



**LITTLE MIAMI LOCAL SCHOOL DISTRICT
WARREN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2002



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LITTLE MIAMI LOCAL SCHOOL DISTRICT
WARREN COUNTY**

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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 the Little Miami Local School District, Warren County, Ohio (the District), as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

Jim Petro
Auditor of State

December 13, 2002

Little Miami Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$637,052	\$268,439	\$1,303,310	\$779,268
Cash and Cash Equivalents With Escrow Agents	288	0	0	0
Receivables:				
Taxes	8,780,472	0	1,170,036	350,576
Accounts	2,296	1,853	0	0
Intergovernmental	0	88,386	0	0
Accrued Interest	0	0	0	30
Interfund	31,073	0	0	0
Due From Other Funds	0	0	0	0
Prepaid Items	15,947	0	0	0
Inventory Held for Resale	0	0	0	0
Restricted Assets:				
Cash and Cash Equivalents With Escrow Agents	0	0	0	2,924
Fixed Assets (Net, Where Applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund for the Retirement of General Obligations	0	0	0	0
Amount to be Provided from General Government Resources for the retirement of long-term obligations	0	0	0	0
Total Assets and Other Debits	\$9,467,128	\$358,678	\$2,473,346	\$1,132,798

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$107,289	\$110,733	\$0	\$0	\$3,206,091
0	0	0	0	288
0	0	0	0	10,301,084
110	0	0	0	4,259
16,527	0	0	0	104,913
0	193	0	0	223
0	0	0	0	31,073
205	0	0	0	205
0	0	0	0	15,947
11,484	0	0	0	11,484
0	0	0	0	2,924
271,360	0	26,399,017	0	26,670,377
0	0	0	1,382,300	1,382,300
0	0	0	16,818,738	16,818,738
<u>\$406,975</u>	<u>\$110,926</u>	<u>\$26,399,017</u>	<u>\$18,201,038</u>	<u>\$58,549,906</u>

(continued)

Little Miami Local School District
Combined Balance Sheet
All Fund Types and Account Groups
 June 30, 2002
 (Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities,</u>				
<u>Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$15,596	\$10,184	\$0	\$0
Accrued Wages and Benefits	1,321,963	43,857	0	0
Compensated Absences Payable	17,514	0	0	0
Retainage Payable	0	0	0	2,924
Interfund Payable	0	31,073	0	0
Due To Other Funds	0	205	0	0
Intergovernmental Payable	341,014	4,176	0	0
Deferred Revenue	8,112,691	2,974	1,091,046	323,297
Undistributed Monies	0	0	0	0
Matured Interest Payable	288	0	0	0
Capital Leases Payable	0	0	0	0
Energy Conservation Note Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
	<u>9,809,066</u>	<u>92,469</u>	<u>1,091,046</u>	<u>326,221</u>
<u>Fund Equity and Other Credits:</u>				
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	184,904	49,567	0	8,264
Reserved for Property Taxes	667,781	0	78,990	27,279
Unreserved:				
Undesignated (Deficit)	(1,194,623)	216,642	1,303,310	771,034
	<u>(341,938)</u>	<u>266,209</u>	<u>1,382,300</u>	<u>806,577</u>
Total Fund Equity (Deficit) and Other Credits	<u>(341,938)</u>	<u>266,209</u>	<u>1,382,300</u>	<u>806,577</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$9,467,128</u>	<u>\$358,678</u>	<u>\$2,473,346</u>	<u>\$1,132,798</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$600	\$0	\$0	\$0	\$26,380
9,110	0	0	0	1,374,930
17,816	0	0	984,000	1,019,330
0	0	0	0	2,924
0	0	0	0	31,073
0	0	0	0	205
31,386	0	0	136,595	513,171
0	0	0	0	9,530,008
0	86,500	0	0	86,500
0	0	0	0	288
0	0	0	70,633	70,633
0	0	0	550,000	550,000
0	0	0	16,459,810	16,459,810
<u>58,912</u>	<u>86,500</u>	<u>0</u>	<u>18,201,038</u>	<u>29,665,252</u>
0	0	26,399,017	0	26,399,017
6,187	0	0	0	6,187
341,876	0	0	0	341,876
0	0	0	0	242,735
0	0	0	0	774,050
0	24,426	0	0	1,120,789
<u>348,063</u>	<u>24,426</u>	<u>26,399,017</u>	<u>0</u>	<u>28,884,654</u>
<u>\$406,975</u>	<u>\$110,926</u>	<u>\$26,399,017</u>	<u>\$18,201,038</u>	<u>\$58,549,906</u>

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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, 2002

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Expendable Trust
<u>Revenues:</u>						
Property Taxes	\$8,239,562	\$0	\$1,100,967	\$319,146	\$0	\$9,659,675
Intergovernmental	8,351,114	790,918	139,517	65,821	0	9,347,370
Interest	99,626	0	0	20,528	0	120,154
Tuition and Fees	14,424	0	0	0	0	14,424
Rent	6,855	0	0	0	0	6,855
Extracurricular Activities	10,357	407,561	0	0	0	417,918
Customer Services	2,721	0	0	0	0	2,721
Miscellaneous	78,974	1,559	0	0	5,200	85,733
Total Revenues	16,803,633	1,200,038	1,240,484	405,495	5,200	19,654,850
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	8,495,537	212,505	0	0	0	8,708,042
Special	1,381,728	314,820	0	0	0	1,696,548
Other	135,038	0	0	0	0	135,038
Support Services:						
Pupils	784,245	59,217	0	0	0	843,462
Instructional Staff	752,787	170,379	0	0	4,686	927,852
Board of Education	36,591	0	0	0	0	36,591
Administration	1,665,079	1,976	2,040	0	0	1,669,095
Fiscal	398,377	0	16,120	0	0	414,497
Business	200,175	0	0	0	0	200,175
Operation and Maintenance of Plant	2,395,212	0	0	0	0	2,395,212
Pupil Transportation	1,499,112	0	0	0	0	1,499,112
Central	59,820	53,824	0	0	0	113,644
Non-Instructional Services	0	25,495	0	0	0	25,495
Extracurricular Activities	328,749	388,444	0	0	0	717,193
Capital Outlay	46,126	0	0	335,325	0	381,451
Debt Service:						
Principal Retirement	33,017	0	385,000	0	0	418,017
Interest and Fiscal Charges	11,309	0	778,874	0	0	790,183
Total Expenditures	18,222,902	1,226,660	1,182,034	335,325	4,686	20,971,607
Excess of Revenues Over (Under) Expenditures	(1,419,269)	(26,622)	58,450	70,170	514	(1,316,757)
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	239	0	0	0	0	239
Proceeds from Sale of Notes	550,000	0	0	0	0	550,000
Operating Transfers - In	0	43,000	0	0	0	43,000
Operating Transfers - Out	(43,000)	0	0	0	0	(43,000)
Total Other Financing Sources (Uses)	507,239	43,000	0	0	0	550,239
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(912,030)	16,378	58,450	70,170	514	(766,518)
Fund Balances at Beginning of Year	570,092	249,831	1,323,850	736,407	3,949	2,884,129
Fund Balances (Deficit) at End of Year	(\$341,938)	\$266,209	\$1,382,300	\$806,577	\$4,463	\$2,117,611

See accompanying notes to the general purpose financial statements

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, 2002*

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$8,271,905	\$8,271,905	\$0
Intergovernmental	8,350,688	8,350,688	0
Interest	124,085	122,478	(1,607)
Tuition and Fees	14,464	14,534	70
Rent	6,855	6,855	0
Extracurricular Activities	10,493	10,493	0
Customer Services	2,125	2,125	0
Miscellaneous	75,576	76,076	500
Total Revenues	<u>16,856,191</u>	<u>16,855,154</u>	<u>(1,037)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	8,524,539	8,424,402	100,137
Special	1,340,220	1,340,169	51
Other	139,260	139,063	197
Support Services:			
Pupils	778,876	778,978	(102)
Instructional Staff	749,099	741,014	8,085
Board of Education	49,877	49,305	572
Administration	1,675,418	1,675,367	51
Fiscal	400,883	400,612	271
Business	245,597	245,456	141
Operation and Maintenance of Plant	2,542,780	2,542,240	540
Pupil Transportation	1,534,561	1,534,550	11
Central	74,600	74,558	42
Extracurricular Activities	331,029	328,183	2,846
Capital Outlay	60,000	46,126	13,874
Total Expenditures	<u>18,446,739</u>	<u>18,320,023</u>	<u>126,716</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,590,548)</u>	<u>(1,464,869)</u>	<u>125,679</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds from the Sale of Fixed Assets	239	239	0
Proceeds from Sale of Notes	550,000	550,000	0
Refund of Prior Year Expenditures	2,562	2,562	0
Refund of Prior Year Receipts	(110)	(110)	0
Advances In	10,528	10,528	0
Advances Out	(31,100)	(31,073)	27
Operating Transfers Out	(95,040)	(43,000)	52,040
Other Financing Uses	(11,990)	0	11,990
Total Other Financing Sources (Uses)	<u>425,089</u>	<u>489,146</u>	<u>64,057</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,165,459)</u>	<u>(975,723)</u>	<u>189,736</u>
Fund Balances at Beginning of Year	1,215,074	1,215,074	0
Prior Year Encumbrances Appropriated	197,107	197,107	0
Fund Balances at End of Year	<u>\$246,722</u>	<u>\$436,458</u>	<u>\$189,736</u>

(Continued)

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, 2002
(Continued)

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$705,697	\$709,147	\$3,450
Extracurricular Activities	409,619	409,709	90
Total Revenues	1,115,316	1,118,856	3,540
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	264,164	235,635	28,529
Special	319,237	311,621	7,616
Support Services:			
Pupils	60,375	57,617	2,758
Instructional Staff	223,056	181,378	41,678
Administration	3,040	1,976	1,064
Operation and Maintenance of Plant	92	0	92
Central	56,287	54,558	1,729
Non-Instructional Services	33,150	25,495	7,655
Extracurricular Activities	461,923	414,195	47,728
Total Expenditures	1,421,324	1,282,475	138,849
Excess of Revenues Over (Under) Expenditures	(306,008)	(163,619)	142,389
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	1,358	1,358	0
Refund of Prior Year Receipts	(1,767)	(1,767)	0
Advances In	31,073	31,073	0
Advances Out	(10,528)	(10,528)	0
Operating Transfers In	43,000	43,000	0
Total Other Financing Sources (Uses)	63,136	63,136	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(242,872)	(100,483)	142,389
Fund Balances at Beginning of Year	260,773	260,773	0
Prior Year Encumbrances Appropriated	48,325	48,325	0
Fund Balances at End of Year	\$66,226	\$208,615	\$142,389

(Continued)

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, 2002
(Continued)

	Debt Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$1,128,383	\$1,128,383	\$0
Intergovernmental	139,517	139,517	0
Total Revenues	<u>1,267,900</u>	<u>1,267,900</u>	<u>0</u>
<u>Expenditures:</u>			
Current:			
Support Services:			
Administration	2,200	2,040	160
Fiscal	18,000	16,120	1,880
Debt Service:			
Principal Retirement	452,500	385,000	67,500
Interest and Fiscal Charges	806,414	778,874	27,540
Total Expenditures	<u>1,279,114</u>	<u>1,182,034</u>	<u>97,080</u>
Excess of Revenues Over (Under) Expenditures	(11,214)	85,866	97,080
<u>Other Financing Uses:</u>			
Other Financing Uses	<u>(42,260)</u>	<u>0</u>	<u>42,260</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	(53,474)	85,866	139,340
Fund Balances at Beginning of Year	<u>1,217,444</u>	<u>1,217,444</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$1,163,970</u></u>	<u><u>\$1,303,310</u></u>	<u><u>\$139,340</u></u>

(Continued)

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, 2002
 (Continued)

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$317,330	\$317,330	\$0
Intergovernmental	61,925	61,925	0
Interest	20,576	20,606	30
Total Revenues	399,831	399,861	30
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	52,069	45,731	6,338
Support Services:			
Instructional Staff	53	53	0
Administration	700	559	141
Fiscal	4,600	4,587	13
Business	37,800	37,787	13
Operation and Maintenance of Plant	327,193	203,949	123,244
Pupil Transportation	76,800	0	76,800
Capital Outlay	181,023	155,207	25,816
Total Expenditures	680,238	447,873	232,365
Excess of Revenues Over (Under) Expenditures	(280,407)	(48,012)	232,395
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	3,897	3,897	0
Other Financing Uses	(436,834)	0	436,834
Total Other Financing Sources (Uses)	(432,937)	3,897	436,834
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(713,344)	(44,115)	669,229
Fund Balances at Beginning of Year	673,661	673,661	0
Prior Year Encumbrances Appropriated	144,382	144,382	0
Fund Balances at End of Year	\$104,699	\$773,928	\$669,229

(Continued)

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, 2002
 (Continued)

	Expendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Miscellaneous	\$5,200	\$5,200	\$0
<u>Expenditures:</u>			
Current:			
Support Services:			
Instructional Staff	5,484	4,870	614
Excess of Revenues Over (Under) Expenditures	(284)	330	614
Fund Balances at Beginning of Year	3,689	3,689	0
Prior Year Encumbrances Appropriated	260	260	0
Fund Balances at End of Year	\$3,665	\$4,279	\$614

See accompanying notes to the general purpose financial statements

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, 2002

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<u>Operating Revenues:</u>			
Sales	795,062	0	795,062
Interest	0	1,184	1,184
Other Operating Revenues	14,297	0	14,297
Total Operating Revenues	<u>809,359</u>	<u>1,184</u>	<u>810,543</u>
<u>Operating Expenses:</u>			
Salaries	302,834	0	302,834
Fringe Benefits	131,986	0	131,986
Purchased Services	9,010	25	9,035
Materials and Supplies	175,255	2,430	177,685
Cost of Sales	338,668	0	338,668
Depreciation	23,575	0	23,575
Total Operating Expenses	<u>981,328</u>	<u>2,455</u>	<u>983,783</u>
Operating Loss	<u>(171,969)</u>	<u>(1,271)</u>	<u>(173,240)</u>
<u>Non-Operating Revenues:</u>			
Interest	1,586	0	1,586
Federal Donated Commodities	50,124	0	50,124
Federal and State Subsidies	119,178	0	119,178
Total Non-Operating Revenues	<u>170,888</u>	<u>0</u>	<u>170,888</u>
Net Loss	(1,081)	(1,271)	(2,352)
Retained Earnings/Fund Balance at Beginning of Year	<u>342,957</u>	<u>21,234</u>	<u>364,191</u>
Retained Earnings/Fund Balance at End of Year	<u>341,876</u>	<u>19,963</u>	<u>361,839</u>
Contributed Capital at Beginning of Year	7,564	0	7,564
Depreciation of Fixed Assets Acquired by Contributed Capital	<u>(1,377)</u>	<u>0</u>	<u>(1,377)</u>
Contributed Capital at End of Year	<u>6,187</u>	<u>0</u>	<u>6,187</u>
Total Fund Equity at End of Year	<u>\$348,063</u>	<u>\$19,963</u>	<u>\$368,026</u>

See accompanying notes to the general purpose financial statements

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, 2002*

	Enterprise Fund			Nonexpendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Sales	795,346	\$795,415	\$69	\$0	\$0	\$0
Federal and State Subsidies	118,321	118,321	0	0	0	0
Interest	1,531	1,586	55	1,221	1,221	0
Other	9,419	9,347	(72)	0	0	0
Total Revenues	924,617	924,669	52	1,221	1,221	0
<u>Expenses:</u>						
Salaries	280,642	302,230	(21,588)	0	0	0
Fringe Benefits	118,689	117,190	1,499	0	0	0
Purchased Services	432	9,010	(8,578)	30	25	5
Materials and Supplies	500,609	464,713	35,896	0	0	0
Capital Outlay	0	1,780	(1,780)	2,970	2,430	540
Total Expenses	900,372	894,923	5,449	3,000	2,455	545
Excess of Revenues Over (Under) Expenses	24,245	29,746	5,501	(1,779)	(1,234)	545
Fund Equity at Beginning of Year	74,322	74,322	0	21,004	21,004	0
Prior Year Encumbrances Appropriated	1,022	1,022	0	0	0	0
Fund Equity at End of Year	\$99,589	\$105,090	\$5,501	\$19,225	\$19,770	\$545

See accompanying notes to the general purpose financial statements

Little Miami Local School District
Combined Statement of Cash Flows
Proprietary Fund Type and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2002

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals
	Enterprise	Nonexpendable Trust	(Memorandum Only)
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$795,415	\$0	\$795,415
Cash Received from Other Operating Sources	9,347	0	9,347
Cash Payments to Suppliers for Goods and Services	(473,304)	(2,455)	(475,759)
Cash Payments to Employees for Services	(302,230)	0	(302,230)
Cash Payments for Employee Benefits	(117,190)	0	(117,190)
Net Cash Used for Operating Activities	<u>(87,962)</u>	<u>(2,455)</u>	<u>(90,417)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Federal and State Subsidies Received	<u>118,321</u>	<u>0</u>	<u>118,321</u>
<u>Cash Flows from Investing Activities:</u>			
Interest on Investments	<u>1,586</u>	<u>1,221</u>	<u>2,807</u>
Net Increase (Decrease) in Cash and Cash Equivalents	31,945	(1,234)	30,711
Cash and Cash Equivalents at Beginning of Year	<u>75,344</u>	<u>21,004</u>	<u>96,348</u>
Cash and Cash Equivalents at End of Year	<u><u>\$107,289</u></u>	<u><u>\$19,770</u></u>	<u><u>\$127,059</u></u>

Little Miami Local School District
Combined Statement of Cash Flows
Proprietary Fund Type and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Nonexpendable Trust	(Memorandum Only)
<i>Reconciliation of Operating Loss to Net</i>			
<u>Cash Used for Operating Activities:</u>			
Operating Loss	(\$171,969)	(\$1,271)	(\$173,240)
<i>Adjustments to Reconcile Operating Loss to Net Cash</i>			
<u>Used for Operating Activities:</u>			
Depreciation	23,575	0	23,575
Donated Commodities Used During Year	50,101	0	50,101
Interest Received by Nonexpendable Trust	0	(1,221)	(1,221)
<u>Changes in Assets and Liabilities:</u>			
Decrease in Accounts Receivable	440	0	440
Decrease in Accrued Interest Receivable	0	37	37
Increase in Due From Other Funds	(87)	0	(87)
Increase in Inventory Held for Resale	(4,998)	0	(4,998)
Increase in Accounts Payable	205	0	205
Increase in Accrued Wages	510	0	510
Increase in Compensated Absences Payable	3,386	0	3,386
Decrease in Interfund Payable	(441)	0	(441)
Increase in Intergovernmental Payable	11,316	0	11,316
Total Adjustments	84,007	(1,184)	82,823
Net Cash Used for Operating Activities	(\$87,962)	(\$2,455)	(\$90,417)

Reconciliation of Nonexpendable Trust Fund to Balance Sheet

Cash and Cash Equivalents - All Fiduciary Funds	\$110,733
Cash and Cash Equivalents - Agency Funds	(86,500)
Cash and Cash Equivalents - Expendable Trust Fund	(4,463)
Cash and Cash Equivalents - Nonexpendable Trust Fund	\$19,770

Noncash Transactions: The School District received \$50,124 in donated commodities during FY 2002 in the food service enterprise fund.

See accompanying notes to the general purpose financial statements

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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 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.

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, Parent Teacher Organizations and Parent Booster Organizations.

The School District participates in three organizations which are defined as jointly governed organizations. These organizations are the Southwest Ohio Computer Association (SWOCA), the Warren County Vocational School, and the Jewell Education Foundation. These organizations are presented in Note 16 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 reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

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 available expendable 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.

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. The School District's fiduciary funds 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:

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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

The modified accrual basis of accounting is followed for the governmental funds, expendable trust fund, and agency funds. The full accrual basis of accounting is followed for the proprietary funds and nonexpendable trust fund.

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

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 5.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported 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 governmental funds.

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

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 appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations, by fund, cannot exceed estimated resources, as certified.

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 amended certificate in effect at the time the final appropriations were passed.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control.

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, passed during the fiscal year, including all supplemental appropriations. Formal budgetary integration is employed as a management control device by the Board of Education, during the year for all funds, other than agency funds, 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 fiscal 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. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. The School District deposits retainage owed to contractors in an escrow account. These deposits are presented on the combined balance sheet as "restricted assets: cash and cash equivalents with escrow agents."

During fiscal year 2002, the School District's investments were limited to certificates of deposit, reported at cost, and the State Treasury Asset Reserve of Ohio (STAR Ohio).

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2002.

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 2002 amounted to \$99,626 which includes \$58,893 assigned from other School District funds.

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. 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 and budget stabilization.

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

F. Restricted Assets

Cash is restricted for amounts held in the escrow account that will be used for the payment of retainage on construction contracts.

G. 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 consumed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2002, 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 is reported in the year in which services are consumed.

I. 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 twenty years.

J. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" and "due to other funds" on the balance sheet.

K. 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.

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable 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.

L. 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.

M. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. 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.

O. 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. After fiscal year 2000, capital contributions from other governments and private sources are recorded as revenues and reported as retained earnings. Capital contributions from other funds are still reported as additions to contributed capital.

P. 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 - 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.

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).

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (Continued)

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. 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:	(\$912,030)	\$16,378	\$58,450	\$70,170	\$514
Adjustments					
Revenue Accruals	54,083	(79,824)	27,416	(1,737)	0
Expenditure Accruals	103,270	2,242	0	(104,284)	0
Advances	(20,545)	20,545	0	0	0
Encumbrances	(200,501)	(59,824)	0	(8,264)	(184)
Budget Basis	(\$975,723)	(\$100,483)	\$85,866	(\$44,115)	\$330

Net Loss / Excess of Revenues
Over (Under) Expenses and Transfers
Proprietary Fund Type and Nonexpendable Trust Fund

	Enterprise	Non-Expendable Trust
GAAP Basis	(\$1,081)	(\$1,271)
Adjustments:		
Revenue Accruals	(5,454)	37
Expenditure Accruals	9,930	0
Depreciation Expense	23,575	0
Inventory Held for Resale	4,998	0
Donated Commodities	(23)	0
Encumbrances	(2,199)	0
Budget Basis	\$29,746	(\$1,234)

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 4 - 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 five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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 monies deposited with the institution.

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 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;

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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 \$784,804 and the bank balance was \$1,233,945. Of the bank balance:

1. \$257,170 was covered by federal depository insurance; and
2. \$976,775 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 to a successful claim by the FDIC.

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 4 - 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. The fair value of the School District’s investment in Star Ohio at fiscal year-end was \$2,424,499.

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	\$3,209,303	\$0
Investments:		
STAR Ohio	(2,424,499)	2,424,499
GASB Statement No. 3	\$784,804	\$2,424,499

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2002 real property taxes are collected in and intended to finance fiscal year 2003.

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 5 - PROPERTY TAXES (Continued)

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. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

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 2002 taxes were collected are:

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$313,645,380	87.08%	\$352,989,300	90.25%
Public Utility	27,333,305	7.59%	25,584,850	6.54%
Tangible Personal Property	19,187,510	5.33%	12,537,430	3.21%
Total Assessed Value	<u>\$360,166,195</u>	<u>100.00%</u>	<u>\$391,111,580</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$48.84		\$48.39

The School District receives property taxes from Warren County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 5 - PROPERTY TAXES (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2002, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amounts available as an advance at June 30 were levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations.

The amount available as an advance at June 30, 2002 was \$667,781 in the General Fund, \$78,990 in the Debt Service Fund, and \$27,279 in the Permanent Improvement Capital Projects Fund.

NOTE 6 - RECEIVABLES

Receivables at June 30, 2002, consisted of taxes, accounts, intergovernmental, accrued interest, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. Student fees are also considered collectible in full due to the School District's ability to withhold diplomas and grade cards.

A summary of intergovernmental receivables follows:

Fund Type/Fund	Amounts
<u>Special Revenue:</u>	
Martha Holden Jennings	\$5,676
Eisenhower Grant	1,391
Title VI-B	29,355
Title I	37,395
Title VI	473
Title VI-R	14,096
Total Special Revenue	88,386
<u>Enterprise:</u>	
Food Service	16,527
Total Intergovernmental Receivables	\$104,913

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 7 - FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 2002, follows:

Furniture and Equipment	\$531,098
Less Accumulated Depreciation	(259,738)
Net Fixed Assets	\$271,360

A summary of the changes in general fixed assets during fiscal year 2002 follows:

Asset Category	Balance At June 30, 2001	Additions	Balance At June 30, 2002
Land	\$2,689,986	\$0	\$2,689,986
Buildings and Improvements	16,990,732	0	16,990,732
Furniture, Fixtures and Equipment	4,758,793	139,236	4,898,029
Vehicles	1,596,770	223,500	1,820,270
Totals	\$26,036,281	\$362,736	\$26,399,017

NOTE 8 - 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 2002, the School District contracted with Utica National Insurance Company for property insurance. Professional liability was protected by the Nationwide Mutual Insurance Company with a \$5,000,000 aggregate limit under a commercial umbrella policy for the period February 1, 2001 through February 1, 2002 and Selective Insurance Company of South Carolina with a \$3,000,000 aggregate limit under a commercial policy for the period of February 1, 2002 to February 1, 2003.

The School District's vehicles are covered by the Nationwide Mutual Insurance Company and hold a \$250 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 \$20,000 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 three years. There have been no significant reductions in insurance coverage from last year.

NOTE 9- 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 State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 E. Broad Street, Columbus, Ohio 43215-3746.

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 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 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 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, 2002, 2001, and 2000 were \$184,555, \$107,307, and \$94,990, respectively; 84.96 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$78,096 representing the unpaid contribution for fiscal year 2002, 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.

For the fiscal year ended June 30, 2002, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. 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, 2002, 2001, and 2000 were \$881,835, \$854,371, and \$422,367, respectively; 46.89 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$159,111 represents the unpaid contribution for fiscal year 2002 and is recorded as a liability within the respective funds.

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 10 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$417,711 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the fiscal year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 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, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent from fiscal year 2001. 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 2002, 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 2002 fiscal year equaled \$299,768.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2001 (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service. The Treasurer earns 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 15 days of sick leave for each year under contract. Sick leave may be accumulated up to a maximum of 215 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 53.75 days for teachers and administrators. Classified personnel, upon retirement, are paid for one-fourth of accrued, but unused sick leave credit to a maximum of 52 days.

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 Choice Care. 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 12 - 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 expenditures 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 in prior years have been capitalized in the general fixed assets account group in the amount of \$164,821 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 2002 totaled \$33,017.

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 12 - 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, 2002.

Fiscal Year Ending June 30,	Long-Term Obligation
2003	\$32,802
2004	24,085
2005	23,691
2006	<u>19,566</u>
Total	100,144
Less: Amount Representing Interest	<u>(29,511)</u>
Present Value of Minimum Lease Payments	<u><u>\$70,633</u></u>

NOTE 13 - LONG-TERM OBLIGATIONS

The change in the School District's long-term obligations during fiscal year 2002 were as follows:

	Principal Outstanding 6/30/2001	Additions	Deductions	Principal Outstanding 6/30/2002
General Obligation Bonds:				
Reconstruction/Remodeling				
Bonds 1977 5.75%	\$40,000	\$0	\$20,000	\$20,000
School Improvement				
Bonds 1998 4.93%	<u>16,804,810</u>	<u>0</u>	<u>365,000</u>	<u>16,439,810</u>
Total General Obligation Bonds	16,844,810	0	385,000	16,459,810
Energy Conservation Notes				
2001 4.85%	0	550,000	0	550,000
Compensated Absences	944,324	39,676	0	984,000
Intergovernmental Payable	188,265	136,595	188,265	136,595
Capital Leases	<u>103,650</u>	<u>0</u>	<u>33,017</u>	<u>70,633</u>
Total General Long-Term Obligations	<u><u>\$18,081,049</u></u>	<u><u>\$726,271</u></u>	<u><u>\$606,282</u></u>	<u><u>\$18,201,038</u></u>

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

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. The bonds will be repaid from the debt service fund.

School Improvement Bonds

On March 4, 1998, the School District issued \$17,599,810 in school improvement bonds for the purpose of new construction, improvements, renovations, and additions to school facilities, including the construction of a new high school, and providing equipment, furnishings and site improvements. The bonds were issued for a 27 year period with final maturity during fiscal year 2025. The debt will be retired from the debt service fund.

Energy Conservation Notes

On July 18, 2001 the School district issued \$550,000 in energy conservation notes for the purpose of paying the cost of installation, modifications of installations or remodeling constituting energy conservation measures. The notes were issued for nine years with maturity during 2010. The debt will be retired from the general fund.

Compensated absences and the intergovernmental payable will be paid from the funds 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 \$20,043,542, an energy conservation debt margin of \$3,520,004, with an unvoted debt margin of \$391,112 at June 30, 2002.

Principal and interest requirements to retire bonds and notes outstanding at June 30, 2002, are as follows:

General Obligation Bonds for Reconstruction and Remodeling

Fiscal Year Ending June 30,	Principal	Interest	Total
2003	\$20,000	\$575	\$20,575

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

School Improvement Bonds

Fiscal Year Ending June 30,	Principal	Interest	Total
2003	\$430,000	\$762,006	\$1,192,006
2004	138,171	1,084,661	1,222,832
2005	111,639	1,111,192	1,222,831
2006	500,000	742,456	1,242,456
2007	520,000	721,161	1,241,161
2008-2012	2,945,000	3,241,101	6,186,101
2013-2017	3,685,000	2,470,175	6,155,175
2018-2022	4,700,000	1,435,585	6,135,585
2023-2025	3,410,000	258,194	3,668,194
Total	<u>\$16,439,810</u>	<u>\$11,826,531</u>	<u>\$28,266,341</u>

Energy Conservation Note

Fiscal Year Ending June 30,	Principal	Interest	Total
2003	\$68,750	\$26,675	\$95,425
2004	68,750	23,341	92,091
2005	68,750	20,006	88,756
2006	68,750	16,672	85,422
2007	68,750	13,338	82,088
2008-2012	206,250	20,006	226,256
Total	<u>\$550,000</u>	<u>\$120,038</u>	<u>\$670,038</u>

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 14 - INTERFUND ACTIVITY

As of June 30, 2002, 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>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	\$31,073	\$0	\$0	\$0
Special Revenue:				
Principal's Fund	0	0	0	205
Title VI-B	0	10,800	0	0
Title I	0	12,800	0	0
Title VI	0	473	0	0
Title VI-R	0	7,000	0	0
Total Special Revenue	<u>0</u>	<u>31,073</u>	<u>0</u>	<u>205</u>
Enterprise:				
Food Service	<u>0</u>	<u>0</u>	<u>205</u>	<u>0</u>
Total All Funds	<u>\$31,073</u>	<u>\$31,073</u>	<u>\$205</u>	<u>\$205</u>

NOTE 15 - 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, 2002.

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

	Food Service	Uniform School Supplies	Total
Operating Revenues	\$677,333	\$132,026	\$809,359
Operating Expenses			
Before Depreciation	823,839	133,914	957,753
Depreciation Expense	23,575	0	23,575
Operating Loss	(170,081)	(1,888)	(171,969)
Donated Commodities	50,124	0	50,124
Federal and State Subsidies	119,178	0	119,178
Net Income (Loss)	807	(1,888)	(1,081)
Net Working Capital	60,149	34,370	94,519
Total Assets	372,417	34,558	406,975
Total Equity	313,693	34,370	348,063
Encumbrances at June 30, 2002	(412)	(1,787)	(2,199)

NOTE 16 - 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 \$55,348 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 2002. Financial information can be obtained from Karen Royer, Treasurer, Warren County Vocational School, 3525 North State Route 48, Lebanon, Ohio 45036.

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

NOTE 17- ACCOUNTABILITY

The General Fund, the Title VI-R Special Revenue Fund, and the C. S. Smith Trust Expendable Trust Fund had deficit fund balances of \$309,069, \$29, and \$1,271, respectively, at June 30, 2002. These deficits were created by the recognition of accrued liabilities. The School District is closely monitoring their general fund balance and hopes to correct the deficit with additional revenue from an operating levy passed in the November 2002 election.

NOTE 18 - 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.

For fiscal year ended June 30, 2002, the School District was no longer required to set aside funds in the budget reserve set-aside, with the exception of monies received from the Bureau of Workers' Compensation, which must be spent for specified purposes.

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

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 18 - SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stablization</u>
Set-aside Cash Balance at June 30, 2001	\$0	\$0	\$47,654
Current Year Set-Aside Requirements	324,330	324,330	0
Current Year Off-Sets	0	(317,330)	0
Reduction in Requirement Due to Revised Legislation	0	0	(47,654)
Qualifying Disbursements	(390,044)	(411,900)	0
Total	<u>(\$65,714)</u>	<u>(\$404,900)</u>	<u>\$0</u>
Set-aside Balance Carried Forward to Future Years	<u>(\$65,714)</u>	<u>(\$317,330)</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2002	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Although, the School District had qualifying offsets and disbursements during the fiscal year that reduced both the textbooks and capital acquisition set-aside amounts below zero, the negative amount for capital acquisitions may only be carried forward to the extent of proceeds from a property tax levy. The entire negative amount may be used to reduce the textbooks set-aside requirement in future fiscal years.

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbooks and capital acquisition set-aside amounts below zero. The extra amount pertaining to textbooks may be used to reduce the textbooks set-aside requirement for in future fiscal years.

NOTE 19 – STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

NOTE 20 - 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, 2002.

Little Miami Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 20 – CONTINGENCIES (Continued)

Litigation:

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

NOTE 21 – SUBSEQUENT EVENT

The School District passed an emergency operating replacement levy on November 5, 2002. This levy is for 5 years, at 6.9 mills. The approval of the replacement levy will allow the General Fund to continue to receive \$2.7 million per year in tax revenue.

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**LITTLE MIAMI LOCAL SCHOOL DISTRICT
WARREN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	None	10.550	\$0	\$48,892	\$0	\$48,892
National School Lunch Program	LL-P1-01	10.555	7,956	0	7,956	0
	LL-P4-01/02		93,408	0	93,408	0
School Breakfast Program	05-PU-01/02	10.553	11,070	0	11,070	0
Total U.S. Department of Agriculture - Nutrition Cluster			<u>112,434</u>	<u>48,892</u>	<u>112,434</u>	<u>48,892</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF-02	84.027	107,964	0	130,856	0
Special Education - Preschool Grant	PG-S1-02	84.173	5,086	0	5,086	0
Total Special Education Cluster			<u>113,050</u>	<u>0</u>	<u>135,942</u>	<u>0</u>
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-02	84.010	112,079	0	147,773	0
Title VI-R	CR-S1-02	84.340	54,249	0	66,719	0
Eisenhower	MS-S1-01/02	84.281	13,528	0	6,712	0
Title VI	C2-S1-01/02	84.298	15,229	0	15,943	0
Schoolnet Technology, Literacy Grant	TF-51-01	84.318	100,000	0	100,000	0
	TF-52-01		75,000	0	75,000	0
	TF-53-01		25,000	0	5,498	0
Drug-Free Schools Grant	DR-S1-02	84.186	10,398	0	10,350	0
School Renovation, IDEA & Technology	AT-S1-02	84.352A	850	0	850	0
Total U.S. Department of Education			<u>519,383</u>	<u>0</u>	<u>564,787</u>	<u>0</u>
U.S. DEPARTMENT OF LABOR AND U.S DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
High Schools That Work Grant	WK-BE-01	17.249	7,298	0	14,305	0
	None		25,000	0	25,000	0
<i>Passed Through the University of Cincinnati:</i>						
High Schools That Work Grant	None	17.249	0	0	15,000	0
Total U.S. Department of Labor and Education			<u>32,298</u>	<u>0</u>	<u>54,305</u>	<u>0</u>
TOTAL FEDERAL ASSISTANCE			<u>\$664,115</u>	<u>\$48,892</u>	<u>\$731,526</u>	<u>\$48,892</u>

**LITTLE MIAMI LOCAL SCHOOL DISTRICT
WARREN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2001**

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 as 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, 2002, the District had no significant food commodities in inventory.



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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 the Little Miami Local School District, Warren County, Ohio (the District), as of and for the year ended June 30, 2002, and have issued our report thereon dated December 13, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 13, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 13, 2002.

Little Miami Local School District
Warren County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

December 13, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS 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 year ended June 30, 2002. The District's major federal programs are 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended June 30, 2002.

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

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

Jim Petro
Auditor of State

December 13, 2002

LITTLE MIAMI LOCAL SCHOOL DISTRICT
WARREN COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2002

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster – CFDA# 10.550, 10.553, 10.555 Schoolnet Tech Literacy Grant – CFDA# 84.318
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**LITTLE MIAMI LOCAL SCHOOL DISTRICT
WARREN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-10483-001	Not depositing timely; material noncompliance and reportable condition	No	Partially Corrected: Improvement has been made, but some collections still not being deposited daily. For 2002, this issue is addressed in the management letter.



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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
JANUARY 7, 2003**