



**Auditor of State
Betty Montgomery**

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Miamisburg City School District, Montgomery County, (the District) as of and for the year ended June 30, 2002, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Miamisburg City School District, Montgomery County, as of June 30, 2002, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 20, during the year ended June 30, 2002, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2003 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.

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Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the *Governmental Accounting Standards Board* requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

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



Betty Montgomery
Auditor of State

February 12, 2003

Miamisburg City School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

As management of the Miamisburg City School District, we offer readers of the District's financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2002.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$17.7 million (net assets). Of this amount, \$ 2.6 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's net assets increased by \$ 1.5 million, or 9.5%. Program revenues accounted for \$4.2 million, or 10.2% of total revenues, and general revenues accounted for \$37.4 million, or 89.8%.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$9.4 million, an increase of \$1.9 million in comparison with the prior year. Of this total amount, \$6.6 million is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3.9 million, or 12.2% of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

The government-wide financial statements can be found on pages 14-15 of this report.

Miamisburg City School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

Fund Financial Statements

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

Governmental Funds

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

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

The District maintains forty (40) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund and the permanent improvement capital projects fund, both of which are considered to be major funds. Data from the other thirty-eight (38) governmental funds are combined into a single, aggregated presentation.

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

The basic governmental fund financial statements can be found on pages 16-20 of this report.

Fiduciary Funds

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

The basic fiduciary fund financial statement can be found on page 21 of this report.

Miamisburg City School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 22 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$ 17.7 million at the close of the most recent fiscal year.

By far the largest portion of the District's net assets (58 percent) reflects its investment in capital assets (e.g. land, buildings, equipment, etc.), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (26 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$2.6 million) may be used to meet the government's ongoing obligations to citizens and creditors.

District Net Assets

	<u>2001</u>	<u>2002</u>
Current Assets	\$ 36,672,048	\$ 39,221,982
Capital Assets	<u>19,596,428</u>	<u>19,386,515</u>
Total Assets	56,268,476	58,608,497
Current Liabilities	29,216,437	29,782,475
Long Term Liabilities	<u>10,864,937</u>	<u>11,093,243</u>
Total Liabilities	40,081,374	40,875,718
Net Assets:		
Invested in Capital Assets, net of debt	10,531,428	10,531,515
Restricted	3,208,657	4,525,318
Unrestricted	<u>2,447,017</u>	<u>2,675,946</u>
Total Net Assets	<u>16,187,102</u>	<u>17,732,779</u>

Miamisburg City School District
 Management's Discussion & Analysis
 For the Fiscal Year Ended June 30, 2002
 Unaudited

Governmental Activities

The District's net assets increased by \$ 1.5 million, or 9.5%. Key elements of this increase are as follows:

Changes in Net Assets
 Governmental Activities 2002

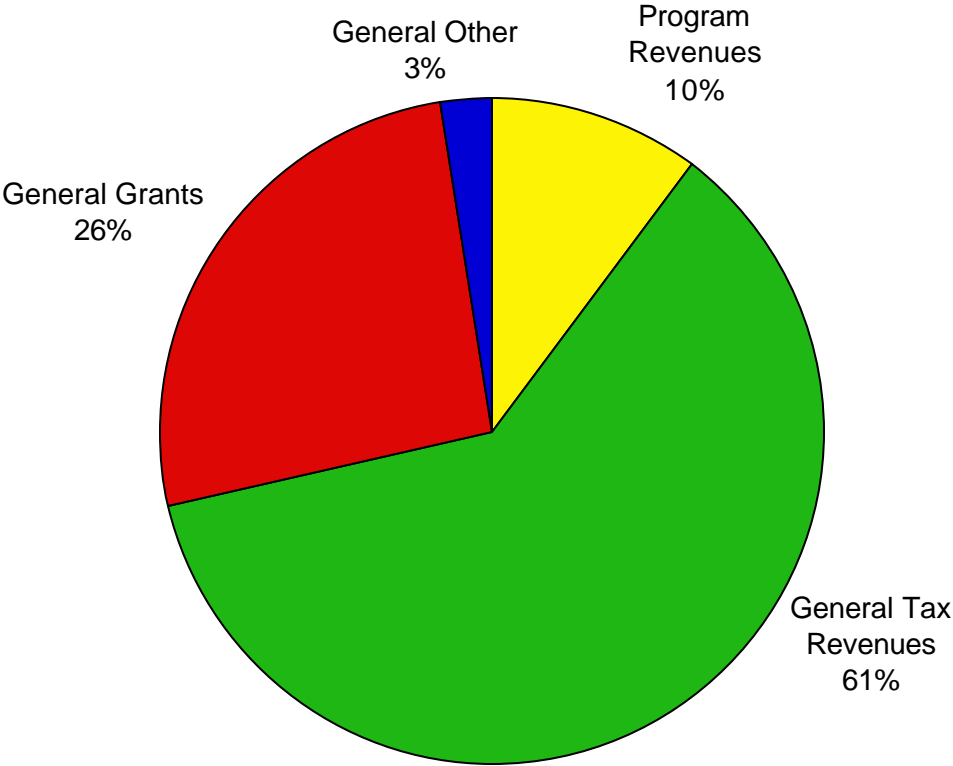
Revenues	
Program Revenues	
Charges for Services	\$ 1,882,766
Operating Grants	<u>2,366,024</u>
Total Program Revenues	<u>4,248,790</u>
General Revenues	
Property Taxes	25,413,671
Grants and Entitlements	10,869,283
Payment in Lieu of Taxes	369,612
Investment Earnings	455,378
Miscellaneous	<u>259,976</u>
Total General Revenues	<u>37,367,920</u>
Total Revenues	<u>\$41,616,710</u>
Expenses	
Program Expenses	
Instruction	
Regular	17,411,550
Special	2,983,560
Vocational	622,925
Other	406,367
Support Services	
Pupil	3,193,893
Instructional Staff	1,941,222
Administration	2,895,917
Fiscal	794,772
Business	273,656
Maintenance	3,492,912
Pupil Transportation	1,697,821
Central	1,107,802
Noninstructional Activities	1,884,123
Extracurricular Activities	747,287
Interest and Fiscal Charges	450,118
Miscellaneous	<u>167,108</u>
Total Expenses	<u>\$40,071,033</u>
Change in Net Assets	<u>\$ 1,545,677</u>

Miamisburg City School District
 Management's Discussion & Analysis
 For the Fiscal Year Ended June 30, 2002
 Unaudited

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

	Total Cost of Services 2002	Net Cost of Services 2002
Program Expenses		
Instruction		
Regular	\$ 17,411,550	\$ 16,725,803
Special	2,983,560	1,998,209
Vocational	622,925	620,253
Other	406,367	406,367
Support Services		
Pupil	3,193,893	3,081,062
Instructional Staff	1,941,222	1,818,863
General Administration	25,601	25,601
School Administration	2,870,316	2,870,316
Fiscal	794,772	794,772
Business	273,656	273,656
Maintenance	3,492,912	3,492,912
Pupil Transportation	1,697,821	1,640,151
Central	1,107,802	1,083,865
Noninstructional Activities	1,884,123	(1,436)
Extracurricular Activities	747,287	374,623
Interest and Fiscal Charges	450,118	450,118
Miscellaneous	167,108	167,108
Total Expenses	<u>\$ 40,071,033</u>	<u>\$ 35,822,243</u>

Miamisburg City School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited



The District's reliance upon tax revenues is demonstrated by the graph above indicating 61% of total revenues from local taxes. The reliance on general revenues is indicated by the net cost of services column on the preceding page reflecting the need for \$35.8 million of support, as well as the graph above, indicating general revenues comprise 90% of total revenues.

Miamisburg City School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$9.4 million, an increase of \$1.9 million in comparison with the prior year. Approximately 70% of this amount (\$6.6 million) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$1.3 million) or for a variety of other restricted purposes (\$1.5 million).

The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2002 and 2001.

	Fund Balance June 30, 2002	Fund Balance June 30, 2001	Increase (Decrease)
General	\$ 5,764,221	\$ 4,237,358	\$ 1,526,863
Permanent Improvement	1,836,950	1,729,139	107,811
Other Governmental	<u>1,770,166</u>	<u>1,553,218</u>	<u>216,948</u>
Total	<u>\$ 9,371,337</u>	<u>\$ 7,519,715</u>	<u>\$ 1,851,622</u>

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3.9 million, while total fund balance reached \$5.8 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 12.2% of total general fund expenditures, while total fund balance represents 17.8% of that same amount.

The fund balance of the District's general fund increased by \$1.5 million during the current fiscal year. The tables and graphs that follow assist in illustrating the financial activities and balance of the general fund.

Miamisburg City School District
 Management's Discussion & Analysis
 For the Fiscal Year Ended June 30, 2002
 Unaudited

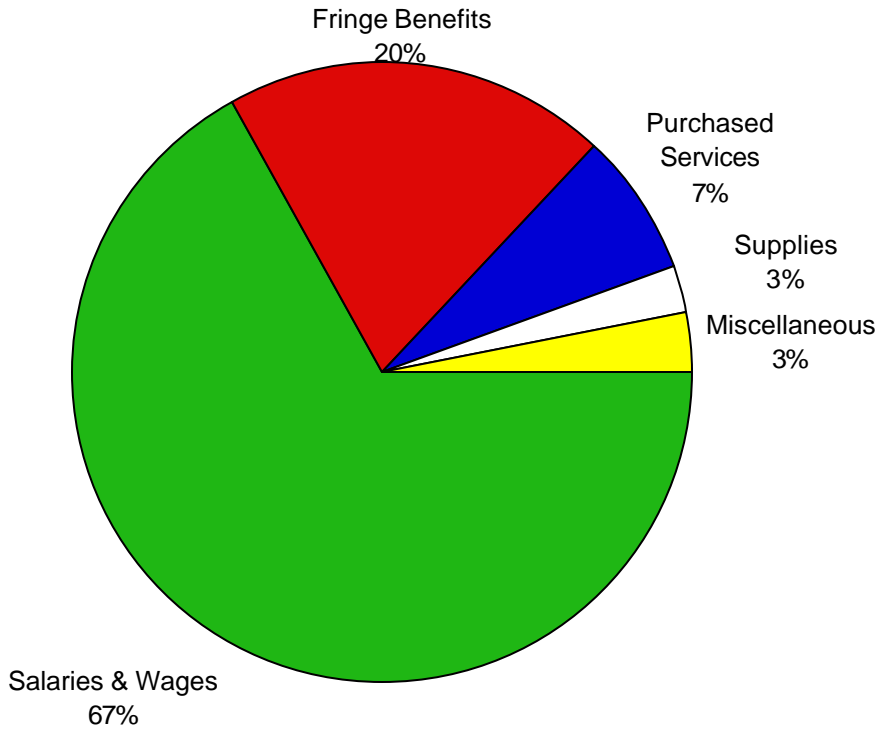
General Fund Revenue Comparative Analysis

<i>Revenues</i>	<i>2002 Amount</i>	<i>2001 Amount</i>	<i>Percentage Change</i>
Taxes	\$ 22,375,239	\$ 22,513,671	(0.61)%
Intergovernmental	10,595,722	7,668,880	38.17
Interest	443,650	556,074	(20.22)
Tuition	195,076	207,434	(5.96)
Other Revenue	<u>477,809</u>	<u>598,433</u>	<u>(20.16)</u>
Total	<u>\$ 34,087,496</u>	<u>\$ 31,544,492</u>	<u>8.06%</u>

Intergovernmental revenues of the general fund increased \$ 2.9 million, or 38%. This increase is a result of the School Foundation cap being removed in fiscal year 2002.

Miamisburg City School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

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



<i>Expenditures by Object</i>	<u>2002</u> <u>Amount</u>	<u>2001</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Salaries and Wages	\$ 21,891,327	\$ 20,174,111	8.51%
Fringe Benefits	6,449,377	5,493,592	17.40%
Purchased Services	2,336,099	2,334,988	0.05%
Supplies	860,056	766,265	12.24%
Miscellaneous	935,636	958,132	(2.35%)
Total	<u>\$32,472,495</u>	<u>\$ 29,727,088</u>	<u>9.23%</u>

The expenditures are up \$2.7 million or 9.2% over the prior year. General fund revenues exceeding expenditures and the correlating increase to fund balance indicates improving financial health of the District.

Miamisburg City School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

Permanent Improvement Fund

The permanent improvement capital projects fund has a total fund balance of \$1.8 million, \$.7 million of which is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$.58 million) or for a variety of other restricted purposes (\$.14 million). The permanent improvement capital projects fund did not experience a significant change in fund balance. The revenues of the fund are property taxes and homestead and rollback monies received from the state. The expenses of the fund are primarily for capital outlay.

General Fund Budget Information

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

Differences between the original budget and the final amended budget were relatively minor. The final amended revenue estimate exceeded the original estimate by 1 million, or 3.1%, and the final appropriations exceeded the original resolution by 1.5 million, or 4.9%. There were no differences between the District's final amended budgets and actual revenue and expenditure amounts.

Capital Assets

The District's investment in capital assets as of June 30, 2002, amounts to \$ 19.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, furniture, fixtures and equipment, vehicles, and land improvements. Total acquisitions for the current fiscal year were \$ 1.17 million and depreciation was \$1.3 million. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 7).

Debt

At June 30, 2002, the District had \$8.85 million in outstanding bonds payable. The District paid \$ 210,000 in principal on bonds outstanding during the fiscal year. Detailed information regarding long-term debt is included in the notes to the basic financial statements (Note 12).

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total value of real and personal property. At June 30, 2002, the District's general obligation debt was below the legal limit.

Miamisburg City School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

Restrictions and Other Limitations

A major challenge facing the District is the future of state funding. 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.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS
AS OF JUNE 30, 2002**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	12,520,744
Receivables:	
Taxes	26,203,406
Accounts	80,996
Intergovernmental	259,019
Interest	15,760
Inventory Held for Resale	23,421
Restricted Cash	118,636
Capital Assets, Net	<u>19,386,515</u>
Total Assets	<u>58,608,497</u>
Liabilities	
Accounts Payable	569,241
Accrued Wages and Benefits	3,100,370
Intergovernmental Payable	1,252,116
Accrued Interest	37,211
Deferred Revenue	24,823,537
Long-Term Liabilities	
Due within One Year	529,076
Due in More Than One Year	<u>10,564,167</u>
Total Liabilities	<u>40,875,718</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	10,531,515
Restricted for:	
Budget Stabilization	118,636
Debt Service	642,065
Capital Projects	1,873,560
Other Purposes	1,914,478
Unrestricted	<u>2,652,525</u>
Total Net Assets	<u>17,732,779</u>

See accompanying notes to the financial statements

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
Instruction				
Regular	17,411,550	390,746	295,001	(16,725,803)
Special	2,983,560	13,440	971,911	(1,998,209)
Vocational	622,925	-	2,672	(620,253)
Other Instruction	406,367	-	-	(406,367)
Support Services				
Pupils	3,193,893	-	112,831	(3,081,062)
Instructional Staff	1,941,222	-	122,359	(1,818,863)
General Administration	25,601	-	-	(25,601)
School Administration	2,870,316	-	-	(2,870,316)
Fiscal Services	794,772	-	-	(794,772)
Business	273,656	-	-	(273,656)
Maintenance	3,492,912	-	-	(3,492,912)
Pupil Transportation	1,697,821	-	57,670	(1,640,151)
Central	1,107,802	-	23,937	(1,083,865)
Non-instructional	1,884,123	1,105,916	779,643	1,436
Extra Curricular Activities	747,287	372,664	-	(374,623)
Interest and Fiscal Charges	450,118	-	-	(450,118)
Miscellaneous	167,108	-	-	(167,108)
Total Governmental Activities	40,071,033	1,882,766	2,366,024	(35,822,243)

General Revenues	
Property Taxes Levied for:	
General Purposes	22,375,239
Debt Service	686,185
Capital Projects	2,352,247
Grants & Entitlements not Restricted to Specific Programs	10,869,283
Payment in Lieu of Taxes	369,612
Investment Earnings	455,378
Miscellaneous	259,976
Total General Revenues	37,367,920
Change in Net Assets	1,545,677
Net Assets Beginning of Year - (See Note 20)	16,187,102
Net Assets End of Year	17,732,779

See accompanying notes to the financial statements

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2002

	General Fund	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 8,402,737	\$ 2,060,549	\$ 2,057,458	\$ 12,520,744
Receivables:				
Taxes	23,070,565	2,482,710	650,131	26,203,406
Accounts	40,412	-	40,584	80,996
Intergovernmental	160,135	-	98,884	259,019
Interest	15,088	-	672	15,760
Inventory Held for Resale	-	-	23,421	23,421
Restricted Cash	118,636	-	-	118,636
Interfund Receivable	147,178	-	-	147,178
Total Assets	\$ 31,954,751	\$ 4,543,259	\$ 2,871,150	\$ 39,369,160
Liabilities:				
Accounts Payable	144,808	362,007	62,426	569,241
Accrued Wages and Benefits	2,962,798	-	137,572	3,100,370
Intergovernmental Payable	913,084	-	116,505	1,029,589
Interfund Payable	-	-	147,178	147,178
Deferred Revenue	21,860,764	2,344,302	637,303	24,842,369
Compensated Absences Payable	309,076	-	-	309,076
Total Liabilities	\$ 26,190,530	\$ 2,706,309	\$ 1,100,984	\$ 29,997,823
Fund Balances:				
Reserved				
Encumbrances	479,209	581,370	202,047	1,262,626
Budget Stabilization	118,636	-	-	118,636
Inventory	-	-	23,421	23,421
Property Taxes	1,209,801	138,408	37,900	1,386,109
Unreserved, Reported in:				
General Fund	3,956,575	-	-	3,956,575
Special Revenue Funds	-	-	790,884	790,884
Debt Service Fund	-	-	679,304	679,304
Capital Project Funds	-	1,117,172	36,610	1,153,782
Total Fund Balances	\$ 5,764,221	\$ 1,836,950	\$ 1,770,166	\$ 9,371,337
Total Liabilities and Fund Balances	\$ 31,954,751	\$ 4,543,259	\$ 2,871,150	\$ 39,369,160

See accompanying notes to the financial statements

Miamisburg City School District
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2002

Total Governmental Fund Balances	\$9,371,337
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,386,515
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	18,832
Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
	Intergovernmental Payable (222,527)
	Interest Payable (37,211)
	Compensated Absences (1,929,167)
	General Obligation Debt (8,855,000)
	<u>(11,043,905)</u>
Net Assets of Governmental Activities	<u><u>\$17,732,779</u></u>

See accompanying notes to the financial statements

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

	General Fund	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 22,375,239	\$ 2,352,247	\$ 686,185	\$ 25,413,671
Intergovernmental	10,595,722	257,710	2,274,447	13,127,879
Charges for Services	-	-	1,292,166	1,292,166
Interest	443,650	-	11,728	455,378
Tuition and Fees	195,076	-	30	195,106
Extracurricular Activities	-	-	326,510	326,510
Other	477,809	130,020	68,984	676,813
Total Revenues	\$ 34,087,496	\$ 2,739,977	\$ 4,660,050	\$ 41,487,523
Expenditures:				
Current:				
Instruction:				
Regular	\$ 15,755,157	\$ 138,742	\$ 627,724	\$ 16,521,623
Special	2,346,098	-	568,479	2,914,577
Vocational	589,400	-	873	590,273
Other	406,367	-	-	406,367
Support services:				
Pupils	3,036,195	-	124,952	3,161,147
Instructional staff	1,292,391	11,921	132,166	1,436,478
Board of Education	17,143	-	-	17,143
Administration	2,713,237	-	1,569	2,714,806
Fiscal	747,627	34,837	10,190	792,654
Business	224,889	-	700	225,589
Operation and Maintenance of Plant	2,444,271	488,214	9,020	2,941,505
Pupil Transportation	1,525,835	2,175	7,344	1,535,354
Central	969,255	-	123,345	1,092,600
Non-instructional Services	-	-	1,811,885	1,811,885
Extracurricular Activities	375,178	-	362,488	737,666
Capital Outlay	29,452	1,957,257	111,746	2,098,455
Debt service:				
Principal Retirement	-	-	210,000	210,000
Interest and Fiscal Charges	-	-	450,835	450,835
Total Expenditures	\$ 32,472,495	\$ 2,633,146	\$ 4,553,316	\$ 39,658,957
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	\$ 1,615,001	\$ 106,831	\$ 106,734	\$ 1,828,566
Other financing sources (uses):				
Other Financing Sources	20,779	980	-	21,759
Other Financing Uses	-	-	(87,299)	(87,299)
Donated Commodities	-	-	88,596	88,596
Transfers In	-	-	111,033	111,033
Transfers Out	(108,917)	-	(2,116)	(111,033)
Total other financing sources (uses) . .	\$ (88,138)	\$ 980	\$ 110,214	\$ 23,056
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Revenues	\$ 1,526,863	\$ 107,811	\$ 216,948	\$ 1,851,622
Fund Balance at Beginning of Year, as restated	\$ 4,237,358	\$ 1,729,139	\$ 1,553,218	7,519,715
Fund Balance at End of Year	\$ 5,764,221	\$ 1,836,950	\$ 1,770,166	\$ 9,371,337

See accompanying Notes to the General Purpose Financial Statements

Miamisburg City School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2002

Net Change in Fund Balances - Total Governmental Funds	1,851,622
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
	(130,104)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
	18,832
 Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities.	
	210,000
 In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	
	717
 Some expenses reported in the statement of activities, such as compensated absences payable and other accounts payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	(405,390)
 <i>Change in Net Assets of Governmental Activities</i>	 <u><u>\$1,545,677</u></u>

See accompanying notes to the financial statements

MIAMISBURG CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
BUDGET AND ACTUAL (Non-GAAP Budgetary Basis)

General Fund

For the fiscal year ended June 30, 2002

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE OVER/(UNDER)
Total Revenues	33,408,511	34,443,654	34,443,654	0
Expenditures:				
Current:				
Instruction:				
Regular	15,237,934	15,541,176	15,541,176	0
Special	1,848,824	2,291,135	2,291,135	0
Vocational	574,225	592,496	592,496	0
Other	880,000	663,628	663,628	0
Support Services:				
Pupils	2,457,900	2,948,197	2,948,197	0
Instructional Staff	1,142,444	1,316,632	1,316,632	0
Board of Education	61,100	26,903	26,903	0
Administration	2,327,577	2,680,346	2,680,346	0
Fiscal	857,600	756,350	756,350	0
Business	235,800	242,320	242,320	0
Operations of Maintenance of Plant	2,507,488	2,579,635	2,579,635	0
Pupil Transportation	1,498,850	1,627,970	1,627,970	0
Central	1,168,950	979,273	979,273	0
Extracurricular Activities	359,800	376,404	376,404	0
Capital Outlay	0	63,148	63,148	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	31,158,492	32,685,613	32,685,613	0
Excess of Revenues Over (Under) Expenditures	2,250,019	1,758,041	1,758,041	0
Other Financing Sources (Uses):				
Transfers -Out	(25,000)	(108,917)	(108,917)	0
Advances - Out	(200,000)	(127,412)	(127,412)	0
Total Other Financing Sources (Uses)	(225,000)	(236,329)	(236,329)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Use.	2,025,019	1,521,712	1,521,712	0
Fund Balances at Beginning of Year	5,397,881	5,397,881	5,397,881	0
Prior Year Encumbrances Appropriated	749,860	749,860	749,860	0
Fund Balances at End of Year	\$8,172,760	\$7,669,453	\$7,669,453	\$0

See accompanying notes to the general purpose financial statements

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
AS OF JUNE 30, 2002**

	Agency <u>Funds</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	127,162
Accounts Receivable	870
Total Assets	<u>128,032</u>
Liabilities:	
Accounts Payable	69
Due to Others	39,938
Due to Students	88,025
Total Liabilities	<u>128,032</u>

See accompanying notes to the financial statements

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

1. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

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

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by state and/or federal agencies. The Board controls the District’s instructional/support facilities staffed by 506 full-time employees. There are 365 certificated employees including 20 administrators and 207 classified employees including 5 administrators, who provide services to 4,856 students and other community members.

A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the District are not misleading.

The primary government consists of all funds and departments that provide various services including vocational and adult instruction, student guidance, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing body and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations for which the District approves the budget, the issuance of debt or the levying of taxes.

The District does not have any component units.

The District is associated with three organizations that are defined as jointly governed. These organizations include the Metropolitan Dayton Educational Computer Association, the Southwestern Ohio Educational Purchasing Cooperative and the Miami Valley Technical Center. These organizations are presented in Note 14 to the basic financial statements.

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

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

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

Major Governmental Funds:

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

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

Other Fund Types:

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

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

B. Basis of Presentation

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

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

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements

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

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

C. Basis of Accounting

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

Revenues, Exchange and Non-exchange Transactions

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

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

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Revenue

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

Expenditures/Expenses

On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

D. Cash and Investments

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

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

Under existing Ohio statutes, all investment earnings accrue to the general and food service funds. Interest earnings are allocated to these funds based on average monthly cash balances. Investment income credited to the general fund during the fiscal year amounted to \$443,650, which includes \$134,692 assigned from other District funds. The food service fund and auxiliary services fund also received interest revenue of \$6,683 and \$5,045 respectively.

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Inventory Held for Resale

On government-wide financial statements, inventories are presented at the lower of cost or market using the first in, first out (FIFO) method and are expensed when used. On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds, which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

F. Capital Assets and Depreciation

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District does not capitalize interest costs as part of capital assets. Interest is expensed as incurred. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$500. The District does not possess any infrastructure.

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Buildings and improvements are charged a full year of depreciation in the year of acquisition or the year the asset is placed into service. Depreciation for furniture, fixtures and equipment, vehicles, and land improvements will begin in the month of acquisition. Depreciation is computed using the straight-line method over the following useful lives:

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

G. Interfund Activity

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

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

Vacation leave accumulated by employees is accrued as a liability as the benefits are earned when the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

A liability for sick leave is accrued using the termination method, which states that an accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

K. Accrued Liabilities and Long-term Obligations

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

L. Fund Balance Reserves

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

M. Encumbrances

The District employs encumbrance accounting in governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

3. BUDGET TO GAAP RECONCILIATION

Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law requires accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

The Statement of Revenues, Expenditures and Changes in Fund Balances, Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

**Excess of Revenues and
Other Financing Sources Over (Under)
Expenditures and Other Financing Uses**

	General Fund
GAAP Basis	<u>\$1,526,863</u>
Revenue Accruals	(22,792)
Expenditure Accruals	638,802
Encumbrances	(851,920)
Advances In (Out)	230,759
Budget Basis	<u><u>\$1,521,712</u></u>

4. DEPOSITS AND INVESTMENTS

State statutes require the classification of monies held by the District into three categories.

Active Monies - Those monies required to be kept in a "cash or "near-cash" status for immediate use by the district. Such monies must be maintained either as cash in the District Treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim Monies - Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. The Ohio Revised Code authorizes the District to invest interim monies in United States and State of Ohio bonds, notes, and other obligations; bank certificates of deposit; banker's acceptances; commercial paper notes rated prime and issued by United States corporations; and STAR Ohio.

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

4. DEPOSITS AND INVESTMENTS (Continued)

Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the financial institution holding the assets. By law, financial institutions must establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of public funds on deposit. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Deposits

At year-end, the carrying amount of the District's deposits was \$ 7,867,612 and the bank balance was \$ 7,970,500. Of the bank balance, \$ 200,510 was covered by federal deposit insurance. The remaining amounts were uninsured.

Investments

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the School District's investments be classified in categories of risk. Category 1 includes investments that are insured or registered or for which the District holds the securities. Category 2 includes uninsured and unregistered investments for which the counter-party's trust department or agent in the District's name holds the securities. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter-party or by its trust department or agent but not in the District's name.

	Category 2	Carrying Value	Market Value
Federal Agency Securities	\$ 4,373,238	\$ 4,373,238	\$4,383,439
STAR Ohio		525,692	525,692
Total	\$ 4,373,238	\$ 4,898,930	\$4,909,131

A reconciliation between classifications of cash and investments on the financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$ 12,766,542	\$ 0
Federal Agency Securities	(4,373,238)	4,373,238
STAR Ohio	(525,692)	525,692
GASB Statement 3	\$ 7,867,612	\$ 4,898,930

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

5. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be re-valued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by July 20.

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Miamisburg City School District. The County Auditor periodically remits to the District its portion of the taxes collected. The full tax rate for all District operations for the year ended June 30, 2002 was \$47.70 per \$1,000 of assessed value. The assessed values upon which the fiscal year 2002 taxes were collected are as follows:

	<u>2002 First- Half Collections</u>	<u>2002 Second- Half Collections</u>
Real Property	\$ 616,951,065	\$ 655,496,530
Personal Property – Public Utilities	34,656,380	25,442,020
Personal Property – General	<u>123,021,330</u>	<u>123,909,187</u>
 Total	 <u>\$ 774,628,775</u>	 <u>\$ 804,847,737</u>

Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies that are measurable as of June 30, 2002. Although total property tax collections for the next year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 was \$1,209,801 in the General Fund, \$138,408 in the Permanent Improvement Capital Projects Fund and \$37,900 in the Bond Retirement Fund and is recognized as revenue.

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

6. RECEIVABLES

Receivables at June 30, 2002 consisted of taxes, accounts, intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

A summary of receivables follows:

Taxes – Current and Delinquent	\$ 26,203,406
Accounts	\$ 80,996
Intergovernmental	\$ 259,019
Interest	\$ 15,760
Total Receivables	<u>\$ 26,559,181</u>

7. CAPITAL ASSETS

An adjustment to beginning balances has been made to reflect the District's reclassification of food service capital assets from proprietary to governmental. Food Service capital assets at June 30, 2001, net of accumulated depreciation, totaled \$ 299,257. The remaining adjustment amount of \$ 4,054,302 represents a correction of capital asset and depreciation amounts reported in previous periods.

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

	Balance June 30, 2001	Prior Period Adjust	Restated June 30, 2001	Additions	Deletions	Balance 6/30/02
<i>Governmental Activities</i>						
Land and Improvements	1,119,325	92,784	1,212,109	126,566	0	1,338,675
Buildings	19,150,137	3,806,547	22,956,684	132,279	0	23,088,963
Equipment	5,622,851	690,272	6,313,123	701,557	(266,042)	6,748,638
Vehicles	2,326,860	61,303	2,388,163	209,648	(152,083)	2,445,728
Totals	<u>28,219,173</u>	<u>4,650,906</u>	<u>32,870,079</u>	<u>1,170,050</u>	<u>(418,125)</u>	<u>33,622,004</u>
Accum. Depreciation:						
Land and Improvements	119,444	0	119,444	13,687	0	133,131
Buildings	8,251,534	0	8,251,534	472,353	0	8,723,887
Equipment	2,869,076	385,300	3,254,376	672,611	(186,233)	3,740,754
Vehicles	1,736,250	(87,953)	1,648,297	141,503	(152,083)	1,637,717
Total	<u>12,976,304</u>	<u>297,347</u>	<u>13,273,651</u>	<u>1,300,154</u>	<u>(338,316)</u>	<u>14,235,489</u>
Capital Assets, Net	<u>15,242,869</u>	<u>4,353,559</u>	<u>19,596,428</u>	<u>(130,104)</u>	<u>(79,809)</u>	<u>19,386,515</u>

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

7. CAPITAL ASSETS (Continued)

* Depreciation Expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 436,230
Special	35,184
Vocational	14,320
Support Services:	
Pupil	30,806
Instructional Staff	452,290
School Administration	48,871
Fiscal Services	945
Business	2,498
Operations & Maintenance	73,993
Pupil Transportation	151,365
Central	555
Op. of Non-Instructional Services	43,669
Extracurricular Activities	9,428
Total Depreciation Expense	<u>\$ 1,300,154</u>

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

8. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Miamisburg City School District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer public employee retirement system administered by the School Employees Retirement System Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Chapter 3309 of the Ohio Revised Code establishes benefits. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the Miamisburg City School District is required to contribute 14 percent; 5.46 percent was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended, up to statutory maximum amounts, 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 \$ 287,224, \$ 976,301, and \$816,518, respectively; 55 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$ 130,179 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The Miamisburg City School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer public employee retirement system administered by the State Teachers Retirement System Board. STRS provides basic retirement benefits, disability, survivor and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the Miamisburg City School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation 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 \$ 1,532,415, \$ 2,645,715, and \$ 2,469,398, respectively; 81 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$ 286,914 representing the unpaid contribution for fiscal year 2002 is recorded as a liability within the respective funds.

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

9. 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 \$ 725,881 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 year ended June 30, 2001, net health care costs paid by STRS were \$800,772,000 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, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service 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. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 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 \$ 516,862.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the minimum reserve for the health care fund which equals 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 minimum reserve was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million and approximately 50,000 participants currently receiving health care benefits.

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

10. OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation

District classified employees earn vacation leave at varying rates based upon negotiated agreements and State laws. In the case of death or retirement, an employee (or his/her estate) is paid for his/her unused vacation leave. The total obligations for vacation leave for the District as a whole amounted to \$155,875 at June 30, 2002.

Accumulated Unpaid Sick Leave

District employees may accumulate sick leave. Upon retirement, payment is made for one-fourth of 180 hours of unused sick leave. Any amount over the 180 hours is paid out at one-tenth. The total obligation for sick leave accrual for the District as a whole as of June 30, 2002 was \$ 2,082,368.

11. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2002 the School District contracted with Indiana Insurance Company for building and property insurance. This policy has a limit of insurance in the amount of \$72,245,445 for property and a \$2,500 deductible. Indiana Insurance also covers auto insurance for actual cash value with a \$250 deductible. General liability insurance is under Nationwide/Wausau Insurance. The base policy has a \$1,000,000 per occurrence and a \$2,000,000 aggregate limit. The treasurer, superintendent, assistant superintendent and Board President are bonded separately.

The District is a member of the Southwestern Ohio Educational Purchasing Cooperative (SOEPC). The cooperative contracts with Acordia, Inc. to provide an insurance purchasing pool for workers compensation. The intent of the pool is to achieve the benefit of a reduced premium for the School District by virtue of its grouping an representation with other participants in the pool. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the pool. Each participant pays its workers compensation premium to the State based on the rate for the pool rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the pool. A participant will then either receive money from or be required to contribute to the pool. This equity pooling arrangement insures that each participant shares equally in the overall performance of the pool. Participation in the pool is limited to school districts that can meet the pool's selection criteria. Acordia Inc. provides administrative, cost control and actuarial services to the SOEPC.

The School District has elected to provide employee medical benefits through Anthem Blue Cross and Blue Shield. The employees share the cost of the monthly premium with the board for family plans. The board pays 95 percent of the premium. The School District provides life insurance to employees through the American United Life Insurance Company.

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

12. LONG-TERM OBLIGATIONS

The District's general obligation bonds were issued April 1, 1998 at 5.11% and mature December 1, 2024. The bonds were issued for construction and renovation of school buildings and are paid from the debt service fund with property tax revenue. Compensated absences will be paid from the fund from which the employee is paid if the funds are available, otherwise, from the General Fund.

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

Fiscal Year Ending June 30,	Principal	Interest
2003	\$ 220,000	\$ 441,965
2004	230,000	432,570
2005	235,000	422,746
2006	245,000	412,485
2007	260,000	401,563
2008-2012	1,470,000	1,818,038
2013-2017	1,910,000	1,358,412
2018-2022	2,475,000	792,575
2023-2025	1,810,000	142,219
	<u>\$ 8,855,000</u>	<u>\$ 6,222,573</u>

Long-term obligations at June 30, 2002 were as follows:

	Balance <u>6/30/01</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>6/30/02</u>	Amount Due <u>in One Year</u>
1998 General Obligation	9,065,000	0	210,000	8,855,000	220,000
Compensated Absences	<u>1,585,745</u>	<u>652,498</u>	<u>0</u>	<u>2,238,243</u>	<u>309,076</u>
Total Long-term Obligations	<u>\$ 10,650,745</u>	<u>\$ 652,498</u>	<u>\$ 210,000</u>	<u>\$ 11,093,243</u>	<u>\$ 529,076</u>

The District's voted legal debt margin was \$72,436,296, or 9% of the District's assessed valuation at June 30, 2002, with an un-voted debt margin of \$804,848, or .1% of the same assessed valuation.

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

13. INTERFUND ASSETS/LIABILITIES

Individual fund inter-fund asset and liability balances at June 30, 2002, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Title I	\$ 35,000
	Drug Free	24,409
	CSRD	68,003
	Uniform Supplies	19,766
Total		<u>\$ 147,178</u>

14. JOINTLY GOVERNED ORGANIZATIONS

A. Metropolitan Dayton Educational Computer Association (MDECA)

The School District is a member and fiscal agent of the Metropolitan Dayton Educational Computer Association (MDECA), which is a computer consortium of area school districts sharing computer resources. MDECA is an association of public school districts in a geographical area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. The Board of MDECA consists of one representative from each of the participating members. Each member pays an annual membership fee plus any other fees for services performed by the consortium.

B. Southwestern Ohio Educational Purchasing Cooperative

The School District is a member of the Southwestern Ohio Educational Purchasing Cooperative (SOEPC). The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools within geographical boundaries as defined by the SOEPC and to serve as a resource to member districts on matters related to business operations. The SOEPC elects one of its members as Chairperson and another as Vice-Chairperson. An Executive Committee is comprised of eleven members including the Chairperson and Vice-Chairperson and a representative from the Fiscal Agent. Each new member pays an initiation fee in addition to the annual membership fee and other appropriate assessments.

C. Miami Valley Technical Center

The Miami Valley Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts elected boards, which possesses its own budgeting and taxing authority.

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

15. INSURANCE PURCHASING POOL

Southwestern Ohio Educational Purchasing Cooperative Workers' Comp. Group Rating Plan

The School District participates in the Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. All districts within the SOEPC have the option of becoming a member of the workers' compensation insurance pool. The members are able to pool their loss experiences to create a more reasonable rate than would be obtained directly by the Bureau of Worker's Compensation. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

16. CONTINGENT LIABILITIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

B. Litigation

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

17. SCHOOL FUNDING COURT 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.

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

18. RESERVATIONS OF FUND BALANCE

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

The 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.

	Textbook	Capital Acquisition	Budget Stabilization	Total
Balance as of June 30, 2001	\$ 0	\$ 0	\$ 118,636	\$ 118,636
Qualifying Carryover FY01	(857,650)	(1,831,748)	0	(2,689,398)
Current Year Set Aside	605,328	605,328	0	1,210,656
Current Year Offsets	(984,474)	(1,842,248)	0	(2,826,722)
Qualifying Expenditures	(301,333)	(385,802)	0	(687,135)
Balance as of June 30, 2002	<u>(1,538,129)</u>	<u>(3,454,470)</u>	<u>118,636</u>	<u>(4,873,963)</u>
Cash Balance FY 2002	<u>0</u>	<u>0</u>	<u>118,636</u>	<u>118,636</u>
Qualifying Carry-over	\$ (1,538,129)	\$ (2,374,550)	\$ 0	\$(3,912,679)

The Textbook and the Capital Acquisition set-aside expenditures and offsets in excess of the set-aside requirements may be carried forward to offset future years set-aside requirements. The District had qualifying expenditures and offsets for carry-over to the fiscal year ending June 30, 2002 of \$2,374,550 for the Capital Acquisition Reserve and \$ 1,538,129 for the Textbook Reserve.

19. SUBSEQUENT EVENTS

Subsequent June 30, 2002, the District's Board authorized the issuance of Bond Anticipation Notes in the amount of \$ 660,000 for the purpose of acquiring land and interests in land for school purposes.

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

20. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES

A. Changes in Accounting Principles

The District has implemented GASB Statements No. 34 “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.”

GASB 34 creates new basic financial statements for reporting on the District’s financial activities. The financial statements now include entity-wide financial statements prepared on the accrual basis of accounting, and fund financial statements, which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The beginning net asset amount for governmental programs reflects the change in fund balance for the governmental funds at June 30, 2001, caused by the conversion to the accrual basis of accounting.

B. Restatement of Fund Balances

In fiscal year 2002, the District’s rotary fund, which has historically been reported as a component of the general fund, was reclassified as a special revenue fund. In addition, the food service and uniform supplies enterprise funds were reclassified to special revenue funds which are considered non-major funds for GASB 34. These restatements had the following effect on fund balance of major and non-major funds of the District as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Permanent Improvement</u>	<u>Non-Major</u>	<u>Total</u>
Fund Balance June 30, 2001	\$ 4,239,773	\$ 1,729,139	\$ 1,849,089	\$ 7,818,001
Internal Service Fund Reclassification	(2,415)	0	2,415	0
GASB 34 Adjustment: Fund Type Reclassification	<u>0</u>	<u>0</u>	<u>(298,286)</u>	<u>(298,286)</u>
Adjusted Fund Balance June 30, 2001	<u>\$ 4,237,358</u>	<u>\$ 1,729,139</u>	<u>\$ 1,553,218</u>	\$ 7,519,715
GASB 34 Adjustments:				
Capital Assets				19,596,428
Long-Term Liabilities				(10,650,745)
Intergovernmental Payable				(240,368)
Interest Payable				(37,928)
Governmental Activities Net Assets, June 30, 2001				<u>16,187,102</u>

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution Program	10.550	N/A		\$79,013		\$88,595
National School Breakfast Program	10.553	044396 05-PU 01 044396 05-PU 02	\$11,497 33,142		\$11,497 33,142	
Total National School Breakfast Program			44,639		44,639	
National School Lunch Program	10.555	044396-LLP1-01 044396-LLP4-01 044396-LLP4-02	24,537 57,607 222,618		24,537 57,607 222,618	
Total National School Lunch Program			304,762		304,762	
Total United States Department of Agriculture - Nutrition Cluster			349,401	79,013	349,401	88,595
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Grants to Local Education Agencies (ESEA Title I)	84.010	044396-C1S1-00-C 044396-C1S1-01 044396-C1S1-01-C 044396-C1S1-02	27,063 263,571 37,514 254,633		91,827 229,192	
Total ESEA Title I			582,781		321,019	
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	84.027	044396-6BSF-02-P	319,874		120,678	
Preschool Disabilities Grant	84.173	044396-PGS1-02-P	22,753		22,753	
Total Special Education Cluster			342,627		143,431	
Drug Free Schools	84.186	044396-DRS1-00 044396-DRS1-01 044396-DRS1-02	(179) 4,763		2,427 15,852 13,298	
Total Drug Free Schools			4,584		31,577	
Eisenhower Professional Development Grant	84.281	044396-MSS1-00 044396-MSS1-01 044396-MSS1-02	1,706 18,712		1,379 8,617 10,790	
Total Eisenhower Professional Development Grant			20,418		20,786	
Innovative Education Program Strategy	84.298	044396-C2S1-00 044396-C2S1-01 044396-C2S1-02	18,737 21,661 24,793		403 4,025 18,590	
Total Innovative Education Program Strategy			65,191		23,018	
Comprehensive School Reform Subsidy	84.332	044396-RFS1-01 044396-RFS2-01	15,000		15,390 41,765	
Total Comprehensive School Reform Subsidy			15,000		57,155	
Title V1-R Classroom Reduction	84.340	044396-CRS1-00 044396-CRS1-01 044396-CRS1-02	52,505 56,695 26,445		74,650 80,996 74,130	
Total Title V1-R Classroom Reduction			135,645		229,776	
School Renovation Grant	84.352	044396-ATS1-02	1,190		131	
Total United States Department of Education			1,167,436		826,893	
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed through Montgomery County Educational Service Center</i>						
CAFS Medicaid Assistance Program	93.778	N/A	9,510		9,510	
Total Federal Assistance			\$1,526,347	\$79,013	\$1,185,804	\$88,595

The Notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Statement.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - NUTRITION CLUSTER

Non-monetary assistance, such as food received from the United States Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with State Grants and local funds. It is assumed federal monies are expended first.

NOTE C - MATCHING REQUIREMENTS

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

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Auditor of State Betty Montgomery

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

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

The the Board of Education:

We have audited the financial statements of Miamisburg City School District, Montgomery County, (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated February 12, 2003, in which we noted the District has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. 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 are 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 February 12, 2003.

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 February 12, 2003.

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Miamisburg City School District
Montgomery County
Independent Accountants' Report On Compliance And On
Internal Control Required By *Government Auditing Standards*
Page 2

This report is intended for the information and use of 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 12, 2003



Auditor of State Betty Montgomery

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

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

To the Board of Education:

Compliance

We have audited the compliance of Miamisburg City School District (the District), Montgomery County, 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 each of its major federal programs 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, Miamisburg City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs 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.

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**Internal Control Over Compliance
(Continued)**

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 management, the Board of Education, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 12, 2003

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



**Auditor of State
Betty Montgomery**

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MIAMISBURG CITY SCHOOL DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 27, 2003**