



**LITTLE MIAMI LOCAL SCHOOL DISTRICT  
WARREN COUNTY**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**



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

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**STATE OF OHIO**



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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Little Miami Local School District  
Warren County  
5819 Morrow-Rosburg Road  
Morrow, Ohio 45152

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Little Miami Local School District, Warren County, Ohio (the District), as of and for the fiscal year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Little Miami Local School District as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

January 7, 2000



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**Little Miami Local School District  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Assets and Other Debits:</u></b>				
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$1,908,334	\$224,673	\$794,068	\$14,825,775
Receivables:				
Taxes	6,181,778	0	1,157,783	264,672
Accounts	4,486	0	0	0
Intergovernmental	15,522	33,717	0	0
Accrued Interest	0	0	0	13,879
Interfund Receivable	50,934	0	0	0
Prepaid Items	9,914	0	0	10,417
Materials and Supplies Inventory	0	0	0	0
Inventory Held for Resale	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	144,431	0	0	0
Fixed Assets (Net, if applicable, of Accumulated Depreciation)	0	0	0	0
<b><u>Other Debits:</u></b>				
Amount Available in Debt Service Fund for the Retirement of General Long Term Obligations	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b><u><u>\$8,315,399</u></u></b>	<b><u><u>\$258,390</u></u></b>	<b><u><u>\$1,951,851</u></u></b>	<b><u><u>\$15,114,743</u></u></b>



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$43,933	\$81,671	\$0	\$0	\$17,878,454
0	0	0	0	7,604,233
342	0	0	0	4,828
16,542	0	0	0	65,781
0	186	0	0	14,065
0	0	0	0	50,934
0	0	0	0	20,331
587	0	0	0	587
4,307	0	0	0	4,307
0	0	0	0	144,431
61,097	0	12,395,179	0	12,456,276
0	0	0	856,291	856,291
0	0	0	17,759,561	17,759,561
<u>\$126,808</u>	<u>\$81,857</u>	<u>\$12,395,179</u>	<u>\$18,615,852</u>	<u>\$56,860,079</u>

(Continued)

**Little Miami Local School District  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 1999  
(continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Liabilities:</u></b>				
<b><u>Fund Equity and Other Credits:</u></b>				
<b><u>Liabilities:</u></b>				
Accounts Payable	\$75,666	\$3,771	\$0	\$0
Contracts Payable	0	0	0	881,390
Accrued Wages and Benefits	1,217,111	39,322	0	0
Compensated Absences Payable	14,895	0	0	0
Retainage Payable	0	0	0	190,274
Interfund Payable	0	14,934	0	0
Intergovernmental Payable	239,663	10,991	0	0
Deferred Revenue	5,915,026	0	1,095,560	253,550
Undistributed Monies	0	0	0	0
Accrued Interest Payable	0	0	0	88
Notes Payable	0	0	0	50,000
Capital Leases Payable	0	0	0	0
General Obligation Bonds	0	0	0	0
Total Liabilities	7,462,361	69,018	1,095,560	1,375,302
<b><u>Fund Equity and Other Credits:</u></b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	210,810	27,247	0	12,035,710
Reserved for Property Taxes	266,752	0	62,223	11,122
Reserved for Budget Stabilization	144,431	0	0	0
Unreserved:				
Undesignated	231,045	162,125	794,068	1,692,609
Total Fund Equity and Other Credits	853,038	189,372	856,291	13,739,441
Total Liabilities, Fund Equity and Other Credits	\$8,315,399	\$258,390	\$1,951,851	\$15,114,743

The notes to the general-purpose financial statements are an integral part of this statement.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$3,074	\$0	\$0	\$0	\$82,511
0	0	0	0	881,390
8,687	0	0	0	1,265,120
3,923	0	0	1,019,494	1,038,312
0	0	0	0	190,274
36,000	0	0	0	50,934
25,289	0	0	89,579	365,522
4,244	0	0	0	7,268,380
0	60,734	0	0	60,734
0	0	0	0	88
0	0	0	0	50,000
0	0	0	71,969	71,969
0	0	0	17,434,810	17,434,810
<u>81,217</u>	<u>60,734</u>	<u>0</u>	<u>18,615,852</u>	<u>28,760,044</u>
0	0	12,395,179	0	12,395,179
4,450	0	0	0	4,450
41,141	0	0	0	41,141
0	0	0	0	12,273,767
0	0	0	0	340,097
0	0	0	0	144,431
0	21,123	0	0	2,900,970
<u>45,591</u>	<u>21,123</u>	<u>12,395,179</u>	<u>0</u>	<u>28,100,035</u>
<u>\$126,808</u>	<u>\$81,857</u>	<u>\$12,395,179</u>	<u>\$18,615,852</u>	<u>\$56,860,079</u>

*Little Miami Local School District  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 All Governmental Fund Types and Expendable Trust Fund  
 For the Fiscal Year Ended June 30, 1999*

	Governmental Fund Types			Fiduciary	Totals	
	General	Special Revenue	Debt Service	Expendable Trust	(Memorandum Only)	
<b>Revenues:</b>						
Property Taxes	\$5,676,130	\$0	\$1,191,224	\$241,771	\$0	\$7,109,125
Intergovernmental	6,174,902	394,202	149,783	28,060	0	6,746,947
Interest	196,747	0	0	884,894	0	1,081,641
Tuition and Fees	15,666	0	0	0	0	15,666
Rent	292	0	0	0	0	292
Extracurricular Activities	7,958	267,361	0	0	0	275,319
Gifts and Donations	7,742	0	0	0	0	7,742
Customer Services	43,057	0	0	0	0	43,057
Miscellaneous	37,088	0	0	0	1,500	38,588
Total Revenues	<u>12,159,582</u>	<u>661,563</u>	<u>1,341,007</u>	<u>1,154,725</u>	<u>1,500</u>	<u>15,318,377</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	6,668,078	39,851	0	0	0	6,707,929
Special	611,434	195,418	0	0	0	806,852
Other	76,168	0	0	0	0	76,168
Support Services:						
Pupils	510,942	60,208	0	0	0	571,150
Instructional Staff	356,349	100,338	0	0	2,930	459,617
Board of Education	36,562	0	0	0	0	36,562
Administration	1,193,476	0	1,915	0	0	1,195,391
Fiscal	303,575	0	17,555	0	0	321,130
Business	171,143	0	0	0	0	171,143
Operation and Maintenance of Plant	1,122,436	0	0	0	0	1,122,436
Pupil Transportation	808,419	0	0	0	0	808,419
Central	19,598	12,558	0	0	0	32,156
Non-Instructional Services	0	16,693	0	0	0	16,693
Extracurricular Activities	156,626	232,864	0	0	0	389,490
Capital Outlay	0	0	0	5,476,403	0	5,476,403
Debt Service:						
Principal Retirement	18,104	0	335,000	0	0	353,104
Interest and Fiscal Charges	6,302	0	817,880	4,811	0	828,993
Total Expenditures	<u>12,059,212</u>	<u>657,930</u>	<u>1,172,350</u>	<u>5,481,214</u>	<u>2,930</u>	<u>19,373,636</u>
Excess of Revenues Over (Under) Expenditures	<u>100,370</u>	<u>3,633</u>	<u>168,657</u>	<u>(4,326,489)</u>	<u>(1,430)</u>	<u>(4,055,259)</u>
<b>Other Financing Sources (Uses):</b>						
Proceed from the Sale of Fixed Assets	281	0	0	0	0	281
Operating Transfers In	0	0	73,374	0	0	73,374
Operating Transfers Out	(98,374)	0	0	0	0	(98,374)
Total Other Financing Sources (Uses)	<u>(98,093)</u>	<u>0</u>	<u>73,374</u>	<u>0</u>	<u>0</u>	<u>(24,719)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>2,277</u>	<u>3,633</u>	<u>242,031</u>	<u>(4,326,489)</u>	<u>(1,430)</u>	<u>(4,079,978)</u>
Fund Balances at Beginning of Year - Restated (Note 3)	<u>850,761</u>	<u>185,739</u>	<u>614,260</u>	<u>18,065,930</u>	<u>3,413</u>	<u>19,720,103</u>
Fund Balances at End of Year	<u>\$853,038</u>	<u>\$189,372</u>	<u>\$856,291</u>	<u>\$13,739,441</u>	<u>\$1,983</u>	<u>\$15,640,125</u>

The notes to the general-purpose financial statements are an integral part of this statement.

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**Little Miami Local School District**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 1999**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$5,740,744	\$5,740,744	\$0	\$0	\$0	\$0
Intergovernmental	6,197,732	6,197,732	0	383,615	383,615	0
Interest	197,039	199,169	2,130	0	0	0
Tuition and Fees	15,691	15,666	(25)	0	0	0
Rent	292	292	0	0	0	0
Extracurricular Activities	7,958	7,958	0	246,198	246,198	0
Gifts and Donations	7,742	7,742	0	0	0	0
Customer Services	27,561	27,561	0	0	0	0
Miscellaneous	22,541	22,541	0	0	0	0
<b>Total Revenues</b>	<b>12,217,300</b>	<b>12,219,405</b>	<b>2,105</b>	<b>629,813</b>	<b>629,813</b>	<b>0</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	6,651,294	6,639,428	11,866	164,398	40,192	124,206
Special	616,920	613,323	3,597	205,401	193,261	12,140
Other	80,352	80,352	0	0	0	0
Support Services:						
Pupils	534,947	524,228	10,719	54,765	53,808	957
Instructional Staff	381,614	356,665	24,949	60,448	98,909	(38,461)
Board of Education	57,250	48,320	8,930	0	0	0
Administration	1,207,034	1,194,520	12,514	0	0	0
Fiscal	321,516	307,828	13,688	0	0	0
Business	210,317	208,627	1,690	0	0	0
Operation and Maintenance of Plant	1,180,269	1,168,228	12,041	0	0	0
Pupil Transportation	956,658	935,081	21,577	300	0	300
Central	36,838	19,586	17,252	13,112	12,700	412
Non-Instructional Services	0	0	0	22,293	22,287	6
Extracurricular Activities	165,525	156,824	8,701	271,587	253,810	17,777
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>12,400,534</b>	<b>12,253,010</b>	<b>147,524</b>	<b>792,304</b>	<b>674,967</b>	<b>117,337</b>
Excess of Revenues Over (Under) Expenditures	(183,234)	(33,605)	149,629	(162,491)	(45,154)	117,337
<b>Other Financing Sources (Uses):</b>						
Proceeds from the Sale of Fixed Assets	281	281	0	0	0	0
Refund of Prior Year Expenditures	10,903	10,903	0	147	147	0
Refund of Prior Year Receipts	(8)	(8)	0	(358)	(307)	51
Advances In	4,441	4,441	0	14,934	14,934	0
Advances Out	(76,968)	(50,934)	26,034	(4,441)	(4,441)	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	(121,874)	(73,374)	48,500	0	0	0
Other Financing Sources	(134,875)	0	134,875	30,033	30,033	0
<b>Total Other Financing Sources (Uses)</b>	<b>(318,100)</b>	<b>(108,691)</b>	<b>209,409</b>	<b>40,315</b>	<b>40,366</b>	<b>51</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(501,334)	(142,296)	359,038	(122,176)	(4,788)	117,388
Fund Balances at Beginning of Year	1,747,883	1,747,883	0	168,959	168,959	0
Prior Year Encumbrances Appropriated	159,293	159,293	0	22,228	22,228	0
<b>Fund Balances at End of Year</b>	<b>\$1,405,842</b>	<b>\$1,764,880</b>	<b>\$359,038</b>	<b>\$69,011</b>	<b>\$186,399</b>	<b>\$117,388</b>

The notes to the general-purpose financial statements are an integral part of this statement.

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,201,844	\$1,201,844	\$0	\$244,458	\$244,458	\$0	\$0	\$0	\$0
149,783	149,783	0	28,060	28,060	0	0	0	0
0	0	0	815,265	885,125	69,860	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	1,500	1,500	0
1,351,627	1,351,627	0	1,087,783	1,157,643	69,860	1,500	1,500	0
0	0	0	293,486	259,919	33,567	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	597	29,157	(28,560)	3,250	2,930	320
0	0	0	0	0	0	0	0	0
1,915	1,915	0	2,490	2,103	387	0	0	0
17,555	17,555	0	5,000	3,620	1,380	0	0	0
0	0	0	19,289	19,281	8	0	0	0
0	0	0	359,115	299,747	59,368	0	0	0
0	0	0	50,108	50,108	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	7,240	6,567	673	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	16,855,581	16,767,443	88,138	0	0	0
385,000	385,000	0	0	0	0	0	0	0
822,780	822,780	0	0	0	0	0	0	0
1,227,250	1,227,250	0	17,592,906	17,437,945	154,961	3,250	2,930	320
124,377	124,377	0	(16,505,123)	(16,280,302)	224,821	(1,750)	(1,430)	320
0	0	0	0	0	0	0	0	0
0	0	0	3,706	3,706	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
128,274	128,274	0	0	0	0	0	0	0
0	0	0	(54,900)	(54,900)	0	0	0	0
0	0	0	(12,097)	0	12,097	0	0	0
128,274	128,274	0	(63,291)	(51,194)	12,097	0	0	0
252,651	252,651	0	(16,568,414)	(16,331,496)	236,918	(1,750)	(1,430)	320
541,417	541,417	0	17,442,685	17,442,685	0	3,414	3,414	0
0	0	0	797,441	797,441	0	0	0	0
\$794,068	\$794,068	\$0	\$1,671,712	\$1,908,630	\$236,918	\$1,664	\$1,984	\$320

**Little Miami Local School District  
 Combined Statement of Revenues,  
 Expenses and Changes in Fund Equity  
 Proprietary Fund Type and Nonexpendable Trust Fund  
 For the Fiscal Year Ended June 30, 1999**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<b><u>Operating Revenues:</u></b>			
Sales	\$581,785	\$0	\$581,785
Interest	0	953	953
Other Operating Revenues	2,567	0	2,567
Total Operating Revenues	<u>584,352</u>	<u>953</u>	<u>585,305</u>
<b><u>Operating Expenses:</u></b>			
Salaries	235,752	0	235,752
Fringe Benefits	99,444	0	99,444
Purchased Services	6,227	0	6,227
Materials and Supplies	18,229	1,174	19,403
Cost of Sales	392,548	0	392,548
Depreciation	9,684	0	9,684
Other	80	0	80
Total Operating Expenses	<u>761,964</u>	<u>1,174</u>	<u>763,138</u>
Operating Loss	<u>(177,612)</u>	<u>(221)</u>	<u>(177,833)</u>
<b><u>Non-Operating Revenues:</u></b>			
Federal Donated Commodities	32,068	0	32,068
Interest	770	0	770
Federal and State Subsidies	108,587	0	108,587
Total Non-Operating Revenues	<u>141,425</u>	<u>0</u>	<u>141,425</u>
Net Loss Before Operating Transfers	(36,187)	(221)	(36,408)
Operating Transfers In	25,000	0	25,000
Net Loss	(11,187)	(221)	(11,408)
Retained Earnings/Fund Balance at Beginning of Year	<u>52,328</u>	<u>19,361</u>	<u>71,689</u>
Retained Earnings/Fund Balance at End of Year	<u>41,141</u>	<u>19,140</u>	<u>60,281</u>
Contributed Capital at Beginning of Year	0	0	0
Capital Contributed From Other Funds	4,450	0	4,450
Contributed Capital at End of Year	<u>4,450</u>	<u>0</u>	<u>4,450</u>
Total Fund Equity at End of the Year	<u>\$45,591</u>	<u>\$19,140</u>	<u>\$64,731</u>

*The notes to the general-purpose financial statements are an integral part of this statement.*



**Little Miami Local School District**  
**Combined Statement of Revenues, Expenses and**  
**Changes in Fund Equity - Budget and Actual (Budget Basis)**  
**Proprietary Fund Type and Nonexpendable Trust Fund**  
**For the Fiscal Year Ended June 30, 1999**

	Enterprise Funds			Nonexpendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues:</u></b>						
Sales	\$581,515	\$581,809	\$294	\$0	\$0	\$0
Interest	742	770	28	953	953	0
Refund of Prior Year Expense	812	812	0	0	0	0
Other Revenues	2,224	2,224	0	0	0	0
Federal and State Subsidies	108,207	108,207	0	0	0	0
Total Revenues	<u>693,500</u>	<u>693,822</u>	<u>322</u>	<u>953</u>	<u>953</u>	<u>0</u>
<b><u>Operating Expenses:</u></b>						
Salaries	234,909	234,909	0	0	0	0
Fringe Benefits	99,600	99,600	0	0	0	0
Purchased Services	6,528	6,528	0	0	0	0
Materials and Supplies	377,780	375,814	1,966	0	0	0
Capital Outlay	12,980	12,980	0	1,174	1,174	0
Other	80	80	0	0	0	0
Total Operating Expenses	<u>731,877</u>	<u>729,911</u>	<u>1,966</u>	<u>1,174</u>	<u>1,174</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	(38,377)	(36,089)	2,288	(221)	(221)	0
Advances In	<u>36,000</u>	<u>36,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses and Advances	(2,377)	(89)	2,288	(221)	(221)	0
Fund Equity at Beginning of Year	34,932	34,932	0	18,000	18,000	0
Prior Year Encumbrances Appropriated	<u>2,296</u>	<u>2,296</u>	<u>0</u>	<u>1,174</u>	<u>1,174</u>	<u>0</u>
Fund Equity at End of Year	<u>\$34,851</u>	<u>\$37,139</u>	<u>\$2,288</u>	<u>\$18,953</u>	<u>\$18,953</u>	<u>\$0</u>

The notes to the general-purpose financial statements are an integral part of this statement.

*Little Miami Local School District  
Combined Statement of Cash Flows  
Proprietary Fund Type and Nonexpendable Trust Fund  
For the Fiscal Year Ended June 30, 1999*

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Nonexpendable Trust	(Memorandum Only)
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>			
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Customers	\$581,809	\$0	\$581,809
Cash Payments to Suppliers for Goods and Services	(388,528)	(1,174)	(389,702)
Cash Payments to Employees for Services	(234,909)	0	(234,909)
Cash Payments for Employee Benefits	(99,600)	0	(99,600)
Cash Payments for Other Uses	(80)	0	(80)
Cash Received from Other Sources	3,036	0	3,036
Net Cash Used for Operating Activities	(138,272)	(1,174)	(139,446)
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>			
Federal and State Subsidies Received	108,207	0	108,207
Short-Term Loans from Other Funds	36,000	0	36,000
Net Cash Provided by Noncapital Financing Activities	144,207	0	144,207
<b><u>Cash Flows from Investing Activities:</u></b>			
Interest on Investments	770	953	1,723
Net Cash Provided by Investing Activities	770	953	1,723
Net Increase (Decrease) in Cash and Cash Equivalents	6,705	(221)	6,484
Cash and Cash Equivalents at Beginning of Year	37,228	19,174	56,402
Cash and Cash Equivalents at End of Year	\$43,933	\$18,953	\$62,886
<b><u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u></b>			
Operating Loss	(\$188,710)	(\$221)	(\$188,931)
<b><u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u></b>			
Depreciation	9,684	0	9,684
Donated Commodities Used During Year	32,068	0	32,068
Interest Received by Nonexpendable Trust	0	(953)	(953)
<b><u>Changes in Assets and Liabilities:</u></b>			
Increase in Accounts Receivable	(318)	0	(318)
Decrease in Accrued Interest Receivable	811	0	811
Decrease in Materials and Supplies Inventory	56	0	56
Decrease in Inventory Held for Resale	5,721	0	5,721
Increase in Accounts Payable	1,729	0	1,729
Increase in Accrued Wages and Benefits	5,142	0	5,142
Decrease in Compensated Absences Payable	(3,197)	0	(3,197)
Decrease in Intergovernmental Payable	(1,258)	0	(1,258)
Total Adjustments	50,438	(953)	49,485
Net Cash Used for Operating Activities	(\$138,272)	(\$1,174)	(\$139,446)
Reconciliation of Nonexpendable Trust Fund to Balance Sheet			
Cash and Cash Equivalents - All Fiduciary Funds		\$81,671	
Cash and Cash Equivalents - Agency Funds and Expendable Trust Fund		(62,718)	
Cash and Cash Equivalents - Nonexpendable Trust Fund		\$18,953	

Non-Cash Transactions: The general fund purchased assets in the amount of \$4,450 for the food services enterprise fund.

*The notes to the general-purpose financial statements are an integral part of this statement.*

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District serves an area of approximately 98 square miles. It is located in Warren County, including all of the Village of Morrow, Ohio, and portions of surrounding townships. The Board controls the School District's five instructional support facilities staffed by 98 non-certificated and 156 teaching personnel and administrative employees providing education to 2,531 students.

**Reporting Entity**

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

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

Entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District. These entities include the Village of Morrow, Salem Township Public Library, Hamilton Township Public Library, Warren County Educational Service Center and Parent Teacher Organizations.

The School District is associated with two organizations which are defined as jointly governed organizations. These organizations are the Southwest Ohio Computer Association (SWOCA) and the Warren County Vocational School. These organizations are presented in Note 18 to the general-purpose financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

**A. Basis Of Presentation - Fund Accounting**

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net expendable available resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds.

The following are the School District's governmental fund types:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

Proprietary Fund Type:

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

Enterprise Funds - Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include expendable trust, nonexpendable trust, and agency funds. The Expendable trust fund is accounted for in essentially the same manner as governmental funds. The Nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and the nonexpendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary and nonexpendable trust funds' operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are 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.

The accrual basis of accounting is utilized for reporting purposes by the proprietary and nonexpendable trust funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**C. Budgetary Process**

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

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

**Tax Budget:**

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Warren County Budget Commission for rate determination.

**Estimated Resources:**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

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

**D. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 1999, the School District investments were limited to certificates of deposit and funds invested in the State Treasury Asset Reserve of Ohio (STAR Ohio). 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, 1999. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$196,747 which includes \$72,409 assigned from other School District funds. The capital projects funds, enterprise funds and nonexpendable trust fund also received interest revenue in the amounts of \$884,894, \$770, and \$953 respectively.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

**E. Inventory**

Inventories of proprietary funds are stated at the lower of cost or market. Cost is determined on a first-in first out basis. Inventories of proprietary funds consist of donated food, purchased food, and supplies and are expensed when used.

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**G. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund type is computed using the straight-line method over an estimated useful life of ten years.

**H. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.



**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

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

Entitlements

General Fund

State Foundation Program  
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Education Management Information System  
Entry Year  
Title VI-B  
Title I  
Title VI  
Professional Development Block  
Textbooks/Instructional Materials Subsidy  
Preschool Handicapped  
Eisenhower Math/Science  
Drug Free Schools  
School to Work  
High Schools That Work  
Goals 2000

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program  
Government Donated Commodities

Grants and entitlements received in governmental funds amounted to approximately 44 percent of governmental fund revenue during the 1999 fiscal year.

**I. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

**J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for all employees after fifteen years of current service with the School District. The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have used current available financial resources. Bonds and capital leases are recognized as a liability of the general long-term obligations account group until due.

Long-term obligations financed by proprietary funds are reported as liabilities in the proprietary funds.

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

**L. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**M. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**N. Fund Balance Reserves**

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

**O. 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.

**P. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

**Q. Total Columns on General-Purpose Financial Statements**

Total columns on the general-purpose financial statements are captioned "Totals - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 - RESTATEMENT OF FUND BALANCES**

In the prior year, accrued interest receivable was recorded in the debt service fund in error. The accrual should have been recorded in the general fund. The effect of this correction had the following effect on fund balances at June 30, 1998.

	General Fund	Debt Service Fund
Fund balance previously reported at June 30, 1998	\$848,288	\$616,733
Correction of error	2,473	(2,473)
Fund balance restated at June 30, 1998	\$850,761	\$614,260

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis)-All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis)-Proprietary Fund Type and Nonexpendable Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.
5. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types and Expendable Trust Fund

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$2,277	\$3,633	\$242,031	(\$4,326,489)	(\$1,430)
Adjustments:					
Revenue Accruals	70,726	(1,570)	10,620	6,624	0
Expenditure Accruals	93,840	20,930	(4,900)	960,414	0
Principal Retirement	0	0	(50,000)	0	0
Transfers	25,000		54,900	(54,900)	0
Advances	(46,493)	10,493	0	0	0
Encumbrances	(287,646)	(38,274)	0	(12,917,145)	0
Budget Basis	<u>(\$142,296)</u>	<u>(\$4,788)</u>	<u>\$252,651</u>	<u>(\$16,331,496)</u>	<u>(\$1,430)</u>

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

Net Loss/Excess of Revenues Over (Under) Expenses Proprietary Fund Type and Nonexpendable Trust Fund		
	Enterprise	Nonexpendable Trust
GAAP Basis	(\$11,187)	(\$221)
Adjustments:		
Revenue Accruals	113	0
Expense Accruals	(2,905)	0
Depreciation Expense	9,684	0
Transfers	(25,000)	0
Advances	36,000	0
Encumbrances	(6,794)	0
Budget Basis	(\$89)	(\$221)

**NOTE 5 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the School District into three categories.

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

**Deposits:** At fiscal year end, the carrying amount of the School District's deposits was \$14,926,855 and the bank balance was \$15,082,228. Of the bank balance:

1. \$276,541 was covered by federal depository insurance; and
2. \$14,805,687 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District held to a successful claim by the FDIC.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

**Investments:** The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Fair Value
STAR Ohio	\$3,096,030

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$18,022,885	\$0
Investments:		
STAR Ohio	(3,096,030)	3,096,030
GASB Statement No. 3	\$14,926,855	\$3,096,030

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

Real property taxes for 1999 are levied after April 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. Public utility property taxes for 1999 became a lien December 31, 1998, are levied after April 1, 1999, and are collected in 2000 with real property taxes.

Tangible personal property taxes for 1999 are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

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

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

The assessed values upon which the fiscal year 1999 taxes were collected are:

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$202,690,950	84.78 %	\$219,225,770	84.99 %
Public Utility	17,890,710	7.48	18,744,170	7.26
Tangible Personal Property	18,491,925	7.74	19,980,737	7.75
Total Assessed Value	<u>\$239,073,585</u>	<u>100.00 %</u>	<u>\$257,950,677</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation		\$52.86		\$52.09

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. 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 year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 was \$266,752 for the General Fund, \$62,223 for the Debt Service Fund, and \$11,122 for the Permanent Improvement Capital Project Fund.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 1999, consisted of property taxes, accounts, interest, interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards.



**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 7 - RECEIVABLES (Continued)**

A summary of intergovernmental receivables follows:

	<u>Amounts</u>
<u>General Fund:</u>	
Mental Retardation Developmental Disability Charges	<u>\$15,522</u>
<u>Special Revenue Funds:</u>	
Title I	29,811
School To Work	<u>3,906</u>
Total Special Revenue	<u>33,717</u>
<u>Enterprise Fund:</u>	
Federal and State Subsidies	<u>16,542</u>
Total Intergovernmental Receivables	<u><u>\$65,781</u></u>

**NOTE 8 - FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$309,899
Less Accumulated Depreciation	<u>(259,900)</u>
Net Fixed Assets	<u><u>\$49,999</u></u>

A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Balance at June 30, 1998	Additions	Deletions	Balance at June 30, 1999
Land	\$846,605	\$0	\$0	\$846,605
Buildings and Improvements	3,343,142	0	0	3,343,142
Furniture, Fixtures and Equipment	2,135,492	276,857	0	2,412,349
Vehicles	1,481,100	0	0	1,481,100
Construction in Progress	0	4,311,983	0	4,311,983
Totals	<u>\$7,806,339</u>	<u>\$4,588,840</u>	<u>\$0</u>	<u>\$12,395,179</u>

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 9 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 1999, the School District contracted with Crum and Forster Insurance Company for property insurance. Professional liability is protected by the Nationwide Mutual Insurance Company with a \$5,000,000 aggregate limit under a commercial umbrella policy.

The School District's vehicles are covered by the Nationwide Mutual Insurance Company and hold a \$250 deductible for comprehensive and a \$1,000 deductible for collision. Automobile liability has a \$2,000,000 combined single limit of liability. Vehicles are also covered under the commercial umbrella policy. The Nationwide Mutual Insurance Company maintains both a \$50,000 public official bond for the Treasurer and a \$5,000 blanket bond for other employees. The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

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

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$140,965, \$211,464, and \$164,551, respectively; 44.5 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$78,187 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$353,309, \$648,647, and \$689,736, respectively; 79.8 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$71,354 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$471,078 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$119,113.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Eligible classified employees earn ten to twenty days of vacation per year, depending upon length of service. The Treasurer earns 25 days of vacation per year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month for a total of fifteen days of sick leave for each year under contract. Sick leave may be accumulated up to a maximum of 210 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 50 days for teachers and administrators. Classified personnel, upon retirement, are paid for 52 days of their accrued, but unused sick leave credit.

**B. Insurance Benefits**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Prudential Life Insurance Company. The School District has elected to provide employee medical/surgical benefits through ChoiceCare. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on the terms of the union contract. Dental insurance is provided by the School District to all employees through Core Source Inc. The premium varies for each employee depending on the terms of the employment or union contract. Vision insurance is provided by the School District to all employees through Anthem Insurance Company.

**NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In prior years, the School District has entered into capitalized leases for the acquisition of reproduction equipment. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the General-Purpose Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$98,597 which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 1999 totaled \$18,104.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 1999.

Fiscal Year Ending June 30,	Long-Term Obligations
2000	\$24,458
2001	23,976
2002	23,597
2003	9,695
Total	81,726
Less: Amount Representing Interest	(9,757)
Present Value of Minimum Lease Payments	\$71,969

**NOTE 14 - SHORT TERM OBLIGATIONS**

A summary of the short term note transactions for the year ended June 30, 1999 follows:

	Balance June 30, 1998	Additions	Deletions	Balance June 30, 1999
Permanent Improvement Tax Anticipation Notes 4.90%	\$100,000	\$0	\$50,000	\$50,000

The notes were issued on June 18, 1997, and will mature on June 18, 2000. The notes were issued for the purpose of purchasing modulars and classroom equipment. The note proceeds were received in the permanent improvement fund capital projects fund. The notes will be paid from property tax revenue.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 15 - LONG-TERM OBLIGATIONS**

The change in the School District's long-term obligations during the fiscal year 1999 were as follows:

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
General Obligation Bonds				
Reconstruction/Remodeling Bonds 1977 5.75%	\$100,000	\$0	\$20,000	\$80,000
Energy Conservation Bonds 1994 4.25%	70,000	0	70,000	0
School Improvement Bonds 1998 4.93%	17,599,810	0	245,000	17,354,810
Total General Obligation Bonds	17,769,810	0	335,000	17,434,810
Compensated Absences	934,101	85,393	0	1,019,494
Intergovernmental Payable	77,568	89,579	77,568	89,579
Arbitrage Rebate Payable	95,884	0	95,884	0
Capital Leases	90,073	0	18,104	71,969
Total General Long-Term Obligations	<u>\$18,967,436</u>	<u>\$174,972</u>	<u>\$526,556</u>	<u>\$18,615,852</u>

General Obligation Bonds for Reconstruction and Remodeling

On January 1, 1977, the School District issued \$448,000 in voted general obligation bonds for the purpose of constructing, remodeling, reconstructing and adding to school buildings. The bonds were issued for a 25 year period with final maturity in fiscal year 2003 and will be repaid from the debt service fund.

Energy Conservation Bonds

On October 21, 1994, the School District issued \$520,000 in unvoted general obligation bonds for the purpose of providing energy conservation measures for the School District, under authority of the Ohio Revised Code Sections 133.06(G) and 3313.372. The bonds were issued for a five year period with final maturity during fiscal year 1999, and the debt will be retired from the debt service fund. It is anticipated that the savings over ten years will offset the costs.

School Improvement Bonds

On March 4, 1998, the School District issued \$17,599,810 in voted school improvement bonds for the purpose of new construction, improvements, renovations, and additions to school facilities, including construction of a new high school, and providing equipment, furnishings and site improvements therefore; including "financing costs" relating to the Bonds, as defined in Section 133.01 of the Ohio Revised Code, under authority of and pursuant to the general laws of the State of Ohio, particularly Chapter 133 of the Ohio Revised Code. The bonds were issued for a 27 year period with final maturity during fiscal year 2025, and the debt will be retired from the debt service fund.

Compensated absences and the intergovernmental payable will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period. Capital lease obligations will be paid from the general fund.

The School District's overall legal debt margin was \$6,637,042 with an unvoted debt margin of \$257,951 at June 30, 1999.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 15 - LONG-TERM OBLIGATIONS (Continued)**

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 1999, are as follows:

General Obligation Bonds for Reconstruction and Remodeling

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$20,000	\$4,025	\$24,025
2001	20,000	2,875	22,875
2002	20,000	1,725	21,725
2003	20,000	575	20,575
Total	<u>\$80,000</u>	<u>\$9,200</u>	<u>\$89,200</u>

School Improvement Bonds

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$245,000	\$800,389	\$1,045,389
2001	305,000	790,061	1,095,061
2002	365,000	777,149	1,142,149
2003	430,000	761,431	1,191,431
2004	138,171	1,084,661	1,222,832
2005-2009	2,236,639	3,948,315	6,184,954
2010-2014	3,210,000	2,963,304	6,173,304
2015-2019	4,060,000	2,086,406	6,146,406
2020-2024	5,175,000	952,091	6,127,091
2025	1,190,000	29,750	1,219,750
Total	<u>\$17,354,810</u>	<u>\$14,193,557</u>	<u>\$31,548,367</u>

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 16 - INTERFUND ACTIVITY**

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$50,934	\$0
<u>Special Revenue Funds:</u>		
Other Grant	0	734
Goals 2000	0	14,200
Total Special Revenue	0	14,934
<u>Enterprise Fund:</u>		
Food Service	0	36,000
Total All Funds	<u>\$50,934</u>	<u>\$50,934</u>

**NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 1999.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$484,436	\$99,916	\$584,352
Depreciation Expense	9,684	0	9,684
Operating Loss	(174,336)	(3,276)	(177,612)
Donated Commodities	32,068	0	32,068
Federal and State Subsidies	108,587	0	108,587
Operating Transfers	25,000	0	25,000
Contributed Capital	4,450	0	4,450
Net Loss	(7,911)	(3,276)	(11,187)
Net Working Capital	(43,519)	31,936	(11,583)
Total Assets	91,798	35,010	126,808
Total Equity	13,655	31,936	45,591
Encumbrances Outstanding at June 30, 1999	(516)	(6,278)	(6,794)



**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS**

The School District is a participant in the Southwest Ohio Computer Association (SWOCA) which is a computer consortium. SWOCA is an association of public schools and educational service centers within the boundaries of Butler, Preble, and Warren Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member school districts. The Board of SWOCA consists of one representative from each of the participating members. The degree of control exercised by any participating district is limited to its representation on the Board. The School District paid SWOCA \$25,406 for services provided during the year. Financial information can be obtained from Mike Crumley, Executive Director, Butler County JVS, 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

The Warren County Vocational School, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from the participating district's elected board, which possesses its own budgeting and taxing authority. Accordingly, the Warren County Vocational School is not part of the School District and its operations are not included as part of the reporting entity. The School District did not have any financial obligations to the Warren County Vocational School during fiscal year 1999. Financial information can be obtained from Evelyn Sellman, Treasurer, Warren County Vocational School, 3525 North State Route 48, Lebanon, Ohio 45036.

**NOTE 19 - SCHOOL FUNDING**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$5,466,306 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of January 7, 2000, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

**NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)**

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$45,560	
Current Year Set-aside Requirement	197,743	197,743	98,871	
Current Year Offsets	(34,805)	0	0	
Qualifying Disbursements	<u>(162,938)</u>	<u>(197,743)</u>	<u>0</u>	
Total	<u>\$0</u>	<u>\$0</u>	<u>\$144,431</u>	
Cash Balance Carried Forward to FY 2000	<u>\$0</u>	<u>\$0</u>	<u>\$144,431</u>	\$144,431
Total Restricted Assets				<u>\$144,431</u>

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute. Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

**NOTE 21 - ACCOUNTABILITY**

Fund balances at June 30, 1999, included the following individual fund deficit:

Special Revenue Fund:

School To Work	\$6,373
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The special revenue fund deficit balance resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in this fund and provides operating transfers when cash is required, not when accruals occur.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 22 - CONTRACTUAL COMMITMENTS**

As of June 30, 1999, the School District had contractual purchase commitments for the following:

Contract	Contract Amount	Amount Expended	Balance At 06/30/99
AIC Contracting	\$229,730	\$0	\$229,730
Allied Builders	98,449	0	98,449
Arthur Electric	1,483,778	(103,830)	1,379,948
Avenue Fabricating	1,187,572	(456,952)	730,620
BBL-Central	1,127,500	(531,330)	596,170
Beck Studios	113,397	0	113,397
Cincy Mechanical	1,298,100	(1,126,611)	171,489
CINFAB, Inc.	1,577,650	(66,957)	1,510,693
Deltal Innovations	146,696	0	146,696
Dover Elevator	28,641	0	28,641
G.E. Maier	87,200	0	87,200
Global Fire Protection	139,988	(12,584)	127,404
Jeffrey Allen Co.	39,852	0	39,852
JMD Architectural	416,650	0	416,650
John E. Carrigan	734,290	(229,002)	505,288
John R. Jurgensen Company	588,485	0	588,485
Kalkreuth Roofing	619,000	0	619,000
Miter Masonry	2,611,000	(629,536)	1,981,464
Oral T. Carter	117,000	(1,062)	115,938
Quality Electric	132,000	(123,000)	9,000
RLE Construction	1,466,025	(77,790)	1,388,235
S&H Painting	155,035	0	155,035
Southern Bleachers	296,500	0	296,500
Sports Facilities Unlimited	113,675	0	113,675
Targeted Spec/U.S. Food	341,657	0	341,657
The Farnham Company	421,600	0	421,600
	<u>\$15,571,470</u>	<u>(\$3,358,654)</u>	<u>\$12,212,816</u>

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 23 - YEAR 2000 DISCLOSURE**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations.

Little Miami Local School District has completed an inventory of computer systems and other equipment necessary to conducting School District operations and has identified such systems as financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System (EMIS)).

The School District uses the State of Ohio Uniform Accounting System software for its financial reporting, and the State of Ohio Uniform School Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems and any associated costs.

The State of Ohio distributes a substantial sum of money to the School District in the form of "Foundation" payments. Further, the State processes a significant amount of financial and non-financial information about the School District through EMIS. The State is responsible for remediating these systems and any associated costs.

Warren County collects property taxes for distribution to the School District. Warren County is responsible for remediating its tax collection system and any associated costs.

To the best of management's knowledge and belief, as of January 7, 2000, the District experienced no significant interruption of mission-critical operations or services related to the Year 2000 issue. However, because of the unprecedented nature of the Year 2000 issue, matters may yet arise, and parties with whom the District does business may also experience Year 2000 readiness issues that are as yet, unknown.

**NOTE 24 - CONTINGENCIES**

**Grants:**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

**Litigation:**

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES**  
**JUNE 30, 1999**

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity's Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster Food Distribution Program	10.550	None	\$0	\$32,068	\$0	\$34,072
School Breakfast Program	10.553	05PU-98/99	8,099	0	8,099	0
National School Lunch Program	10.555	03PU-98/99 04PU-98/99	36,657 57,771	0 0	36,657 57,771	0 0
Total National School Lunch Program			<u>94,428</u>	<u>0</u>	<u>94,428</u>	<u>0</u>
Total U.S. Department of Agriculture - Nutrition Cluster			102,527	32,068	102,527	34,072
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	84.027	6BSF-99	90,092	0	87,046	0
Special Education - Preschool Grant	84.173	PGS1-99	4,056	0	4,056	0
Total Special Education Cluster			94,148	0	91,102	0
Grants to Local Educational Agencies (ESEA Title I)	84.010	C1S1-98/99	142,113	0	148,408	0
Innovative Educational Program Strategies	84.298	C2S1-99	8,963	0	7,560	0
Drug-Free Schools Grant	84.186	DRS1-99	12,661	0	14,383	0
Eisenhower Professional Development Grant	84.281	MSS1-99	8,546	0	12,416	0
<i>Passed Through University of Cincinnati</i> Goals 2000 Grant	84.276	none	50,000	0	39,267	0
Total Department of Education			<u>316,431</u>	<u>0</u>	<u>313,136</u>	<u>0</u>
<b>U.S. DEPARTMENT OF LABOR AND U.S. DEPT. OF ED.</b>						
<i>Passed Through IAMS, Inc.</i>						
Ohio School To Work Grant	17.249	none	24,040	0	21,460	0
<b>Total Expenditures of Federal Awards</b>			<b><u>\$442,998</u></b>	<b><u>\$32,068</u></b>	<b><u>\$437,123</u></b>	<b><u>\$34,072</u></b>

*The notes to the schedule of federal awards expenditures is an integral part of this statement*

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.



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OFFICE OF THE AUDITOR

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

Little Miami Local School District  
Warren County  
5819 Morrow-Rossburg Road  
Morrow, Ohio 45152

To the Board of Education:

We have audited the financial statements of Little Miami Local School District, Warren County, Ohio (the District), as of and for the fiscal year ended June 30, 1999, and have issued our report thereon dated January 7, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

However, we noted other matters involving immaterial noncompliance that we have reported to the management of the District in a separate letter dated January 7, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

We noted other matters involving the internal control structure over financial reporting that does not require inclusion in this report that we have reported to the management of the District, in a separate letter dated January 7, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

January 7, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Little Miami Local School District  
Warren County  
5819 Morrow-Rossburg Road  
Morrow, Ohio 45152

To the Board of Education:

**Compliance**

We have audited the compliance of Little Miami Local School District, Warren County, Ohio (the District) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Little Miami Local School District, Warren County, Ohio complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 1999.

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

January 7, 2000

**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**JUNE 30, 1999**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I, CFDA # 84.010
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 / N/A Type B: all programs
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

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

None





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**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  
FEBRUARY 22, 2000**