conservative estimate for taxes and intergovernmental revenue.

The District’s ending unobligated actual fund balance for the General Fund was \$10,955,989.

Capital Assets and Debt Administration

Capital Assets

At fiscal year end, the District had \$69,815,887 invested in land, buildings and improvements, and equipment. Table 4 shows fiscal year 2013 balances compared to fiscal year 2012:

**Table 4
Capital Assets at Year End
(Net of Depreciation)**

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Land	\$2,538,132	\$2,538,132
Buildings and Improvements	63,271,245	64,329,321
Equipment	<u>4,006,510</u>	<u>4,462,936</u>
Total Net Capital Assets	<u><u>\$69,815,887</u></u>	<u><u>\$71,330,389</u></u>

The District continues its ongoing commitment to maintaining and improving its capital assets.

See Note 6 to the basic financial statements for further details on the District’s capital assets.

Debt

At fiscal year end, the District had \$72,112,955 in bonds and capital leases payable, \$3,670,747 due within one year. Table 5 summarizes bonds and capital leases outstanding at year end.

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**Little Miami Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)**

**Table 5
Outstanding Debt at Year End**

	Governmental Activities	
	2013	2012
Governmental Activities:		
2005 Refunded Bonds:		
Current Interest Bonds	\$2,380,000	\$4,315,000
Capital Appreciation Bonds	2,724,968	2,724,968
Accreted Interest	1,774,489	1,499,169
Premium on Bonds	239,480	319,307
2006 School Improvement:		
Capital Appreciation Bonds	6,293,913	6,624,938
Accreted Interest	2,399,809	2,090,615
2007 Refunding:		
Current Interest Bonds	41,875,001	42,375,001
Capital Appreciation Bonds	2,164,948	2,164,948
Accreted Interest	1,855,051	1,475,255
Premium on Bonds	2,649,936	2,773,186
Deferred Amount	(1,468,044)	(1,536,325)
HB264 Bond	2,465,000	2,915,000
2011 General Obligation Bonds	5,895,000	5,920,000
Total General Obligation Bonds	71,249,551	73,661,062
Capital Leases Payable:		
2008 OASBO Field Turf Lease	482,000	568,000
2009 Welsh Road Lease	255,000	334,000
2013 OASBO School Busses Lease	126,404	0
Total Bonds, Notes, and Capital Leases	\$72,112,955	\$74,563,062

See Note 8 and 9 to the basic financial statements for further details on the District's long-term obligations.

For the Future

In June 2013, HB59 was signed by the Governor of Ohio. The state biennium budget bill covers fiscal years 2014 and 2015. Under the new formula, the State Department of Education will compute and pay to each school district education aid based on the per pupil funding it received for Fiscal Year 2009 (calculated to be \$5,745 in Fiscal Year 2014 and \$5,800 in Fiscal Year 2015) multiplied by each school district's "state share index" which uses a three year average of adjusted property valuation per pupil and median income of that school district to calculate the percentage of the per-pupil amount that is to be paid by the State and the amount assumed to be contributed by the school district through local sources. Additional funds are provided for students with exceptional needs, including those with special needs and the disabled, and limited English proficiency, and for economically disadvantaged and gifted students. Funding is also provided based on the number of K-3 students at each school district to be used to help school districts comply with Ohio's 3rd grade reading guarantee.

On November 8, 2011 the District passed a five year 13.95 mill emergency operating levy. This levy will generate annually \$10,638,795 for general operations of the District. All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

**Little Miami Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)**

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Terry Gonda, Treasurer at Little Miami Local School District, 7247 Zoar Rd, Maineville Ohio 45039.

Little Miami Local School District
Statement of Net Position
June 30, 2013

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$17,497,833
Restricted Cash and Investments	18,000
Equity in Pooled Cash and Investments with Fiscal Agent	50,710
Receivables:	
Taxes	35,761,400
Accounts	59,737
Intergovernmental	907,698
Deferred Bond Issuance Costs	375,367
Nondepreciable Capital Assets	2,538,132
Depreciable Capital Assets, Net	<u>67,277,755</u>
 Total Assets	 <u>124,486,632</u>
Liabilities:	
Accounts Payable	215,127
Accrued Wages and Benefits	2,755,003
Accrued Interest Payable	126,004
Unearned Revenue	32,018,616
Contracts Payable	627
Notes Payable	2,976,000
Long-Term Liabilities:	
Due Within One Year	3,770,474
Due In More Than One Year	<u>70,019,911</u>
 Total Liabilities	 <u>111,881,762</u>
Net Position:	
Net Investment in Capital Assets	3,732,261
Restricted for:	
Other Purposes	75,966
Debt Service	2,597,151
Capital Projects	1,052,092
Food Service	574,025
District Managed Student Activities	105,860
Federal Grants	18,448
Smith Trust Nonexpendable	18,000
Smith Trust Expendable	5,329
Unrestricted	<u>4,425,738</u>
 Total Net Position	 <u><u>\$12,604,870</u></u>

See accompanying notes to the basic financial statements.

Little Miami Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2013

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$15,504,439	\$473,055	\$95,081	(\$14,936,303)
Special	4,978,749	52,143	1,084,558	(3,842,048)
Vocational	0	0	1,475	1,475
Other	2,589,288	68,484	0	(2,520,804)
Support Services:				
Pupil	1,305,453	0	0	(1,305,453)
Instructional Staff	790,919	0	147,496	(643,423)
General Administration	34,792	0	0	(34,792)
School Administration	1,932,683	0	0	(1,932,683)
Fiscal	690,694	0	0	(690,694)
Business	205,417	0	0	(205,417)
Operations and Maintenance	3,350,676	110,294	14,029	(3,226,353)
Pupil Transportation	3,705,066	0	104,854	(3,600,212)
Central	732,610	0	0	(732,610)
Operation of Non-Instructional Services	1,417,378	904,005	517,623	4,250
Extracurricular Activities	552,224	445,042	0	(107,182)
Interest and Fiscal Charges	3,360,312	0	0	(3,360,312)
Total Governmental Activities	\$41,150,700	\$2,053,023	\$1,965,116	(37,132,561)

General Revenues:	
Property Taxes Levied for:	
General Purposes	25,872,882
Debt Service Purposes	4,869,227
Capital Projects Purposes	2,064,695
Grants and Entitlements not Restricted to Specific Programs	13,917,053
Revenue in Lieu of Taxes	922,003
Unrestricted Contributions	14,844
Investment Earnings	25,943
Other Revenues	143,192
Total General Revenues	47,829,839
Change in Net Position	10,697,278
Net Position - Beginning of Year	1,907,592
Net Position - End of Year	\$12,604,870

See accompanying notes to the basic financial statements.

Little Miami Local School District
Balance Sheet
Governmental Funds
June 30, 2013

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$12,390,732	\$2,041,307	\$3,065,794	\$17,497,833
Restricted Cash and Investments	0	0	18,000	18,000
Equity in Pooled Cash and Investments with Fiscal Agent	0	0	50,710	50,710
Receivables:				
Taxes	27,985,510	5,570,940	2,204,950	35,761,400
Accounts	56,743	0	2,994	59,737
Intergovernmental	633,536	0	274,162	907,698
Interfund	217,408	0	0	217,408
Total Assets	41,283,929	7,612,247	5,616,610	54,512,786
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	199,221	0	15,906	215,127
Accrued Wages and Benefits	2,577,885	0	177,118	2,755,003
Compensated Absences	51,185	0	0	51,185
Interfund Payable	0	0	217,408	217,408
Deferred Revenue	25,684,656	5,000,980	2,021,335	32,706,971
Contracts Payable	0	0	627	627
Notes Payable	2,976,000	0	0	2,976,000
Total Liabilities	31,488,947	5,000,980	2,432,394	38,922,321
Fund Balances:				
Nonspendable	0	0	18,000	18,000
Restricted	0	2,611,267	1,859,524	4,470,791
Committed	0	0	1,363,819	1,363,819
Assigned	1,245,742	0	0	1,245,742
Unassigned	8,549,240	0	(57,127)	8,492,113
Total Fund Balances	9,794,982	2,611,267	3,184,216	15,590,465
Total Liabilities and Fund Balances	\$41,283,929	\$7,612,247	\$5,616,610	\$54,512,786

See accompanying notes to the basic financial statements.

Little Miami Local School District
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2013

Total Governmental Fund Balance \$15,590,465

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

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds. 69,815,887

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

Delinquent Property Taxes	\$646,400	
Intergovernmental	<u>41,955</u>	
		688,355

In the statement of net position interest payable is accrued when
 incurred, whereas in the governmental funds interest is
 reported as a liability only when it will require the use of
 current financial resources. (126,004)

Some liabilities reported in the statement of net position do not
 require the use of current financial resources and therefore
 are not reported as liabilities in governmental funds.

Compensated Absences		(1,626,245)
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Deferred bond issuance cost associated with long-term liabilities
 are not reported in the funds. 375,367

Long-term liabilities, are not due and payable in the current
 period and therefore are not reported in the funds. (72,112,955)

Net Position of Governmental Activities \$12,604,870

See accompanying notes to the basic financial statements.

Little Miami Local School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$25,865,735	\$4,849,552	\$2,063,753	\$32,779,040
Revenue in Lieu of Taxes	922,003	0	0	922,003
Tuition and Fees	600,891	0	0	600,891
Investment Earnings	25,624	0	319	25,943
Intergovernmental	13,356,878	705,848	2,004,900	16,067,626
Extracurricular Activities	314,058	0	123,485	437,543
Charges for Services	5,240	0	1,009,059	1,014,299
Other Revenues	79,639	0	78,688	158,327
Total Revenues	41,170,068	5,555,400	5,280,204	52,005,672
Expenditures:				
Current:				
Instruction:				
Regular	13,280,064	0	456,749	13,736,813
Special	4,171,220	0	743,209	4,914,429
Other	2,589,288	0	0	2,589,288
Support Services:				
Pupil	1,310,410	0	566	1,310,976
Instructional Staff	528,538	0	231,733	760,271
General Administration	34,792	0	0	34,792
School Administration	1,866,749	7,035	3,781	1,877,565
Fiscal	626,351	43,152	21,486	690,989
Business	203,335	0	0	203,335
Operations and Maintenance	2,342,197	0	959,898	3,302,095
Pupil Transportation	3,012,226	0	360,298	3,372,524
Central	516,800	0	200,375	717,175
Operation of Non-Instructional Services	0	0	1,404,309	1,404,309
Extracurricular Activities	402,313	0	104,183	506,496
Capital Outlay	0	0	697,468	697,468
Debt Service:				
Principal Retirement	0	2,791,025	648,182	3,439,207
Interest and Fiscal Charges	0	2,503,703	141,385	2,645,088
Total Expenditures	30,884,283	5,344,915	5,973,622	42,202,820
Excess of Revenues Over (Under) Expenditures	10,285,785	210,485	(693,418)	9,802,852
Other Financing Sources (Uses):				
Issuance of Capital Leases	0	0	159,586	159,586
Total Other Financing Sources (Uses)	0	0	159,586	159,586
Net Change in Fund Balance	10,285,785	210,485	(533,832)	9,962,438
Fund Balance - Beginning of Year	(490,803)	2,400,782	3,718,048	5,628,027
Fund Balance - End of Year	\$9,794,982	\$2,611,267	\$3,184,216	\$15,590,465

See accompanying notes to the basic financial statements.

Little Miami Local School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2013

Net Change in Fund Balance - Total Governmental Funds \$9,962,438

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

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	\$586,480	
Depreciation Expense	<u>(2,100,982)</u>	
		(1,514,502)

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

Delinquent Property Taxes	\$27,764	
Intergovernmental	<u>(185,458)</u>	
Delinquent Property Taxes		(157,694)

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

3,439,207

Interest expense in the statement of activities differs from the amount reported in governmental funds for two reasons. Additional accrued interest was calculated for bonds and notes payable, and the difference arising from the advance refunding due to premium and bond issuance costs.

Accrued Interest		145,840
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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.

Compensated Absences	(\$157,361)	
Amortization of Bond Issuance Cost	(31,550)	
Amortization of Bond Premium	203,077	
Amortization of Deferred Charge on Refunding	(68,281)	
Bond Accretion	<u>(964,310)</u>	
		(1,018,425)

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position.

(159,586)

Change in Net Position of Governmental Activities

\$10,697,278

See accompanying notes to the basic financial statements.

Little Miami Local School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2013

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$70,157</u>
Total Assets	<u>70,157</u>
Liabilities:	
Accounts Payable	5,448
Other Liabilities	<u>64,709</u>
Total Liabilities	<u>\$70,157</u>

See accompanying notes to the basic financial statements.

**Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013**

Note 1 - Description of the District

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

The District serves an area of approximately 98 square miles. It is located in Warren County, including all of the Villages of Morrow, Maineville, and Butlerville, Ohio, and portions of surrounding townships.

Reporting Entity

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, the financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

There are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable. The District's major operations include education, food service, and maintenance of District facilities.

The District is associated with three jointly governed organizations. These organizations include the Southwest Ohio Computer Association, Warren County Career Center and the Jewell Education Foundation.

Note 2 - Summary of Significant Accounting Policies

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

Measurement Focus

Government-wide Financial Statements

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

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net position. Fiduciary Funds are not included in the entity-wide statements.

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

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

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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fiduciary Funds are reported using the accrual basis of accounting.

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds

Governmental funds focus 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 District's major governmental funds:

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

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the District is obligated in some manner for the payment.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District maintains two fiduciary (agency) funds, known as the Student Managed Activity Fund and District Agency Fund. The Student Managed Activity Fund was established to account for assets and liabilities generated by student managed activities and the District Agency Fund was established to account for assets and liabilities generated by the district agency activities.

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 are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the actual 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.

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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

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

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, grants and interest.

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, 2013, but which were levied to finance fiscal year 2014 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.

Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

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

Equity in Pooled Cash and Investments

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2013.

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2013 amounted to \$25,624 in the General Fund and \$319 in Other Governmental Funds.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories are accounted for using the purchase method on the fund level statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance assignment in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars (\$5,000). The District does not possess any infrastructure. Improvements that add to the value of an asset or materially extend an asset's life 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.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	30 – 50
Equipment	5 – 20

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other government or imposed by enabling legislation. Restricted assets include the nonexpendable amount relating to the Smith Trust in the permanent fund.

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for 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 District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for all employees after fifteen years of current service with the District.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount due to the employee at year end. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. Compensated absences are reported in governmental funds only if they have matured.

The criteria for determining vested 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. The Treasurer earns 20 days of vacation per year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month for a total of 15 days of sick leave for each year under contract. Sick leave may be accumulated up to a maximum of 220 days for teachers and administrators, and 220 days for classified personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of 55 days for teachers and administrators. Classified personnel, upon retirement, are paid for one-fourth of accrued, but unused sick leave credit to a maximum of 55 days.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets 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 position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's restricted net position of \$4,446,871, none was restricted by enabling legislation.

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another 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.

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column on the Statement of Net Position.

As a general rule the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

Assigned – resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

Estimates

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

Note 3 - Equity in Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but not limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by federal depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2013, \$5,461,851 of the District's bank balance of \$5,742,296 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

Investments

As of June 30, 2013, the District had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Commercial Paper	\$50,710	0.00
STAR Ohio	<u>12,489,920</u>	0.16
	<u>\$12,540,630</u>	
Portfolio Weighted Average Maturity		0.16

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

Credit Risk – It is the District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments, which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The District’s investments in STAR Ohio were rated AAAM by Standard & Poor’s. Commercial Paper was not rated.

Concentration of Credit Risk – The District’s investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested more than 99% of the District’s investments in STAR Ohio and less than 1% in Commercial Paper.

Custodial Credit Risk – The risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District’s securities are either insured and registered in the name of the District or at least registered in the name of the District. The District’s policy does not address custodial credit risk for investments.

Note 4 - Property Taxes

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

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

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. The District receives property taxes from Warren County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2014 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2013. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2013 on the fund statements. The entire amount of delinquent taxes receivable is recognized as revenue on the government-wide financial statements. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2013, was \$2,934,390 for the General Fund, \$569,960 for the Debt Service Fund and \$225,570 for Other Governmental Funds.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$723,034,670
Public Utility	<u>21,012,620</u>
Total	<u><u>\$744,047,290</u></u>

Note 5 – Receivables

Receivables at June 30, 2013, consisted of taxes, accounts (rent and student fees), intergovernmental grants 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.

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

Note 6 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$2,538,132	\$0	\$0	\$2,538,132
Total Capital Assets, not being depreciated	2,538,132	0	0	2,538,132
Capital Assets, being depreciated:				
Buildings and Improvements	74,560,626	299,623	0	74,860,249
Equipment	10,566,808	286,857	0	10,853,665
Total Capital Assets, being depreciated:	85,127,434	586,480	0	85,713,914
Totals at Historical Cost	87,665,566	586,480	0	88,252,046
Less Accumulated Depreciation:				
Buildings and Improvements	10,231,305	1,357,699	0	11,589,004
Equipment	6,103,872	743,283	0	6,847,155
Total Accumulated Depreciation	16,335,177	2,100,982	0	18,436,159
Governmental Activities Capital Assets, Net	<u>\$71,330,389</u>	<u>(\$1,514,502)</u>	<u>\$0</u>	<u>\$69,815,887</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular		\$1,636,145
Special		48,634
Support Services:		
Pupil		380
Instructional Staff		1,394
School Administration		46,992
Fiscal		118
Business		2,082
Operations and Maintenance		44,138
Pupil Transportation		254,647
Central		15,971
Operation of Non-Instructional Services		9,416
Extracurricular Activities		41,065
Total Depreciation Expense		<u>\$2,100,982</u>

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

Note 7 - Short-Term Liabilities

	Rate	Beginning Balance	Issued	Retired	Ending Balance
State Solvency Assistance Advance	0.00%	8,487,500	0	(5,511,500)	2,976,000
Total Anticipation Notes and Advances		<u>\$8,487,500</u>	<u>\$0</u>	<u>(\$5,511,500)</u>	<u>\$2,976,000</u>

State solvency assistance advance will be paid from the general fund with school foundation revenue. A liability for the note is reflected in the general fund, which received the proceeds. The District will pay through fiscal year 2014 to retire the solvency assistance advance.

Note 8 - Long-Term Liabilities

	Rate	Beginning Balance	Issued	Retired	Ending Balance	Due in One Year
Governmental Activities:						
2005 Refunded Bonds:						
Current Interest Bonds	3.50%	\$4,315,000	\$0	(\$1,935,000)	\$2,380,000	\$2,380,000
Capital Appreciation Bonds						
Principal		2,724,968	0	0	2,724,968	0
Accreted Interest		1,499,169	275,320	0	1,774,489	0
Premium on Bonds		319,307	0	(79,827)	239,480	0
2006 School Improvement:						
Capital Appreciation Bonds						
Principal	5.14%	6,624,938	0	(331,025)	6,293,913	404,251
Accreted Interest		2,090,615	309,194	0	2,399,809	0
2007 Refunding:						
Current Interest Bonds	4.64%	42,375,001	0	(500,000)	41,875,001	225,000
Capital Appreciation Bonds						
Principal		2,164,948	0	0	2,164,948	0
Accreted Interest		1,475,255	379,796	0	1,855,051	0
Premium on Bonds		2,773,186	0	(123,250)	2,649,936	0
Deferred Amount		(1,536,325)	0	68,281	(1,468,044)	0
HB264 Bond	3.50%	2,915,000	0	(450,000)	2,465,000	460,000
2011 GO Bonds	6.88%	5,920,000	0	(25,000)	5,895,000	35,000
Total General Obligation Bonds & Notes		73,661,062	964,310	(3,375,821)	71,249,551	3,504,251
Capital Lease:						
2008 OASBO Field Turf Lease	4.06%	568,000	0	(86,000)	482,000	89,000
2009 Welsh Road Lease	3.99%	334,000	0	(79,000)	255,000	47,000
2013 OASBO Lease		0	159,586	(33,182)	126,404	30,496
Total Long Term Debt		74,563,062	1,123,896	(3,574,003)	72,112,955	3,670,747
Compensated Absences		1,624,475	254,734	(201,779)	1,677,430	99,727
Total Governmental Activities		<u>\$76,187,537</u>	<u>\$1,378,630</u>	<u>(\$3,775,782)</u>	<u>\$73,790,385</u>	<u>\$3,770,474</u>

Compensated absences will be paid from the General and Special Revenue Funds. Capital lease obligations will be paid from Capital Projects Funds.

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

2011 School Improvement Unlimited Tax General Obligation Bonds

On May 20, 2011, the District issued \$5,980,000 in school improvement general obligation bonds at an interest rate of 6.875% to retire the previously issued \$5,980,000 Bond Anticipation Note.

2007 Advanced Refunding of 2006 School Improvement Bonds

On February 27, 2007, the District issued \$50,826,447 in General Obligation bonds with an average interest rate of 4.64% of which \$47,199,949 was used to partially advance refund \$47,199,949 of outstanding 2006 School Improvement Bonds with an average interest rate of 5.14%. The net proceeds of \$50,247,945 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the 2006 School Improvement Bonds. As a result, \$47,199,949 of the 2006 School Improvement Bonds are considered to be defeased and the related liability for those bonds has been removed from the Statement of Net Position.

The District advance refunded a portion of the 2006 School Improvement Bonds to reduce its total debt service payments by \$3,652,951 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,468,056.

The District had \$3,451,078 premium on the issuance of these refunding bonds will be amortized over the remaining life of the debt which has a final maturity date of December 1, 2034. The debt will be retired from the debt service fund. The refunding bonds are not subject to optional redemption prior to maturity. Of the \$47,199,949 issued, \$45,035,001 represents serial bonds and \$2,164,948 is capital appreciation bonds. The serial bonds mature at varying amounts through December 1, 2034. The capital appreciation bonds will mature in fiscal years 2022, 2023, 2024, and 2025. The final maturity amount of the bonds is \$10,810,000.

2005 Refunded Bonds

In June 2005, the District advance refunded \$15,759,968 in school improvement bonds that were originally for the purpose of new construction, improvements, renovations, and additions to school facilities, including the construction of a new high school, and providing equipment, furnishings and site improvements. The \$818,096 premium on the issuance of these refunding bonds will be amortized over the remaining life of the debt which has a final maturity date of December 1, 2015. The debt will be retired from the debt service fund.

The refunding bonds are not subject to optional redemption prior to maturity. Of the \$15,759,968 issued, \$13,035,000 represents serial bonds and \$2,724,968 is capital appreciation bonds. The serial bonds mature at varying amounts through December 1, 2014.

The capital appreciation bonds will mature in fiscal years 2015 and 2016. The final maturity amount of the bonds is \$5,100,000.

2006 School Improvement Bonds

In February 2007, the District partially refunded the 2006 School Improvement bonds, of the remaining \$9,049,989. The debt will be retired from the debt service fund.

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

The bonds are not subject to optional redemption prior to maturity. Of the \$9,049,989 issued, \$2,425,051 represents serial bonds and \$6,624,938 is capital appreciation bonds. The serial bonds matured on December 1, 2011.

The capital appreciation bonds will mature in fiscal years 2013 through 2020. The final maturity amount of the bonds is \$11,245,000.

Principal and interest requirements for governmental activities to retire bonds and notes outstanding at June 30, 2013, are as follows:

Fiscal Year Ending June 30	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$3,100,000	\$2,453,756	\$5,553,756	\$386,470	\$158,530	\$545,000
2015	715,000	2,339,800	3,054,800	1,876,341	1,378,659	3,255,000
2016	1,795,000	2,311,100	4,106,100	1,945,082	1,564,918	3,510,000
2017	1,130,000	2,233,281	3,363,281	934,952	580,048	1,515,000
2018	1,185,000	2,177,719	3,362,719	960,396	669,604	1,630,000
2019-2023	2,650,000	7,001,013	9,651,013	4,081,022	6,638,248	10,719,270
2024-2028	10,975,000	6,066,857	17,041,857	999,566	4,525,434	5,525,000
2029-2033	23,110,000	5,348,068	28,458,068	0	0	0
2034-2035	7,955,001	504,263	8,459,264	0	0	0
Total	<u>\$52,615,001</u>	<u>\$30,435,857</u>	<u>\$83,050,858</u>	<u>\$11,183,829</u>	<u>\$15,515,441</u>	<u>\$26,699,270</u>

Note 9 – Leases

Capital Leases

The District has entered into capitalized leases for the acquisition of land, equipment, field turf and busses. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of fiscal year end.

Fiscal Year Ending June 30,	Long-Term Debt
2014	\$200,351
2015	200,661
2016	199,716
2017	199,564
2018	<u>165,654</u>
Total Minimum Lease Payments	965,946
Less: Amount Representing Interest	(99,142)
Less: Additional Program Cost Component	<u>(3,400)</u>
Present Value of Minimum Lease Payments	<u>\$863,404</u>

Capital assets acquired under capital leases in accordance with Statement of Financial Accounting Standards No. 13 are as follows:

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

Land	\$1,370,000
Building and Improvements	805,000
Equipment	909,586

Note 10 - Pension Plans

School Employees Retirement System of Ohio

Plan Description

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at www.ohsers.org under *Employers/Audit Resources*.

Funding Policy

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care fund) of the System. For fiscal year ending June 30, 2013, the allocation to pension and death benefits is 13.10%. The remaining 0.90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the years ended June 30, 2013, 2012, and 2011 were \$948,600, \$906,480, and \$870,096, respectively; 75% has been contributed for fiscal year 2013 and 100% for fiscal years 2012 and 2011.

State Teachers Retirement System of Ohio

Plan Description

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution, or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. Additional information or copies of STRS Ohio's *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio web site at www.strsoh.org.

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

Plan Options

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits

Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits

Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits

Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalizations, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Funding Policy

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2013, were 10% of covered payroll for members and 14% for employers. The District's contributions to STRS for the years ended June 30, 2013, 2012, and 2011 were \$1,874,820, \$1,873,752, and \$1,865,424, respectively; 83% has been contributed for fiscal year 2013 and 100% for 2012 and 2011.

Note 11- Post Employment Benefits

School Employees Retirement System of Ohio

Plan Description

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 depending on their income; SERS' reimbursement to retirees was \$45.50.

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation was 0.74%. District contributions for the years ended June 30, 2013, 2012 and 2011 were \$50,140, \$49,209, and \$47,234, respectively, which equaled the required contributions each year.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2013, the health care allocation was 0.16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2013, 2012, and 2011 were \$10,841, \$92,590, and \$88,874, respectively; 75% has been contributed for fiscal year 2013 and 100% for fiscal years 2012 and 2011.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained on SERS' website at www.ohsers.org under *Employers/Audit Resources*.

State Teachers Retirement System of Ohio

Plan Description

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan and a Combined Plan that is a hybrid of the Defined Benefit and the Defined Contribution Plan.

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

Ohio law authorized STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contributions rate, 1% of covered payroll was allocated to post-employment health care for the year ended June 30, 2013, 2012 and 2011. The 14% employer contribution rate is the maximum rate established under Ohio law. The District contributions for the years ended June 30, 2013, 2012, and 2011 were \$133,916, \$133,839, and \$133,245, 100% has been contributed for fiscal years 2013, 2012 and 2011.

Note 12 - Contingent Liabilities

Grants

The District receives financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement 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.

Litigation

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

Note 13 - Risk Management

The 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 2013, the District contracted with Governmental Underwriters of America (GUA) for property insurance. Professional liability was protected by Governmental Underwriters of America (GUA) with a \$3,000,000 aggregate limit under a commercial policy.

Little Miami Local School District
Notes to the Basic Financial Statements
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The District's vehicles are also covered by Governmental Underwriters of America (GUA) and hold a \$500 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. Vehicles are also covered under the commercial umbrella policy. The Travelers Casualty and Surety Company of America maintains both a \$50,000 public official bond for the Treasurer and a \$50,000 blanket bond for all employees with Ohio Casualty Group. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from the last year.

Note 14 – Required Set-Asides

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the year-end set-aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2012	\$0
Current Year Set Aside Requirements	632,355
Qualified Disbursements	(337,086)
Current Year Offsets	(295,269)
Set Aside Reserve Balance as of June 30, 2013	<u>\$0</u>

Offset credits for capital activity during the year exceeded the amount required for the set-aside, resulting in offset credits of \$72,742,663 available for carryover to offset capital reserve requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the capital acquisition set-aside.

Note 15 - Jointly Governed Organizations

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

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

The Warren County Career Center, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from the participating district's elected board, which possesses its own budgeting and taxing authority. Accordingly, the Warren County Vocational School is not part of the District and its operations are not included as part of the reporting entity. The District did not have any financial obligations to the Warren County Vocational School during fiscal year 2013. Financial information can be obtained from Karen Royer, Treasurer, Warren County Career Center, 3525 North State Route 48, Lebanon, Ohio 45036.

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

Note 16 - Accountability

The following funds had deficit fund balances at June 30, 2013:

Fund	Deficit
Title VI-B	\$24,575
Title I	23,958
Improving Teacher Quality	6,494
Race to the Top	2,100

The General Fund deficit is an operating deficit. The remaining deficits were created by the recognition of accrued liabilities.

Note 17 - Interfund Balances/Transfers

Interfund transactions at June 30, 2013, consisted of the following individual interfund receivable and interfund payable:

	Interfund	
	Receivable	Payable
General Fund	\$217,408	\$0
Other Governmental Funds	0	217,408
Total All Funds	<u>\$217,408</u>	<u>\$217,408</u>

Interfund balances/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization; to segregate and to return money to the fund from which it was originally provided once a project is completed. All interfund payables are expected to be repaid during the next fiscal year.

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

Note 18 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Debt Service	Other Governmental Funds	Total
Nonspendable:				
Smith Trust	\$0	\$0	\$18,000	\$18,000
Total Nonspendable	<u>0</u>	<u>0</u>	<u>18,000</u>	<u>18,000</u>
Restricted for:				
Other Grants	0	0	37,909	37,909
Districted Managed Activities	0	0	105,860	105,860
Management Information Systems	0	0	1	1
Entry Year Programs	0	0	465	465
Data Communication	0	0	30,145	30,145
Vocational Educational Education	0	0	2,697	2,697
Miscellaneous Federal Grants	0	0	1	1
IDEA Preschool Grant	0	0	450	450
Food Services	0	0	618,150	618,150
Special Trust	0	0	4,749	4,749
Smith Trust	0	0	5,329	5,329
Debt Service	0	2,611,267	0	2,611,267
Permanent Improvements	0	0	0	0
Buildings	0	0	1,053,768	1,053,768
Total Restricted	<u>0</u>	<u>2,611,267</u>	<u>1,859,524</u>	<u>4,470,791</u>
Committed to:				
Permanent Improvements	0	0	1,363,819	1,363,819
Total Committed	<u>0</u>	<u>0</u>	<u>1,363,819</u>	<u>1,363,819</u>
Assigned to:				
Public School Support	183,447	0	0	183,447
Encumbrances	1,062,295	0	0	1,062,295
Total Assigned	<u>1,245,742</u>	<u>0</u>	<u>0</u>	<u>1,245,742</u>
Unassigned (Deficit)	<u>8,549,240</u>	<u>0</u>	<u>(57,127)</u>	<u>8,492,113</u>
Total Fund Balance	<u>\$9,794,982</u>	<u>\$2,611,267</u>	<u>\$3,184,216</u>	<u>\$15,590,465</u>

Little Miami Local School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2013

Note 19 – Change in Accounting Principles

The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements and GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB Statement No. 62 incorporates Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants' (AICPA) accounting and financial reporting guidance issued on or before November 30, 1989 into GASB authoritative literature. GASB Statement No. 63 provides financial reporting guidance for deferred outflows and inflows of resources and net position.

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REQUIRED SUPPLEMENTARY INFORMATION

Little Miami Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2013

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$23,471,309	\$24,412,893	\$24,428,915	\$16,022
Revenue in lieu of taxes	885,861	921,398	922,003	605
Tuition and Fees	363,625	378,213	378,461	248
Investment Earnings	24,620	25,607	25,624	17
Intergovernmental	12,833,293	13,348,118	13,356,878	8,760
Extracurricular Activities	199,881	207,900	208,036	136
Charges for Services	5,035	5,237	5,240	3
Other Revenues	66,645	69,319	69,364	45
Total Revenues	37,850,269	39,368,685	39,394,521	25,836
Expenditures:				
Current:				
Instruction:				
Regular	13,981,683	13,312,468	13,233,323	79,145
Special	4,636,253	4,414,345	4,388,101	26,244
Other	2,735,715	2,604,774	2,589,288	15,486
Support Services:				
Pupil	1,438,383	1,369,537	1,361,395	8,142
Instructional Staff	501,577	477,569	474,730	2,839
General Administration	41,872	39,868	39,631	237
School Administration	2,064,536	1,965,720	1,954,033	11,687
Fiscal	697,430	664,049	660,101	3,948
Business	217,111	206,719	205,490	1,229
Operations and Maintenance	2,663,736	2,536,239	2,521,161	15,078
Pupil Transportation	3,347,317	3,187,102	3,168,154	18,948
Central	600,874	572,114	568,713	3,401
Extracurricular Activities	351,059	334,256	332,269	1,987
Capital Outlay	199,847	190,281	189,150	1,131
Debt Service:				
Principal Retirement	5,823,182	5,544,463	5,511,500	32,963
Total Expenditures	39,300,575	37,419,504	37,197,039	222,465
Net Change in Fund Balance	(1,450,306)	1,949,181	2,197,482	248,301
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	8,758,507	8,758,507	8,758,507	0
Fund Balance - End of Year	\$7,308,201	\$10,707,688	\$10,955,989	\$248,301

See accompanying notes to the required supplementary information.

Little Miami Local School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2013

Note 1 - Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount 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 the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2013.

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

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.
5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

Little Miami Local School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2013

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$10,285,785
Revenue Accruals	(1,775,547)
Expenditure Accruals	(5,106,608)
Encumbrances	(1,218,781)
Funds Budgeted Elsewhere	12,633
Budget Basis	<u><u>\$2,197,482</u></u>

LITTLE MIAMI LOCAL SCHOOL DISTRICT



Single Audit Reports

June 30, 2013

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**LITTLE MIAMI LOCAL SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education:				
State Administrative Expense Funds	3670	10.560	\$1,323	\$1,815
Nutrition Cluster:				
School Breakfast Program	3L70	10.553	89,593	89,593
National School Lunch Program	3L60	10.555	432,004	432,004
Total Nutrition Cluster			521,597	521,597
Total U.S. Department of Agriculture			522,920	523,412
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education:				
Special Education Cluster:				
Special Education-Grants to States	3M20	84.027	572,787	613,568
Special Education-Preschool Grants	3C50	84.173	10,489	7,535
Total Special Education Cluster			583,276	621,103
Title I Grants to Local Educational Agencies	3M00	84.010	210,021	253,367
Race to the Top - ARRA	3FD0	84.395	1,400	3,500
Improving Teacher Quality	3Y60	84.367	90,650	94,196
Total U.S. Department of Education			885,347	972,166
Total Federal Assistance			\$1,408,267	\$1,495,578

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs.

The schedule has been prepared on the cash basis of accounting.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Little Miami Local School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Little Miami Local School District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 29, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.
Cincinnati, Ohio
January 29, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Education
Little Miami Local School District

Report on Compliance for Each Major Federal Program

We have audited the Little Miami Local School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on

compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated January 29, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
January 29, 2014

**LITTLE MIAMI LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Section I – Summary of Auditor’s Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any material reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were the any other significant control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Programs (list): Nutrition Cluster: School Breakfast Program -CFDA# 10.553 National School Lunch Program -CFDA# 10.555	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS

None

Section III – Federal Award Findings and Questioned Costs

None

**LITTLE MIAMI LOCAL SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS AND
QUESTIONED COSTS -OMB CIRCULAR A-133
JUNE 30, 2013**

No prior audit findings or questioned costs.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURE**

Board of Education
Little Miami Local School District

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

1. We noted the Board amended its anti-harassment policy on April 16, 2013 to include harassment, intimidation or bullying of any student "on a school bus" or by an "electronic act."

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.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
January 29, 2014



Dave Yost • Auditor of State

LITTLE MIAMI LOCAL SCHOOL DISTRICT

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 1, 2014**