

Little Miami Local School District

Warren County

Single Audit

July 1, 2003 through June 30, 2004

Fiscal Year Audited Under GAGAS: 2004

BALESTRA, HARR & SCHERER CPAs, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

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**Auditor of State
Betty Montgomery**

Board of Education
Little Miami Local School District
5819 Morrow-Rossburg Road
Morrow, Ohio 45152

We have reviewed the *Independent Auditor's Report* of the Little Miami Local School District, Warren County, prepared by Balestra, Harr & Scherer CPAs, Inc., for the audit period July 1, 2003 to June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 30, 2005

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Little Miami Local School District
Warren County
Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2004

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA 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	NA	10.550	\$0	\$56,887	\$0	\$56,887
National School Breakfast Program	05PU	10.553	7,104	0	7,104	0
National School Lunch Program	LLP4	10.555	117,075	0	117,075	0
Total United States Department of Agriculture			124,179	56,887	124,179	56,887
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education</i>						
Special Education Cluster:						
Special Education- Grants to States	6B-SF	84.027	269,740	0	282,496	0
Special Education- Handicapped Preschool	PGS1	84.173	5,404	0	10,527	0
Total Special Education Cluster			275,144	0	293,023	0
Title 1 Grants to Local Education Agencies	C1S1	84.010	239,519	0	236,161	0
Safe and Drug Free Schools and Communities	DRS1	84.186	13,653	0	14,048	0
Innovative Education Program Strategy	C2S1	84.298	16,252	0	20,817	0
Education Technology State Grants	TJS1	84.318	7,050	0	10,383	0
Assistive Technology Infusion	ATS4	84.352A	0	0	7,095	0
Improving Teacher Quality State Grants	TRS1	84.367	111,006	0	107,314	0
Total United States Department of Education			662,624	0	688,841	0
Total Federal Financial Assistance			\$786,803	\$56,887	\$813,020	\$56,887

N/A = Pass through entity number could not be located.
See Notes to the Schedule of Federal Awards Expenditures.

Little Miami Local School District
Notes to the Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2004

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – FOOD DISTRIBUTIONS

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed that federal monies are expended first. At June 30, 2004, the District had no significant food commodities in inventory.

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 has complied with the matching requirements. The expenditures of non-federal matching funds are not included on the Schedule.

BALESTRA, HARR & SCHERER CPAs, INC.

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Members of the Board
Little Miami Local School District
5819 Morrow-Rossburg Road
Morrow, Ohio 45152

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Little Miami Local School District (the District), Warren County, as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 22, 2005. 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.

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 basic financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Compliance and Other Matters

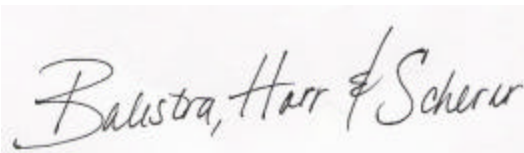
As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material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

Members of the Board
Little Miami Local School District

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With *Government Auditing Standards*
Page 2

We noted certain matters that we reported to management of the District in a separate letter dated June 22, 2005.

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

June 22, 2005

BALESTRA, HARR & SCHERER CPAs, INC.

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Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Members of the Board
Little Miami Local School District
5819 Morrow-Rossburg Road
Morrow, Ohio 45152

Compliance

We have audited the compliance of Little Miami Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2004. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

Members of the Board
Little Miami Local School District

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

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Internal Control Over Compliance

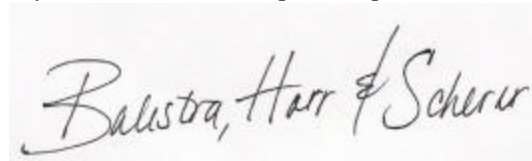
The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Little Miami Local School District as of and for the year ended June 30, 2004, and have issued our report thereon dated June 22, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Balestra, Harr & Scherer, CPAs, Inc.

June 22, 2005

Little Miami Local School District
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
June 30, 2004

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster CFDA #s 84.173 & 84.027
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

Little Miami Local School District
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
June 30, 2004

**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

LITTLE MIAMI LOCAL SCHOOL DISTRICT



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2004

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**LITTLE MIAMI SCHOOL DISTRICT
MORROW, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**PREPARED BY:
OFFICE OF THE TREASURER
ROB GUIFFRE, TREASURER**

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Little Miami Local School District, Ohio
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2004

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Little Miami Local School District, Ohio
Comprehensive Annual Financial Report
For the Year Ended June 30, 2004

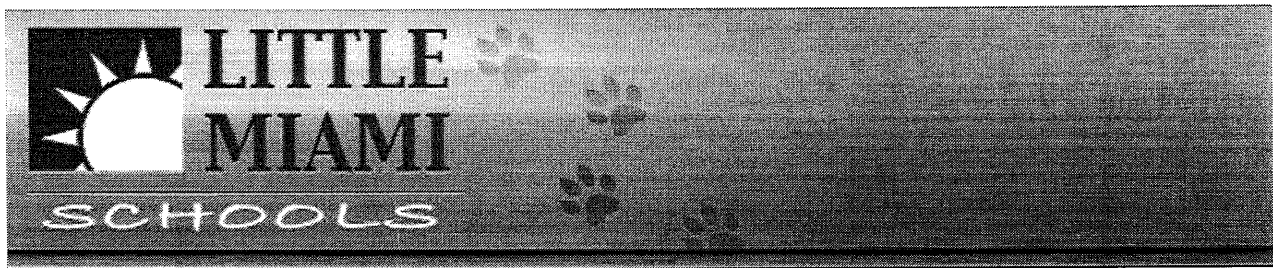
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**INTRODUCTORY
SECTION**

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June 22, 2005

To The Citizens and Board of Education of the Little Miami Local School District:

The Comprehensive Annual Financial Report [CAFR] of the Little Miami Local School District [District] for the fiscal year ended June 30, 2004, is hereby submitted. This report, prepared by the Treasurer's office, includes an unqualified opinion from Balestra, Harr, & Scherer, CPA's, Inc. and conforms to generally accepted accounting principles as applicable to governmental entities. The responsibility for an accurate, complete and fair presentation of the data, including all disclosures, belongs to the District. This report will provide the taxpayers of the Little Miami Local School District with comprehensive financial data in a format which will enable them to gain an understanding of the District's financial affairs.

The Comprehensive Annual Financial Report is divided into three sections:

Introductory Section - This section introduces the reader to the report and includes a table of contents, this transmittal letter, a list of principal and elected officials, the District's organizational chart, the District's consultants and advisors, and the GFOA and ASBO certificates for financial reporting received for the June 30, 2004 CAFR. Also included are the District's major current initiatives.

Financial Section - This section includes the independent auditor's report on the financial statements, management's discussion and analysis, basic financial statements, notes to the basic financial statements, and the combining statements for non-major funds and other schedules that provide detailed information relative to the basic financial statements.

Statistical Section - This section includes selective financial, economic and demographic information, generally presented on a multi-year basis for comparative purposes.

Copies of this report will be widely distributed throughout the District. A copy will be sent to all school buildings, the Local Chambers of Commerce, the major businesses located within the District, other governments in Warren County, the branches of the Warren County Public Library located within the District, Moody's and Standard and Poor's financial rating services, major banks, realtors and any other interested parties upon request.

THE REPORTING ENTITY AND SERVICES PROVIDED

The District provides a full range of traditional and non-traditional educational programs and services. These include elementary and secondary curriculum offerings at the general, college preparatory, advanced placement, gifted, special education and vocational levels; a broad range of co-curricular and extra-curricular activities; adult and community education offerings and community recreation activities.

ECONOMIC CONDITION AND OUTLOOK

The District is located north of Cincinnati, in the southeastern part of Warren County. Approximately 90% of the District's tax base is agricultural and residential properties; the remainder is composed of a wide range of manufacturing, commercial and other business properties. The overall economic outlook for the area remains stable with low unemployment rates, growth in the local tax base and low inflationary pressures.

The District is continually challenged by the responsibility bestowed upon it by the community at large. We are always striving to provide the very best opportunities to every student, while carefully guarding the District's resources.

THE DISTRICT AND ITS FACILITIES

The District is located mostly in Warren County and partly in Clermont County. It is approximately thirty miles from downtown Cincinnati, Ohio and covers an area of 98 square miles. It serves pupils from Hamilton, Harlan, Washington and Salem Townships and the Villages of Morrow, Butlerville and Maineville. Since 1995, the District has experienced strong growth, mostly in Hamilton Township.

The District now houses 3,200 students in one high school, one junior high school, an intermediate school and three elementary schools.

Constructed	School Address	Enrollment As of October 2003
2000	Little Miami High School 3001 SR 22 & 3 Morrow, Ohio 45152	922
1956	Little Miami Junior High School 605 Welch Road Morrow, Ohio 45152	525
1956	Little Miami Intermediate School 605 Welch Road Morrow, Ohio 45152	488

1937	Hamilton Maineville Elementary 373 E. Foster Maineville Road Maineville, Ohio 45039	627
1937	Harlan-Bulterville Elementary 8276 SR 132 Blanchester, Ohio 45107	206
1913	Morrow Elementary 10 Miranda Street Morrow, Ohio 45152	432

ORGANIZATION OF THE SCHOOL DISTRICT

The Board of Education is a five member body politic and corporate, as defined by Section 3313.02 of the Ohio Revised Code. The Board serves as the taxing authority, contracting body, policy maker, and ensures that all the general laws of the State of Ohio are followed in the expenditures of the District's tax dollars and approves the annual appropriation resolution and tax budget.

The Board members represent a cross section of professions in the community. The board members on June 30, 2004, were as follows:

Board Member	Began Service	Term Expires	Profession
Nona Cress	January 1, 2000	December 31, 2007	Retired (Education)
Bobbie Grice	June 30, 1997	December 31, 2005	Education
Michael Cremeans	January 1, 2000	December 31, 2007	Steel
Mary Beth Hamburg	January 1, 2000	December 31, 2007	Banking
Stephen Rothwell	January 1, 2002	December 31, 2005	Medicine

The Superintendent is the Chief Executive Officer of the District, responsible directly to the Board for all educational and support operations. Mr. Daniel Bennett was appointed Superintendent in August 2003, from the High School Principal's position. Over Mr. Bennett's twenty year career he has held positions as a classroom teacher, assistant principal and varsity coach. He received his undergraduate degree in education from Wilmington College, Ohio and his master's degree in education administration from the University of Dayton, Ohio.

The Treasurer of the District is Robert Giuffré. Mr. Giuffré joined the Little Miami administrative team in August 2004, bringing with him eight years of experience as a public school treasurer in Ohio. Mr. Giuffré has held positions as an accountant, auditor and investment advisor. He received an undergraduate degree in accounting, from Columbia College of Missouri. Mr. Giuffré is a Certified Public Accountant (CPA) and a member of the Ohio Association of Certified Public Accountants.

EMPLOYEE RELATIONS

In 2003-04, the District employed 224 certified personnel and 137 non-certified personnel. The starting salary for a teacher with a bachelor's degree for the period beginning September 1, 2004 will be \$32,137. The maximum teacher salary in 2004-2005 will be \$68,934.

The Little Miami Teacher's Association (LMTA), an affiliate of the Ohio Education Association (OEA), represents certificated employees of the District. The District and the LMTA have entered into a collective bargaining agreement that expires July 31, 2006.

Classified employees are represented by the Ohio Association of Public School Employees (OAPSE). The School District and OAPSE entered into a three-year collective bargaining agreement which will expire June 30, 2007.

SERVICES PROVIDED

The District provides a wide variety of educational and support services, as mandated by the Ohio Revised Code or board directives.

The food service department served 232,990 plate lunches through the District's five kitchens. The District currently offers a breakfast program at four sites.

In addition to transportation and school lunch support services, students in the District also receive guidance, psychological, and limited health services free of charge. The guidance services are designed to help students match their natural skills with vocational and/or academic programs to help them achieve their full potential in life. Psychological services include the testing and identification of students for special education and gifted programs. Health services are provided by licensed nurses at each of the six school sites.

The District offers regular instructional programs daily to students in grades K-12. Over 350 students receive special services, due to physical or mental handicapping conditions. Gifted services are provided in grades three through six in the areas of math, science and language arts. Gifted services are provided in grades seven and eight in the areas of math and language arts. Advanced placement classes are provided at the high school in the areas of English, Math, Science, History, Government, Social Studies, Art, Global Languages, and Computer Science. The District presented 180 high school diplomas in June, 2004.

CURRENT INITIATIVES

Curriculum and Instructional Services

A distinguishing element of our mathematics curriculum is that problem solving is used as a context for students to learn new concepts and skills. Using *Everyday Math* K-6, students apply the mathematics they know and construct new mathematics as needed. Skills are no longer taught in isolation, we use a balance of skill practice along with problem solving. We are maintaining high expectations and providing access to rigorous mathematics for all students. Most of our students are prepared and successfully complete Algebra I at the junior high level.

Little Miami High Schools That Work Program provide juniors and seniors workplace opportunities and experience which help them to develop the maturity and knowledge to make informed decisions with their education and careers.

Middle Grades Initiative recognizes the challenges that adolescents have making peer decisions, life decisions and choices in their lives everyday. This program provides lectures, materials and experiences for these students to transition into adulthood with ownership and a sense of responsibility for themselves, their relationships and their work.

Cisco Networking Academy

We began implementation of the Cisco Networking Academy Program at Little Miami High School. Cisco is a comprehensive e-learning program that provides students with the Internet technology skills essential in a global economy. Cisco delivers web-based content, online assessment, student performance tracking, hands-on labs, instructor training and support, and preparation for industry standard certifications.

The curriculum prepares students for the demands of the workplace and motivates them to continue their education and learning. The program recognizes multiple learning styles of students with Web-based, multimedia content; online assessment and evaluation throughout the course; hands-on labs; and instructor training and support. Upon completion, students have the opportunity to take a certification exam.

Through the Cisco Connection students and teachers have access to a community of users to share best practices, solve problems, and request assistance. Cisco ecosystem partners contribute expertise and Workplace Learning opportunities.

FINANCIAL INFORMATION

The District's accounting system is organized on a "fund" basis. Each fund is a distinct, self-balancing entity. Records for general governmental operations are maintained on a budgetary basis system of accounting as prescribed by State statute. Cash basis accounting differs from generally accepted accounting principles [GAAP] as promulgated by the Governmental Accounting Standards Board [GASB].

INTERNAL ACCOUNTING AND BUDGETARY CONTROL

The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statement in conformity with GAAP. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that: (1) the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management.

The District utilizes a fully automated accounting system as well as an automated system of control for capital assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensures that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board adopts a temporary appropriation measure. The Board then adopts a permanent appropriation measure in September.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds and functions require appropriation authority from the Board. Budgets are controlled at the fund level. All purchase order requests must be approved by the individual program managers and certified by the Treasurer; necessary funds are then encumbered and purchase orders are released to vendors.

The accounting system used by the District allows on-line immediate financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date. The financial statements are available to each approved District user and budget authority.

As an additional safeguard, all employees involved with receiving and depositing funds are covered by a blanket bond and certain individuals in policy-making roles are covered by a separate, higher bond.

The basis of accounting and the various funds utilized by the District are fully described in the notes to the basic financial statements. Additional information on the District's budgetary accounts can also be found in the notes to the basic financial statements.

FINANCIAL CONDITION

This is the second year the District has prepared financial statements following GASB Statement 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 School District's financial activities as follows:

Government-wide financial statements These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by businesses. The government-wide statements of the District present governmental activities.

Fund financial statements These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.

Statement of budgetary comparisons These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this reporting model, management is responsible for preparing a Management's Discussion and Analysis of the District, which follows the auditor's opinion, providing an assessment of the District's finances for fiscal year 2004 and the outlook for the future.

CASH MANAGEMENT

The District's cash management program addresses the issue of safety, liquidity, and yield while maximizing returns. The District uses the Star Ohio program investment pool operated by the Treasurer of State for ready cash and yield. Certificates of deposit and obligations of the United States Treasury are utilized for both short and intermediate terms. Treasury notes, treasury bills and agency notes are utilized for longer-term investments. Investment earnings for all funds during the fiscal year were \$ 48,324.

The District's investment policy is to minimize market risk while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by FDIC or collateralized. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

RISK MANAGEMENT

The District constantly faces the risk of loss of assets by fire, storm, theft, accident or other catastrophes. Generally, the District shifts the burden of such losses by entering into a casualty insurance contract whereby an insurance company, in consideration of a premium payment, assumes the risk of all or a portion of these losses. During fiscal year 2004, the District contracted with Indiana Insurance for general liability, property, boiler and machinery insurance. The District also maintains commercial general liability coverage through Indiana Insurance Company with limits of \$1,000,000 each occurrence, \$2,000,000 aggregate.

The District also maintains an umbrella liability policy through Indiana Insurance Company with limits of \$2,000,000 each occurrence, \$2,000,000 aggregate including school leaders' errors and omissions liability protection.

Vehicles are covered by Auto-Owners (Mutual) Insurance Company, Inc., with of \$1,000,000 each occurrence, \$1,000,000 aggregate.

Public officials' bond insurance is provided by Backus Insurance Company. The Treasurer, Superintendent and Board President are covered by bonds in the amounts \$50,000, \$25,000, and \$25,000, respectively.

Employee health insurance is provided by Humana, a preferred provider organization.

INDEPENDENT AUDIT

Provisions of State statute require that the District's financial statements be subjected to an annual examination by an independent auditor. Balestra, Harr, & Scherer, CPA's, Inc's unqualified opinion rendered on the District's basic financial statements, combining statements and individual fund schedules, is included in the financial section of this Comprehensive Annual Financial Report. Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio: The District adopted and has been in conformance with that system.

AWARDS

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada [GFOA] awarded a Certificate of Achievement to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

ASBO Certificate

The Association of School Business Officials International [ASBO] awards a Certificate of Excellence in Financial Reporting to school districts that publish Comprehensive Annual Financial Reports which substantially conform to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. The award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing school business officials.

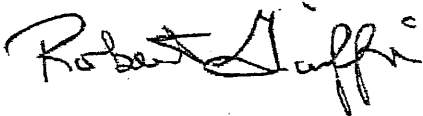
The District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2003. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2004, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

ACKNOWLEDGEMENTS

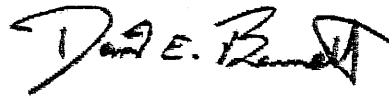
The preparation of the 2004 Comprehensive Annual Financial Report of the Little Miami Local School District was made possible by the dedicated service of Ms. Deborah Harper, Mrs. Karen Bahr, Mrs. Laura Short and Mrs. Dawn Shank. Special recognition is given to Plattenburg and Associates, Incorporated, Certified Public Accountants for their assistance in the preparation of the CAFR and to Balestra, Harr & Scherer, CPAs, Inc., for their audit of the CAFR. Finally, this report would not have been possible without the leadership and support of the District's Board of Education and the Little Miami Local Schools community.

The publication of this Comprehensive Annual Financial Report for the District is a major step in reinforcing the accountability of the District to the taxpayers of the community.

Respectfully submitted,



Robert Giuffre,
Treasurer/CFO



Daniel Bennett,
Superintendent/CEO

**LITTLE MIAMI LOCAL SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS
As of June 30, 2004**

BOARD OF EDUCATION

Nona Cress, President
Mary Beth Hamburg, Vice President
Michael Cremeans, Member
Bobbie Grice, Member
Stephen Rothwell, Member

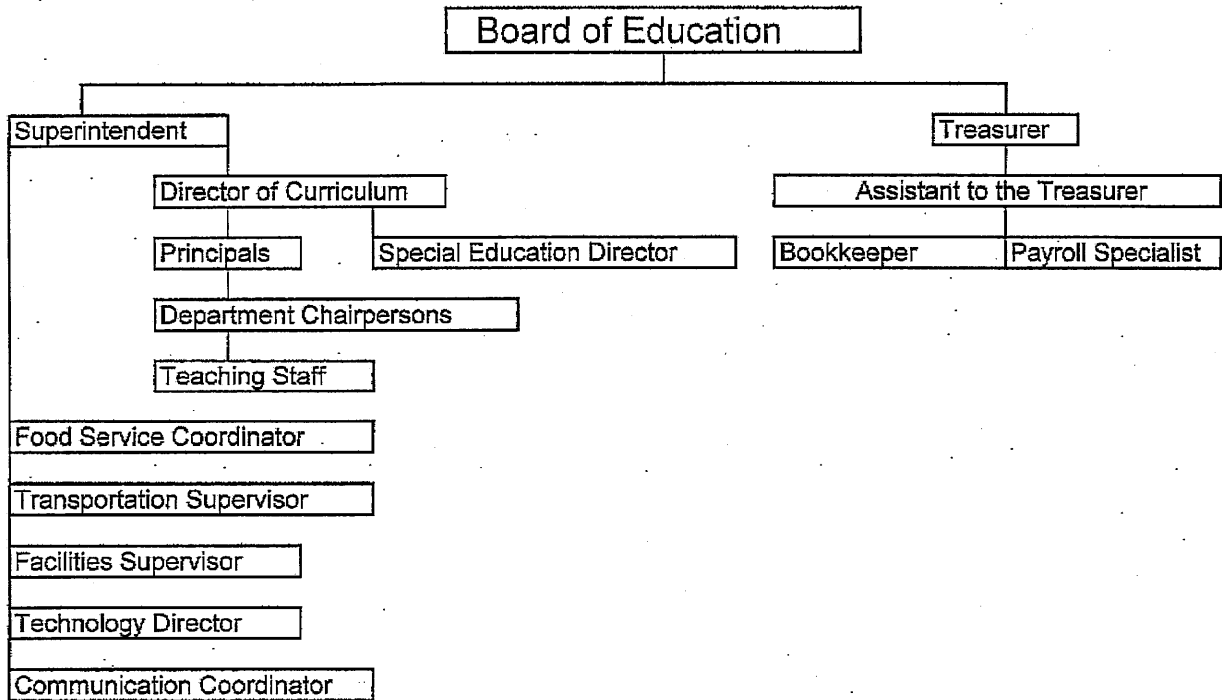
TREASURER / CHIEF FINANCIAL OFFICER

Robert Giuffré

SUPERINTENDENT OF SCHOOLS

Daniel Bennett

CITIZENS OF THE LITTLE MIAMI LOCAL SCHOOL DISTRICT



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Little Miami Local School District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zielke

President

Jeffrey R. Emer

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

LITTLE MIAMI LOCAL SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2004

Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

William A. Fall
President

Barbara W. Miller
Executive Director

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**FINANCIAL
SECTION**

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BALESTRA, HARR & SCHERER CPAs, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Members of the Board
Little Miami Local School District
5819 Morrow-Rossburg Road
Morrow, Ohio 45152

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Little Miami Local School District (the District), Warren County, as of and for the year ended June 30, 2004, 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 basic 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 the 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.

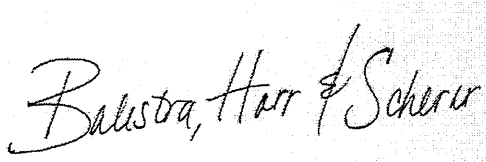
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2004, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2005, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 9 and pages 40 through 42 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on them.

Members of the Board
Little Miami Local School District
Independent Auditor's Report

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, such as the introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

June 22, 2005

LITTLE MIAMI LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2004
(Unaudited)

The discussion and analysis of Little Miami Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June, 1999.

Financial Highlights

Key financial highlights for 2004 are as follows:

- In total, net assets decreased \$2,487,190.
- General revenues accounted for \$22,012,651 in revenue or 89.7% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,529,221 or 10.3% of total revenues of \$24,541,872.
- Total assets of governmental activities decreased by \$260,539 as taxes receivable increased by \$1,547,965 and cash and other receivables decreased by \$1,808,504.
- The District had \$27,029,062 in expenses related to governmental activities; \$2,529,221 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$22,012,651 were also used to provide for these programs.

Using this Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General and Debt Service Funds are the major funds of the District.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2004?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, overall financial position of the District is presented in the following manner:

- Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net assets for 2003 compared to 2004:

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2003*</u>	<u>2004</u>
Assets		
Current and Other Assets	\$17,925,939	\$17,989,972
Capital Assets	<u>17,514,821</u>	<u>17,190,249</u>
Total Assets	<u>35,440,760</u>	<u>35,180,221</u>
Liabilities		
Long-Term Liabilities	17,810,708	17,753,042
Other Liabilities	<u>13,578,274</u>	<u>15,862,591</u>
Total Liabilities	<u>31,388,982</u>	<u>33,615,633</u>
Net Assets		
Invested in Capital		
Assets Net of Debt	953,128	795,236
Restricted	3,093,862	2,282,023
Unrestricted	<u>4,788</u>	<u>(1,512,671)</u>
Total Net Assets	<u>\$4,051,778</u>	<u>\$1,564,588</u>

* Restated- see note 19

Total assets decreased \$260,539. Equity in pooled cash and cash equivalents decreased \$1,297,168. Taxes receivable increased \$1,547,965. Total liabilities increased \$2,226,651, resulting in a net asset decrease of \$2,487,190.

Table 2 shows the change in net assets for fiscal years 2003 and 2004.

Table 2
Changes in Net Assets

	Governmental Activities <u>2003</u>	Governmental Activities <u>2004</u>
Revenues		
Program Revenues:		
Charges for Services	\$1,275,026	\$1,366,197
Operating Grants	916,264	1,067,550
Capital Grants	0	95,474
General Revenue:		
Property Taxes	12,438,072	12,528,501
Grants and Entitlements	8,884,773	9,303,972
Other	<u>375,182</u>	<u>180,178</u>
Total Revenues	<u>23,889,317</u>	<u>24,541,872</u>
Program Expenses:		
Instruction	11,780,507	13,599,683
Support Services:		
Pupil and Instructional Staff	1,646,664	2,301,235
School and General Administration,		
Fiscal and Business	2,368,348	2,777,794
Operations and Maintenance	1,968,841	2,817,573
Pupil Transportation	1,546,957	2,253,641
Central	126,643	419,066
Operation of Non-Instructional Services	758,335	1,095,840
Extracurricular Activities	811,335	921,143
Interest and Fiscal Charges	<u>1,067,788</u>	<u>843,087</u>
Total Expenses	<u>22,075,418</u>	<u>27,029,062</u>
Increase (Decrease) in Net Assets	<u>\$1,813,899</u>	<u>(\$2,487,190)</u>

Governmental Activities

The District revenues came from mainly two sources. Property taxes levied for general, debt service and capital projects purposes and grants and entitlements comprised 89% of the District's revenues for governmental activities.

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

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 51% of revenue for governmental activities for the District in fiscal year 2004.

Instruction comprises 50.3% of governmental program expenses. Support services expenses were 39% of governmental program expenses. All other expenses including interest expense were 10.7%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
Instruction	\$11,780,507	\$13,599,683	(\$11,215,905)	(\$13,017,615)
Support Services:				
Pupil and Instructional Staff	1,646,664	2,301,235	(1,423,077)	(2,004,444)
School and General Administration,				
Fiscal and Business	2,368,348	2,777,794	(2,366,031)	(2,760,802)
Operations and Maintenance	1,968,841	2,817,573	(1,961,451)	(2,766,315)
Pupil Transportation	1,546,957	2,253,641	(1,532,771)	(2,175,309)
Central	126,643	419,066	(115,561)	(406,481)
Operation of Non-Instructional Services	758,335	1,095,840	173,047	(61,741)
Extracurricular Activities	811,335	921,143	(374,591)	(464,047)
Interest and Fiscal Charges	<u>1,067,788</u>	<u>843,087</u>	<u>(1,067,788)</u>	<u>(843,087)</u>
 Total Expenses	 <u>\$22,075,418</u>	 <u>\$27,029,062</u>	 <u>(\$19,884,128)</u>	 <u>(\$24,499,841)</u>

The District's Funds

As a major fund, the General Fund had \$19,871,223 in revenues and \$21,971,210 in expenditures. The General Fund balance decreased from \$1,460,218 to (\$713,595). As a major fund, the Debt Service Fund had \$1,166,136 in revenues and \$1,241,996 in expenditures. The Debt Service Fund balance decreased from \$1,566,628 to \$1,490,768.

General Fund Budgeting Highlights

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

During the course of fiscal 2004, the District amended its general fund budget numerous times, however none were significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, budget basis revenue was \$21,000,250, above original budget estimates of \$19,514,817. Of this \$1,485,433 difference, most was due to a conservative estimate for taxes and intergovernmental revenue.

The District's ending unobligated actual fund balance for the General Fund was \$127,659 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2004, the District had \$17,190,249 invested in land, buildings and equipment. Table 4 shows fiscal 2004 balances compared to fiscal 2003:

Table 4
Capital Assets at June 30
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2003*</u>	<u>2004</u>
Land	\$279,270	\$279,270
Buildings and Land Improvements	15,263,008	14,927,503
Equipment and Vehicles	<u>1,972,543</u>	<u>1,983,476</u>
Total Net Assets	<u>\$17,514,821</u>	<u>\$17,190,249</u>

* Restated- see note 19

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

Debt

At June 30, 2004, the District had \$16,492,457 in bonds and capital leases payable, \$205,724 due within one year. Table 5 summarizes bonds and capital leases outstanding at year end.

Table 5
Outstanding Debt, at Year End

	<u>Governmental Activities 2003</u>	<u>Governmental Activities 2004</u>
General Obligation Bonds:		
School Improvement Bonds	\$16,009,810	\$15,871,639
Premium on Bonds	185,563	176,999
Energy Conservation Notes	<u>481,250</u>	<u>412,500</u>
Subtotal Bonds	16,676,623	16,461,138
Capital Leases Payable	<u>47,199</u>	<u>31,319</u>
Total Outstanding Debt at Year End	<u>\$16,723,822</u>	<u>\$16,492,457</u>

Detailed information relating to capital assets and debt is presented in the notes to the basic financial statements.

For the Future

Externally, the Ohio Supreme Court found the State of Ohio in March 1997, to be operating an unconstitutional educational system, one that was neither “adequate” nor “equitable.” Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. In May of 2000, the Ohio Supreme Court again ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes which are inherently not “equitable” nor “adequate”. The Court directed the Governor and the legislature to address the fundamental issues creating the inequities. In 2001, the Ohio legislature crafted a school-funding program to address the Court’s concerns.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

With no increase in state funding projected, the District must increase revenues with an operating levy to the community in the near future. Financially, the future of the District is not without challenges. Management must diligently plan future expenditures.

All of the District’s financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District’s finances, the District’s management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Rob Guiffre, Treasurer at Little Miami Local School District, 5819 Morrow-Rossburg Road, Morrow, Ohio 45152.

Little Miami Local School District
Statement of Net Assets
June 30, 2004

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$3,083,236
Restricted Cash and Investments	115,140
Receivables:	
Taxes	14,632,552
Accounts	14,738
Intergovernmental	37,216
Deferred Bond Issuance Costs	97,444
Inventory	9,646
Nondepreciable Capital Assets	279,270
Depreciable Capital Assets, Net	<u>16,910,979</u>
 Total Assets	 <u>35,180,221</u>
Liabilities:	
Accounts Payable	38,805
Accrued Wages and Benefits	2,449,909
Retainage Payable	2,657
Accrued Interest Payable	82,316
Deferred Revenue	13,288,904
Long-Term Liabilities:	
Due Within One Year	361,684
Due In More Than One Year	<u>17,391,358</u>
 Total Liabilities	 <u>33,615,633</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	795,236
Restricted for:	
Special Revenue	235,459
Debt Service	1,469,893
Capital Projects	445,068
Set-Aside	112,483
Other Purposes	19,120
Unrestricted	<u>(1,512,671)</u>
 Total Net Assets	 <u>\$1,564,588</u>

See accompanying notes to the basic financial statements.

Little Miami Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$11,249,385	\$33,929	\$26,984	\$13,876	(\$11,174,596)
Special	2,068,019	0	458,166	0	(1,609,853)
Vocational	1,658	0	0	0	(1,658)
Other	280,621	0	49,113	0	(231,508)
Support Services:					
Pupil	1,158,455	0	129,188	0	(1,029,267)
Instructional Staff	1,142,780	0	167,603	0	(975,177)
General Administration	62,821	0	0	0	(62,821)
School Administration	1,878,415	0	16,992	0	(1,861,423)
Fiscal	629,455	0	0	0	(629,455)
Business	207,103	0	0	0	(207,103)
Operations and Maintenance	2,817,573	13,980	9,000	28,278	(2,766,315)
Pupil Transportation	2,253,641	0	25,012	53,320	(2,175,309)
Central	419,066	0	12,585	0	(406,481)
Operation of Non-Instructional Services	1,095,840	861,192	172,907	0	(61,741)
Extracurricular Activities	921,143	457,096	0	0	(464,047)
Interest and Fiscal Charges	843,087	0	0	0	(843,087)
Totals	\$27,029,062	\$1,366,197	\$1,067,550	\$95,474	(\$24,499,841)

General Revenues:	
Property Taxes Levied for:	
General Purposes	11,070,886
Debt Service Purposes	1,060,906
Capital Projects Purposes	396,709
Grants and Entitlements not Restricted to Specific Programs	9,303,972
Payment in Lieu of Taxes	42,981
Unrestricted Contributions	14,700
Investment Earnings	47,466
Other Revenues	75,031
Total General Revenues and Transfers	22,012,651
Change in Net Assets	(2,487,190)
Net Assets Beginning of Year, Restated - See note 19	4,051,778
Net Assets End of Year	\$1,564,588

See accompanying notes to the basic financial statements.

Little Miami Local School District
Balance Sheet
Governmental Funds
June 30, 2004

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$886,984	\$1,444,698	\$751,554	\$3,083,236
Restricted Cash and Investments	112,483	0	2,657	115,140
Receivables:				
Taxes	13,121,138	1,158,407	353,007	14,632,552
Accounts	14,738	0	0	14,738
Intergovernmental	0	0	37,216	37,216
Inventory	0	0	9,646	9,646
Total Assets	14,135,343	2,603,105	1,154,080	17,892,528
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	21,629	0	17,176	38,805
Accrued Wages and Benefits	2,213,834	0	89,491	2,303,325
Compensated Absences	47,787	0	0	47,787
Retainage Payable	0	0	2,657	2,657
Deferred Revenue	12,565,688	1,112,337	285,657	13,963,682
Total Liabilities	14,848,938	1,112,337	394,981	16,356,256
Fund Balances:				
Reserved for Encumbrances	20,511	0	83,439	103,950
Reserved for Inventory	0	0	9,646	9,646
Reserved for Property Tax Advances	555,450	46,070	67,350	668,870
Reserved for Set-Aside	112,483	0	0	112,483
Unreserved, Undesignated, Reported in:				
General Fund	(1,402,039)	0	0	(1,402,039)
Special Revenue Funds	0	0	294,607	294,607
Debt Service Funds	0	1,444,698	0	1,444,698
Capital Projects Funds	0	0	284,937	284,937
Permanent Funds	0	0	19,120	19,120
Total Fund Balances	(713,595)	1,490,768	759,099	1,536,272
Total Liabilities and Fund Balances	\$14,135,343	\$2,603,105	\$1,154,080	\$17,892,528

See accompanying notes to the basic financial statements.

Little Miami Local School District
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 June 30, 2004

Total Governmental Fund Balance		\$1,536,272
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,190,249
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	<u>674,778</u>	674,778
In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(82,316)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Pension Obligation	(146,584)	
Compensated Absences	<u>(1,212,798)</u>	(1,359,382)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.		97,444
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(16,492,457)</u>
Net Assets of Governmental Activities		<u>\$1,564,588</u>

See accompanying notes to the basic financial statements.

Little Miami Local School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2004

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$10,462,832	\$1,018,749	\$372,142	\$11,853,723
Tuition and Fees	34,020	0	157,750	191,770
Investment Earnings	46,387	0	1,937	48,324
Intergovernmental	9,222,111	147,387	1,073,576	10,443,074
Extracurricular Activities	16,205	0	440,497	456,702
Charges for Services	0	0	703,746	703,746
Other Revenues	89,668	0	107,485	197,153
Total Revenues	19,871,223	1,166,136	2,857,133	23,894,492
Expenditures:				
Current:				
Instruction:				
Regular	10,579,746	0	74,712	10,654,458
Special	1,587,715	0	479,245	2,066,960
Vocational	1,658	0	0	1,658
Other	280,621	0	0	280,621
Support Services:				
Pupil	1,005,882	0	132,300	1,138,182
Instructional Staff	931,242	0	180,688	1,111,930
General Administration	62,821	0	0	62,821
School Administration	1,878,501	2,198	17,716	1,898,415
Fiscal	579,782	16,966	5,165	601,913
Business	201,328	0	0	201,328
Operations and Maintenance	2,452,285	0	122,419	2,574,704
Pupil Transportation	1,573,191	0	213,480	1,786,671
Central	326,846	0	70,416	397,262
Operation of Non-Instructional Services	0	0	1,068,988	1,068,988
Extracurricular Activities	384,084	0	483,449	867,533
Capital Outlay	3,009	0	1,028,977	1,031,986
Debt Service:				
Principal Retirement	84,630	138,171	0	222,801
Interest and Fiscal Charges	37,869	1,084,661	0	1,122,530
Total Expenditures	21,971,210	1,241,996	3,877,555	27,090,761
Excess of Revenues Over (Under) Expenditures	(2,099,987)	(75,860)	(1,020,422)	(3,196,269)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	1,174	0	0	1,174
Transfers In	0	0	75,000	75,000
Transfers (Out)	(75,000)	0	0	(75,000)
Total Other Financing Sources (Uses)	(73,826)	0	75,000	1,174
Net Change in Fund Balance	(2,173,813)	(75,860)	(945,422)	(3,195,095)
Fund Balance Beginning of Year	1,460,218	1,566,628	1,704,521	4,731,367
Fund Balance End of Year	(\$713,595)	\$1,490,768	\$759,099	\$1,536,272

See accompanying notes to the basic financial statements.

Little Miami Local School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2004

Net Change in Fund Balance - Total Governmental Funds (\$3,195,095)

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

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

Capital assets used in governmental activities	409,158	
Depreciation Expense	<u>(733,730)</u>	(324,572)

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

Delinquent Property Taxes	674,778	
Intergovernmental	<u>(28,572)</u>	646,206

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 222,801

In the statement of activities rebatable arbitrage and interest expense is accrued when incurred, whereas in governmental funds an interest expenditure is reported when due. 275,594

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Pension Obligation	23,838	
Compensated Absences	(139,811)	
Deferred Bond Issuance Cost Amortiz	<u>3,849</u>	(112,124)

Change in Net Assets of Governmental Activities (\$2,487,190)

See accompanying notes to the basic financial statements.

Little Miami Local School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2004

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$95,588</u>
Total Assets	<u>\$95,588</u>
Liabilities:	
Accounts Payable	2,855
Other Liabilities	<u>92,733</u>
Total Liabilities	<u>\$95,588</u>

See accompanying notes to the basic financial statements.

**LITTLE MIAMI LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2004**

1. DESCRIPTION OF THE DISTRICT

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

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

REPORTING ENTITY

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

MEASUREMENT FOCUS

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

Fiduciary Funds are reported using the economic resources measurement focus (Accrual basis).

FUND ACCOUNTING

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

Governmental Funds

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

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

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

Fiduciary Funds

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

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

CASH AND CASH EQUIVALENTS

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2004.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2004 amounted to \$48,324.

INVENTORY

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

CAPITAL ASSETS

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of two thousand five hundred dollars (\$2,500). The District does not possess any infrastructure. Improvements that add to the value of an asset or materially extend an asset's life are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Vehicles and Equipment	5

RESTRICTED ASSETS

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other government or imposed by enabling legislation. Restricted assets include the amount required by state statute to be set aside to create a reserve for textbooks and instructional material. Restricted assets also include amounts held in retainage accounts for construction projects.

COMPENSATED ABSENCES

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

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

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

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

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service. The Treasurer earns 25 days of vacation per year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month for a total of 15 days of sick leave for each year under contract. Sick leave may be accumulated up to a maximum of 215 days for teachers and administrators, and 220 days for classified personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of 53.75 days for teachers and administrators. Classified personnel, upon retirement, are paid for one-fourth of accrued, but unused sick leave credit to a maximum of 52 days.

NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

FUND BALANCE RESERVES AND DESIGNATIONS

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for textbooks represents money required to be set-aside by statute as part of mandated spending requirements for maintaining and updating the District.

INTERFUND ACTIVITY

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

BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer is authorized to further allocate appropriations to the function and object level for all funds.

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Warren County Budget Commission for rate determination.

Estimated Resources

Prior to April 1, the Board accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary schedules reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary schedules reflect the amounts in the final amended certificate issued during fiscal year 2004.

Appropriations

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

Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted. The budget figures, which appear in the schedules of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances

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

Lapsing of Appropriations

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

FUND EQUITY

Reserved fund balances indicate a portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, supplies inventory, budget stabilization and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The unreserved portion of fund equity, reflected for the Governmental Funds, is available for use within the specific purpose of those funds. The negative unreserved fund balance in the general fund is the result of expenditures exceeding revenues.

ESTIMATES

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

3. CASH AND CASH EQUIVALENTS

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

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

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

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

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

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) Repurchase agreements in the securities enumerated above.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but not limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits – At the year end, the carrying amount of the District's deposits was \$325,049. The bank balance of deposits was \$793,427 of which \$220,489 was covered by federal depository insurance. The remaining balance was covered by 110% public depository pool, which was collateralized with securities held by the pledging financial institution's trust department but not in the District's name.

Investments – The District's investments are categorized to give an indication of the level of risk assumed by the entity at year end (GASB Statement 3):

Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its department or agent, but not in the District's name.

Based on the above criteria, the District's investments at year-end are classified as follows:

<u>Description</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount/ Fair Value</u>
Money Market Funds*	\$0	\$0	\$0	\$2,673
State Treasury Pool*	0	0	0	2,966,242
Total Investments	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,968,915</u>

*The District's investments in the Ohio State Treasury Pool and Money Market Funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

4. PROPERTY TAXES

Real property taxes collected in 2004 were levied in April on the assessed values as of January 1, 2003, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined). In 2004, each business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2004, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

The Warren County Auditor remits portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2004 and for which there is an enforceable legal claim. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2004. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available 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, 2004, was \$555,450 for General Fund, \$46,070 for Debt Service and \$67,350 for Capital Projects, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2004 operations. The amount available for advance at June 30, 2003 was \$1,552,000 for General Fund, \$176,000 for Debt Service and \$45,000 for Capital Projects, with a corresponding reserve to fund balance since the Board did not appropriate those receivables for fiscal year 2003 operations.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2004 taxes were collected are:

	2004 First- Half Collections		2003 Second- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$483,344,110	92.59%	\$398,482,930	90.65%
Public Utility	21,573,050	4.13%	25,176,710	5.73%
Tangible Personal Property	<u>17,083,150</u>	<u>3.28%</u>	<u>15,927,780</u>	<u>3.62%</u>
Total Assessed Value	<u>\$522,000,310</u>	<u>100.00%</u>	<u>\$439,587,420</u>	<u>100.00%</u>
Tax rate per \$1,000 of Assessed Valuation		\$50.44		\$51.94

5. RECEIVABLES

Receivables at June 30, 2004, consisted of taxes, accounts (rent and student fees), 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.

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Restated* Beginning Balance	Additions	Deductions	Ending Balance
Government Activities				
<i>Capital assets not being depreciated:</i>				
Land	\$279,270	\$0	\$0	\$279,270
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	19,277,119	106,778	0	19,383,897
Equipment and Vehicles	<u>4,983,317</u>	<u>302,380</u>	<u>(117,536)</u>	<u>5,168,161</u>
Totals at Historical Cost	<u>\$24,539,706</u>	<u>\$409,158</u>	<u>(\$117,536)</u>	<u>\$24,831,328</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(4,014,111)	(442,283)	0	(4,456,394)
Equipment and Vehicles	<u>(3,010,774)</u>	<u>(291,447)</u>	<u>117,536</u>	<u>(3,184,685)</u>
Total Accumulated Depreciation	<u>(\$7,024,885)</u>	<u>(\$733,730)</u>	<u>\$117,536</u>	<u>(\$7,641,079)</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$17,514,821</u>	<u>(\$324,572)</u>	<u>\$0</u>	<u>\$17,190,249</u>

*See Note 19

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$513,959
Support Services:	
Pupil	1,071
Instructional Staff	2,170
School Administration	2,216
Fiscal	572
Business	5,775
Operation and Maintenance	15,744
Pupil Transportation	132,703
Central	704
Operation of Non-instructional Services	14,990
Extracurricular Activities	<u>43,826</u>
Total Depreciation Expense	<u>\$733,730</u>

7. LONG-TERM LIABILITIES

	<u>Beginning Principal Outstanding</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Principal Outstanding</u>	<u>Due In One Year</u>
Governmental Activities:					
General Obligation Bonds: School Improvement Bonds 1998 4.93%	\$16,009,810	\$0	\$138,171	\$15,871,639	\$111,639
Premium on Bonds	185,563	0	8,564	176,999	8,564
Energy Conservation Notes 2001 4.85%	<u>481,250</u>	<u>0</u>	<u>68,750</u>	<u>412,500</u>	<u>68,750</u>
Total General Obligation Bonds	16,676,623	0	215,485	16,461,138	188,953
Compensated Absences	1,086,886	222,788	49,089	1,260,585	155,960
Capital Leases	<u>47,199</u>	<u>0</u>	<u>15,880</u>	<u>31,319</u>	<u>16,771</u>
Total Governmental Activities Long-Term Liabilities	<u>\$17,810,708</u>	<u>\$222,788</u>	<u>\$280,454</u>	<u>\$17,753,042</u>	<u>\$361,684</u>

School Improvement Bonds

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

Energy Conservation Notes

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

Compensated absences will be paid from the general and special revenue funds. Capital lease obligations will be paid from the general fund.

Principal and interest requirements for governmental activities to retire bonds and notes outstanding at June 30, 2004, are as follows:

<u>General Obligation Bonds</u>			
<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$111,639	\$1,111,192	\$1,222,831
2006	500,000	742,456	1,242,456
2007	520,000	721,161	1,241,161
2008	540,000	698,631	1,238,631
2009	565,000	674,874	1,239,874
2010-2014	3,210,000	2,963,296	6,173,296
2015-2019	4,060,000	2,086,410	6,146,410
2020-2024	5,175,000	952,093	6,127,093
2025	<u>1,190,000</u>	<u>29,750</u>	<u>1,219,750</u>
Totals	<u>\$15,871,639</u>	<u>\$9,979,863</u>	<u>\$25,851,502</u>

<u>Energy Conservation Note</u>			
<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$68,750	\$20,006	\$88,756
2006	68,750	16,672	85,422
2007	68,750	13,338	82,088
2008	68,750	10,003	78,753
2009	68,750	6,669	75,419
2010	<u>68,750</u>	<u>3,334</u>	<u>72,084</u>
Total	<u>\$412,500</u>	<u>\$70,022</u>	<u>\$482,522</u>

8. SHORT-TERM LIABILITIES

On January 29, 2004, the District issued \$1,000,000 in notes in anticipation of tax revenues. The notes had an interest rate of 1.57% and an original maturity date of June 24, 2004.

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
\$0	\$1,000,000	\$1,000,000	\$0

9. LEASES

CAPITAL LEASES

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

Capital assets acquired by lease in prior years have been capitalized on the statement of net assets in the amount of \$164,821 which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net assets. Principal payments in fiscal year 2004 totaled \$15,880.

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

Fiscal Year <u>Ending June 30,</u>	Long-Term <u>Debt</u>
2005	\$23,691
2006	<u>19,566</u>
Total Minimum Lease Payments	43,257
Less: Amount Representing Interest	<u>(11,938)</u>
Present Value of Minimum Lease Payments	<u>\$31,319</u>

10. PENSION PLANS

SCHOOL EMPLOYEES RETIREMENT SYSTEM

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 4.91% of annual covered salary was the portion being used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's contributions to SERS for the years ending June 30, 2004, 2003, and 2002, were \$432,108, \$246,587 and \$184,555 respectively; 49.1% has been contributed for fiscal year 2004 and 100% for fiscal years 2003 and 2002.

STATE TEACHERS RETIREMENT SYSTEM

The District participates in State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 10% of covered payroll for members. The District was required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for members and employer contributions.

The District's required contributions for pension obligations for the fiscal years ended June 30, 2004, 2003, and 2002 were \$1,480,848, \$1,119,014, and \$881,835, respectively; 82% has been contributed for fiscal year 2004 and 100% for fiscal years 2003 and 2002.

11. POST EMPLOYMENT BENEFITS

The 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 included hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provision and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$105,775 during the 2004 fiscal year. As of June 30, 2004, eligible benefit recipients totaled 111,853. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000.

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 credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

For 2004 fiscal year, employer contributions to fund health care benefits were 4.91% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$25,400. The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$151,549 during the 2004 fiscal year. The number of participants currently receiving health care benefits is approximately 62,000. For the fiscal year ended June 30, 2004, net health care costs paid by SERS were \$223,443,885.

12. CONTINGENT LIABILITIES

GRANTS

The District receives financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

LITIGATION

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

13. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2004, the District contracted with Indiana Insurance, Inc. for property insurance. Professional liability was protected by Selective Insurance Company of South Carolina with a \$3,000,000 aggregate limit under a commercial policy.

The District's vehicles are covered by the Nationwide Mutual Insurance Company and hold a \$1,000 deductible for collision. Automobile liability has a \$2,000,000 combined single limit of liability. Vehicles are also covered under the commercial umbrella policy. The Travelers Casualty and Surety Company of America maintains both a \$50,000 public official bond for the Treasurer and a \$20,000 blanket bond for other employees. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

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

14. STATE SCHOOL FUNDING DECISION

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

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

15. FUND BALANCE RESERVES FOR SET-ASIDES

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Reserve Balance as of June 30, 2003	\$156,879	\$0
Current Year Set-aside Requirement	408,104	408,104
Qualified Disbursements	(452,500)	(1,461,103)
Current Year Offsets	<u>0</u>	<u>(339,778)</u>
Set-Aside Reserve Balance as of June 30, 2004	<u>\$112,483</u>	<u>(\$1,392,777)</u>
Restricted Cash as of June 30, 2004	<u>\$112,483</u>	<u>\$0</u>
Carry Forward to FY2005	<u>\$112,483</u>	<u>(\$339,778)</u>

16. JOINTLY GOVERNED ORGANIZATIONS

The District is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public schools and educational service centers within the boundaries of Butler, Preble, and Warren Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member school districts. The Board of SWOCA consists of one representative from each of the participating members. The degree of control exercised by any participating district is limited to its representation on the Board. The District paid SWOCA \$57,556 for services provided during the year. Financial information can be obtained from Mike Crumley, Executive Director, Butler County JVS, 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

The Warren County Vocational School, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from the participating district's elected board, which possesses its own budgeting and taxing authority. Accordingly, the Warren County Vocational School is not part of the District and its operations are not included as part of the reporting entity. The District did not have any financial obligations to the Warren County Vocational School during fiscal year 2004. Financial information can be obtained from Karen Royer, Treasurer, Warren County Vocational School, 3525 North State Route 48, Lebanon, Ohio 45036.

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

17. ACCOUNTABILITY

The Title I Grant and Improving Teacher Quality Grant nonmajor Special Revenue Funds had deficit fund balances of \$10,875 and \$2,841 respectively, at June 30, 2004. These deficits were created by the recognition of accrued liabilities. The deficits in the grant programs were created by expending the monies for the grants and having an outstanding receivable at year end. The District provided advances from the general fund to cover the negative cash in these funds.

18. INTERFUND TRANSFERS

As of June 30, 2004, transactions were as follows:

<u>Fund Type/Fund</u>	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
General	<u>\$0</u>	<u>\$75,000</u>
Nonmajor Funds:		
Management Information Systems Fund	<u>75,000</u>	<u>0</u>
Total Nonmajor Funds	<u>75,000</u>	<u>0</u>
Total All Funds	<u>\$75,000</u>	<u>\$75,000</u>

Transfers out of the General Fund were made to provide resources to the Management Information Systems fund.

19. PRIOR PERIOD ADJUSTMENT

The beginning net asset balance of governmental activities has been adjusted for correction to the capital assets detail and to reflect the change in the capitalization threshold from \$1,000 to \$2,500 as follows:

	<u>Governmental Activities</u>
June 30, 2003 Fund Balance/ Net Assets, as previously stated	\$4,375,694
Net Governmental Capital Assets	<u>(323,916)</u>
June 30, 2003 Fund Balance/ Net Assets, as restated	<u>\$4,051,778</u>

20. SUBSEQUENT EVENT

On January 25, 2005, the District issued \$1,200,000 notes in anticipation of tax revenues. These notes had an interest rate of 3.5% and an original maturity date of May 4, 2005. These notes were retired on March 7, 2005.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

Little Miami Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$10,769,618	\$12,589,382	\$11,589,382	(\$1,000,000)
Tuition and Fees	31,473	33,868	33,868	0
Investment Earnings	43,106	42,169	46,387	4,218
Intergovernmental	8,569,793	9,222,110	9,222,110	0
Extracurricular Activities	15,271	16,433	16,433	0
Other Revenues	85,556	92,033	92,070	37
Total Revenues	19,514,817	21,995,995	21,000,250	(995,745)
Expenditures:				
Current:				
Instruction:				
Regular	9,408,228	10,266,934	10,234,624	32,310
Special	1,432,536	1,580,620	1,558,366	22,254
Vocational	1,524	1,950	1,658	292
Other	257,962	282,228	280,621	1,607
Support Services:				
Pupil	910,745	998,374	990,743	7,631
Instructional Staff	846,921	925,734	921,312	4,422
General Administration	57,756	71,850	62,829	9,021
School Administration	1,690,420	1,856,636	1,838,902	17,734
Fiscal	519,027	573,008	564,617	8,391
Business	221,001	241,477	240,413	1,064
Operations and Maintenance	2,255,466	2,455,444	2,453,581	1,863
Pupil Transportation	1,455,566	1,588,195	1,583,419	4,776
Central	296,732	332,115	322,796	9,319
Extracurricular Activities	350,835	384,369	381,652	2,717
Capital Outlay	2,766	3,010	3,009	1
Debt Service:				
Principal Retirement	1,084,630	1,084,630	1,084,630	0
Interest and Fiscal Charges	13,784	13,786	13,784	2
Total Expenditures	20,805,899	22,660,360	22,536,956	123,404
Excess of Revenues Over (Under) Expenditures	(1,291,082)	(664,365)	(1,536,706)	(872,341)
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	1,209	1,174	1,174	0
Proceeds of Short-Term Notes	1,029,930	0	1,000,000	1,000,000
Advances In	5,240	5,700	5,700	0
Transfers (Out)	(68,944)	(75,000)	(75,000)	0
Total Other Financing Sources (Uses)	967,435	(68,126)	931,874	1,000,000
Net Change in Fund Balance	(323,647)	(732,491)	(604,832)	127,659
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,562,155	1,562,155	1,562,155	0
Fund Balance End of Year	\$1,238,508	\$829,664	\$957,323	\$127,659

See accompanying notes to the required supplementary information.

LITTLE MIAMI LOCAL SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2004

1. BUDGETARY PROCESS

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2004.

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

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund 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 GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	(\$2,173,813)
Net Adjustment for Revenue Accruals	2,134,727
Net Adjustment for Expenditure Accruals	(523,606)
Encumbrances	<u>(42,140)</u>
Budget Basis	<u>(\$604,832)</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS: Special Revenue funds are used to account for the proceeds of specific revenue sources (other than permanent funds or major capital projects) that are legally restricted to expenditures for specified purposes.

PUBLIC SCHOOL SUPPORT: To account for specific local revenue sources (other than taxes) generated by individual school buildings (i.e. sales of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

OTHER GRANTS: To account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specified purposes.

DISTRICT MANAGED ACTIVITIES: To account for those student activity programs that have student participation in the activity, but do not have student management of the programs.

MANAGEMENT INFORMATION SYSTEM: To account for hardware and software development, or other costs associated with the requirements of the management information system.

ENTRY YEAR PROGRAMS: To implement entry-year programs pursuant to division (T) of section 3317.024 of the Revised Code.

DATA COMMUNICATION: To account for funds to be used for communications.

SCHOOLNET PROFESSIONAL DEVELOPMENT: To account for a limited number of professional development subsidy grants.

OHIO READS: To account for state funds, which are designated reading. The Ohio Reads Program is intended to improve reading outcomes, especially on the fourth grade reading proficiency test.

SUMMER INTERVENTION: To account for funds, which are used for summer intervention.

MISCELLANEOUS STATE GRANTS: To account for various monies received from State agencies that are not classified elsewhere. A separate special cost center must be used for each grant and be approved by the Auditor of State.

TITLE VI B: To account for federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels; assist in the training of teachers, supervisors and other specialist in providing educational services to the handicapped.

TITLE I: To account for federal funds for services provided to meet special educational needs of educationally deprived children.

TITLE V: To account for federal funds to provide programs for at-risk students; instructional materials to improve the quality of instruction; programs of professional development; programs to enhance personal excellence of students and student achievement.

DRUG FREE SCHOOLS: To account for federal funds used for establishment, operation and improvement of programs of drug abuse prevention, early intervention, rehabilitation referral and education in elementary and secondary schools, and to engage in development, training, technical assistance and coordination activities.

IDEA PRESCHOOL GRANT: To account for federal funds received to provide programs to handicapped preschool children.

E-RATE: To account for funds to be used for telecommunications.

IMPROVING TEACHER QUALITY: To account for state funds provided for staff development programs.

MISCELLANEOUS FEDERAL GRANTS: To account for the proceeds of specific federal grants that are legally restricted to expenditures for specific purposes.

FOOD SERVICE: To account for the financial transaction related to food service operation. It accounts for all food service charges for services, state and federal grants specific to the food service activity, as well as related food service expenditures.

UNIFORM SCHOOL SUPPLY: To account for the purchase and sale of school supplies as adopted by the Board of Education for use in the School District.

SPECIAL TRUST: To account for assets held by a school system in a trustee capacity or as an agent for individuals, private organizations, other governmental and/or other funds.

CAPITAL PROJECTS FUNDS: The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, such as new school buildings or additions to existing buildings, and for major renovation projects including equipment purchases.

PERMANENT IMPROVEMENT: To account for all transactions related to acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Ohio Revised Code.

BUILDING: To account for receipts and expenditures related to the acquisition and construction of capital facilities including real property. Debt proceeds related to this activity are recorded in this fund, except premium or accrued interest.

SCHOOLNET: To account for wiring to all classrooms in the State and to provide a computer workstation and related technology for every classroom in Ohio's low-wealth school districts.

Little Miami Local School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$375,177	\$357,257	\$19,120	\$751,554
Restricted Cash and Investments	0	2,657	0	2,657
Receivables:				
Taxes	0	353,007	0	353,007
Intergovernmental	37,216	0	0	37,216
Inventory	9,646	0	0	9,646
Total Assets	422,039	712,921	19,120	1,154,080
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	13,070	4,106	0	17,176
Accrued Wages and Benefits	89,491	0	0	89,491
Retainage Payable	0	2,657	0	2,657
Deferred Revenue	0	285,657	0	285,657
Total Liabilities	102,561	292,420	0	394,981
Fund Balances:				
Reserved for Encumbrances	15,225	68,214	0	83,439
Reserved for Inventory	9,646	0	0	9,646
Reserved for Property Tax Advances	0	67,350	0	67,350
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	294,607	0	0	294,607
Capital Projects Funds	0	284,937	0	284,937
Permanent Funds	0	0	19,120	19,120
Total Fund Balances	319,478	420,501	19,120	759,099
Total Liabilities and Fund Balances	\$422,039	\$712,921	\$19,120	\$1,154,080

Little Miami Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$0	\$372,142	\$0	\$372,142
Tuition and Fees	157,750	0	0	157,750
Investment Earnings	0	1,079	858	1,937
Intergovernmental	1,021,997	51,579	0	1,073,576
Extracurricular Activities	440,497	0	0	440,497
Charges for Services	703,746	0	0	703,746
Other Revenues	12,011	95,474	0	107,485
Total Revenues	2,336,001	520,274	858	2,857,133
Expenditures:				
Current:				
Instruction:				
Regular	46,418	28,294	0	74,712
Special	479,245	0	0	479,245
Support Services:				
Pupil	132,300	0	0	132,300
Instructional Staff	180,688	0	0	180,688
School Administration	17,051	665	0	17,716
Fiscal	0	5,165	0	5,165
Operations and Maintenance	26,500	95,919	0	122,419
Pupil Transportation	0	213,480	0	213,480
Central	70,416	0	0	70,416
Operation of Non-Instructional Services	1,068,963	0	25	1,068,988
Extracurricular Activities	483,449	0	0	483,449
Capital Outlay	0	1,028,977	0	1,028,977
Total Expenditures	2,505,030	1,372,500	25	3,877,555
Excess of Revenues Over (Under) Expendit	(169,029)	(852,226)	833	(1,020,422)
Other Financing Sources (Uses):				
Transfers In	75,000	0	0	75,000
Total Other Financing Sources (Uses)	75,000	0	0	75,000
Net Change in Fund Balance	(94,029)	(852,226)	833	(945,422)
Fund Balance Beginning of Year	413,507	1,272,727	18,287	1,704,521
Fund Balance End of Year	\$319,478	\$420,501	\$19,120	\$759,099

Little Miami Local School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2004

	Public School	Other Grants	District Managed Activities	Management Information System	Entry Year Programs	Data Communication
Assets:						
Equity in Pooled Cash and Investments	\$67,313	\$15,668	\$82,564	\$25,514	\$0	\$0
Intergovernmental	0	0	0	0	0	0
Inventory	0	0	0	0	0	0
Total Assets	67,313	15,668	82,564	25,514	0	0
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable	9,432	0	3,186	135	0	0
Accrued Wages and Benefits	0	0	0	3,713	0	0
Total Liabilities	9,432	0	3,186	3,848	0	0
Fund Balances:						
Reserved for Encumbrances	5,528	0	6,811	19	0	0
Reserved for Inventory	0	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	52,353	15,668	72,567	21,647	0	0
Total Fund Balances	57,881	15,668	79,378	21,666	0	0
Total Liabilities and Fund Balances	\$67,313	\$15,668	\$82,564	\$25,514	\$0	\$0

SchooNet Professional Development	Ohio Reads	Summer Intervention	Miscellaneous State Grants	Title VI-B	Title I	Title V	Drug-Free Grant	IDEA PreSchool Grant
\$2,450	\$1,808	\$0	\$0	\$1,746	\$10,177	\$0	\$0	\$0
0	0	0	0	15,156	17,582	0	0	0
0	0	0	0	0	0	0	0	0
<u>2,450</u>	<u>1,808</u>	<u>0</u>	<u>0</u>	<u>16,902</u>	<u>27,759</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0	0	0	0
0	0	0	0	16,582	38,634	0	0	0
0	0	0	0	16,582	38,634	0	0	0
0	1,808	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
2,450	0	0	0	320	(10,875)	0	0	0
2,450	1,808	0	0	320	(10,875)	0	0	0
<u>\$2,450</u>	<u>\$1,808</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,902</u>	<u>\$27,759</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Continued

Little Miami Local School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2004

	E-Rate Grant	Improving Teacher Quality	Miscellaneous Federal Grants	Food Services	Uniform School Supplies	Special Trust
Assets:						
Equity in Pooled Cash and Investments	\$11,229	\$7,268	\$0	\$116,245	\$31,259	\$1,936
Intergovernmental	0	4,478	0	0	0	0
Inventory	0	0	0	9,646	0	0
Total Assets	11,229	11,746	0	125,891	31,259	1,936
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable	0	0	0	0	317	0
Accrued Wages and Benefits	0	14,587	0	15,975	0	0
Total Liabilities	0	14,587	0	15,975	317	0
Fund Balances:						
Reserved for Encumbrances	0	0	0	0	1,059	0
Reserved for Inventory	0	0	0	9,646	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	11,229	(2,841)	0	100,270	29,883	1,936
Total Fund Balances	11,229	(2,841)	0	109,916	30,942	1,936
Total Liabilities and Fund Balances	\$11,229	\$11,746	\$0	\$125,891	\$31,259	\$1,936

Total
Nonmajor
Special Revenue
Funds

\$375,177
37,216
9,646

422,039

13,070
89,491

102,561

15,225
9,646

294,607

319,478

\$422,039

Little Miami Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Public School	Other Grants	District Managed Activities	Management Information System	Entry Year Programs	Data Communication
Revenues:						
Tuition and Fees	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	19,050	0	11,190	15,400	9,000
Extracurricular Activities	255,776	0	184,721	0	0	0
Charges for Services	0	0	0	0	0	0
Other Revenues	70	0	367	0	0	0
Total Revenues	255,846	19,050	185,088	11,190	15,400	9,000
Expenditures:						
Current:						
Instruction:						
Regular	0	6,667	0	0	0	0
Special	0	0	0	0	0	0
Support Services:						
Pupil	0	7,300	0	0	0	0
Instructional Staff	0	519	0	0	15,400	0
School Administration	0	0	0	48	0	0
Operations and Maintenance	0	0	0	0	0	26,500
Central	0	1,434	0	68,982	0	0
Operation of Non-Instructional Services	0	3,544	0	0	0	0
Extracurricular Activities	275,525	0	207,924	0	0	0
Total Expenditures	275,525	19,464	207,924	69,030	15,400	26,500
Excess of Revenues Over (Under) Expenditures	(19,679)	(414)	(22,836)	(57,840)	0	(17,500)
Other Financing Sources (Uses):						
Transfers In	0	0	0	75,000	0	0
Total Other Financing Sources (Uses)	0	0	0	75,000	0	0
Net Change in Fund Balance	(19,679)	(414)	(22,836)	17,160	0	(17,500)
Fund Balance Beginning of Year	77,560	16,082	102,214	4,506	0	17,500
Fund Balance End of Year	\$57,881	\$15,668	\$79,378	\$21,666	\$0	\$0

SchooNet Professional Development	Ohio Reads	Summer Intervention	Miscellaneous State Grants	Title VI-B	Title I	Title V	Drug-Free Grant	IDEA PreSchool Grant
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4,140	27,000	57,680	20,828	284,896	249,897	16,252	13,652	5,404
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
4,140	27,000	57,680	20,828	284,896	249,897	16,252	13,652	5,404
0	23,107	0	0	0	0	0	0	0
0	0	0	0	151,374	229,324	8,105	0	0
0	0	0	0	125,000	0	0	0	0
4,794	22,762	57,680	15,500	0	11,725	12,712	14,048	5,404
0	0	0	1,578	15,425	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	500	0	0	0
0	0	0	0	0	0	0	0	0
4,794	45,869	57,680	17,078	291,799	241,549	20,817	14,048	5,404
(654)	(18,869)	0	3,750	(6,903)	8,348	(4,565)	(396)	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
(654)	(18,869)	0	3,750	(6,903)	8,348	(4,565)	(396)	0
3,104	20,677	0	(3,750)	7,223	(19,223)	4,565	396	0
\$2,450	\$1,808	\$0	\$0	\$320	(\$10,875)	\$0	\$0	\$0

Continued

Little Miami Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	E-Rate Grant	Improving Teacher Quality	Miscellaneous Federal Grants	Food Services	Uniform School Supplies	Special Trust
Revenues:						
Tuition and Fees	\$0	\$0	\$0	\$0	\$157,750	\$0
Intergovernmental	0	111,636	7,050	168,922	0	0
Extracurricular Activities	0	0	0	0	0	0
Charges for Services	0	0	0	703,746	0	0
Other Revenues	0	0	0	8,274	0	3,300
Total Revenues	0	111,636	7,050	880,942	157,750	3,300
Expenditures:						
Current:						
Instruction:						
Regular	0	416	15,911	0	317	0
Special	0	90,442	0	0	0	0
Support Services:						
Pupil	0	0	0	0	0	0
Instructional Staff	0	15,013	1,567	0	0	3,564
School Administration	0	0	0	0	0	0
Operations and Maintenance	0	0	0	0	0	0
Central	0	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	900,999	163,920	0
Extracurricular Activities	0	0	0	0	0	0
Total Expenditures	0	105,871	17,478	900,999	164,237	3,564
Excess of Revenues Over (Under) Expenditures	0	5,765	(10,428)	(20,057)	(6,487)	(264)
Other Financing Sources (Uses):						
Transfers In	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Net Change in Fund Balance	0	5,765	(10,428)	(20,057)	(6,487)	(264)
Fund Balance Beginning of Year	11,229	(8,606)	10,428	129,973	37,429	2,200
Fund Balance End of Year	\$11,229	(\$2,841)	\$0	\$109,916	\$30,942	\$1,936

Total
Nonmajor
Special Revenue
Funds

\$157,750
1,021,997
440,497
703,746
12,011

2,336,001

46,418
479,245

132,300
180,688
17,051
26,500
70,416
1,068,963
483,449

2,505,030

(169,029)

75,000

75,000

(94,029)

413,507

\$319,478

Little Miami Local School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2004

	Permanent Improvement	Building	SchoolNet	Total Nonmajor Capital Projects Funds
Assets:				
Equity in Pooled Cash and Investments	\$353,624	\$3,633	\$0	\$357,257
Restricted Cash and Investments	0	2,657	0	2,657
Receivables:				
Taxes	353,007	0	0	353,007
Total Assets	706,631	6,290	0	712,921
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	4,106	0	0	4,106
Retainage Payable	0	2,657	0	2,657
Deferred Revenue	285,657	0	0	285,657
Total Liabilities	289,763	2,657	0	292,420
Fund Balances:				
Reserved for Encumbrances	65,886	2,328	0	68,214
Reserved for Property Tax Advances	67,350	0	0	67,350
Unreserved, Undesignated, Reported in: Capital Projects Funds	283,632	1,305	0	284,937
Total Fund Balances	416,868	3,633	0	420,501
Total Liabilities and Fund Balances	\$706,631	\$6,290	\$0	\$712,921

Little Miami Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2004

	Permanent Improvement	Building	SchoolNet	Total Nonmajor Capital Projects Funds
Revenues:				
Taxes	\$372,142	\$0	\$0	\$372,142
Investment Earnings	0	1,079	0	1,079
Intergovernmental	51,579	0	0	51,579
Other Revenues	95,474	0	0	95,474
Total Revenues	519,195	1,079	0	520,274
Expenditures:				
Current:				
Instruction:				
Regular	21,897	0	6,397	28,294
Support Services:				
School Administration	665	0	0	665
Fiscal	5,165	0	0	5,165
Operations and Maintenance	95,919	0	0	95,919
Pupil Transportation	213,480	0	0	213,480
Capital Outlay	589,244	439,733	0	1,028,977
Total Expenditures	926,370	439,733	6,397	1,372,500
Excess of Revenues Over (Under) Expenditures	(407,175)	(438,654)	(6,397)	(852,226)
Net Change in Fund Balance	(407,175)	(438,654)	(6,397)	(852,226)
Fund Balance Beginning of Year	824,043	442,287	6,397	1,272,727
Fund Balance End of Year	\$416,868	\$3,633	\$0	\$420,501

Little Miami Local School District
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2004

	Student Managed Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$77,888	\$0	(\$17,700)	\$95,588
Total Assets	77,888	0	(17,700)	95,588
Liabilities:				
Accounts Payable	9,045	2,855	9,045	2,855
Other Liabilities	68,843	9,045	(14,845)	92,733
Total Liabilities	\$77,888	\$11,900	(\$5,800)	\$95,588

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Public School Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$259,829	\$256,245	\$256,245	\$0
Other Revenues	71	70	70	0
Total Revenues	259,900	256,315	256,315	0
Expenditures:				
Current:				
Instruction:				
Extracurricular Activities	216,500	288,902	281,096	7,806
Total Expenditures	216,500	288,902	281,096	7,806
Excess of Revenues Over (Under) Expenditures	43,400	(32,587)	(24,781)	7,806
Net Change in Fund Balance	43,400	(32,587)	(24,781)	7,806
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	77,133	77,133	77,133	0
Fund Balance End of Year	\$120,533	\$44,546	\$52,352	\$7,806

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Other Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$15,000	\$19,050	\$19,050	\$0
Total Revenues	15,000	19,050	19,050	0
Expenditures:				
Current:				
Instruction:				
Regular	3,514	7,242	7,212	30
Support Services:				
Pupil	3,557	7,500	7,300	200
Instructional Staff	253	1,224	519	705
Central	699	1,650	1,434	216
Operation of Non-Instructional Services	1,727	3,544	3,544	0
Total Expenditures	9,750	21,160	20,009	1,151
Excess of Revenues Over (Under) Expenditures	5,250	(2,110)	(959)	1,151
Net Change in Fund Balance	5,250	(2,110)	(959)	1,151
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	16,627	16,627	16,627	0
Fund Balance End of Year	<u>\$21,877</u>	<u>\$14,517</u>	<u>\$15,668</u>	<u>\$1,151</u>

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	District Managed Activities Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$203,982	\$185,846	\$185,846	\$0
Other Revenues	403	367	367	0
Total Revenues	<u>204,385</u>	<u>186,213</u>	<u>186,213</u>	<u>0</u>
Expenditures:				
Current:				
Extracurricular Activities	177,750	247,317	214,957	32,360
Total Expenditures	<u>177,750</u>	<u>247,317</u>	<u>214,957</u>	<u>32,360</u>
Excess of Revenues Over (Under) Expenditures	<u>26,635</u>	<u>(61,104)</u>	<u>(28,744)</u>	<u>32,360</u>
Net Change in Fund Balance	26,635	(61,104)	(28,744)	32,360
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>101,311</u>	<u>101,311</u>	<u>101,311</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$127,946</u></u>	<u><u>\$40,207</u></u>	<u><u>\$72,567</u></u>	<u><u>\$32,360</u></u>

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

Management
 Information
 System
 Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$8,309	\$11,190	\$11,190	\$0
Total Revenues	8,309	11,190	11,190	0
Expenditures:				
Current:				
Support Services:				
School Administration	9	50	48	2
Central	12,682	70,704	70,467	237
Total Expenditures	12,691	70,754	70,515	239
Excess of Revenues Over (Under) Expenditures	(4,382)	(59,564)	(59,325)	239
Other financing sources (uses):				
Transfers In	55,691	75,000	75,000	0
Total Other Financing Sources (Uses)	55,691	75,000	75,000	0
Net Change in Fund Balance	51,309	15,436	15,675	239
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	9,686	9,686	9,686	0
Fund Balance End of Year	\$60,995	\$25,122	\$25,361	\$239

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Entry Year Programs Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$9,000	\$15,400	\$15,400	\$0
Total Revenues	9,000	15,400	15,400	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	18,700	15,400	15,400	0
Total Expenditures	18,700	15,400	15,400	(0)
Excess of Revenues Over (Under) Expenditures	(9,700)	0	0	0
Net Change in Fund Balance	(9,700)	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	(\$9,700)	\$0	\$0	\$0

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Data Communication Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$9,000	\$9,000	\$9,000	\$0
Total Revenues	9,000	9,000	9,000	0
Expenditures:				
Current:				
Support Services:				
Operations and Maintenance	17,500	26,500	26,500	0
Total Expenditures	17,500	26,500	26,500	(0)
Excess of Revenues Over (Under) Expenditures	(8,500)	(17,500)	(17,500)	0
Net Change in Fund Balance	(8,500)	(17,500)	(17,500)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	17,500	17,500	17,500	0
Fund Balance End of Year	<u>\$9,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

SchooNet
 Professional
 Development
 Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$3,988	\$4,140	\$4,140	\$0
Other Revenues	152	158	158	0
Total Revenues	4,140	4,298	4,298	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	3,104	7,402	4,952	2,450
Total Expenditures	3,104	7,402	4,952	2,450
Excess of Revenues Over (Under) Expenditures	1,036	(3,104)	(654)	2,450
Net Change in Fund Balance	1,036	(3,104)	(654)	2,450
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,104	3,104	3,104	0
Fund Balance End of Year	\$4,140	\$0	\$2,450	\$2,450

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Ohio Reads Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$25,000	\$27,000	\$27,000	\$0
Total Revenues	25,000	27,000	27,000	0
Expenditures:				
Current:				
Instruction:				
Regular	1,425	28,089	28,089	0
Support Services:				
Instructional Staff	1,575	31,038	31,038	0
Total Expenditures	3,000	59,127	59,127	0
Excess of Revenues Over (Under) Expenditures	22,000	(32,127)	(32,127)	0
Net Change in Fund Balance	22,000	(32,127)	(32,127)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	32,127	32,127	32,127	0
Fund Balance End of Year	<u>\$54,127</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Summer Intervention Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$60,473	\$57,680	\$57,680	\$0
Total Revenues	<u>60,473</u>	<u>57,680</u>	<u>57,680</u>	<u>0</u>
Expenditures:				
Current:				
Support Services:				
Instructional Staff	0	57,680	57,680	0
Total Expenditures	<u>0</u>	<u>57,680</u>	<u>57,680</u>	<u>(0)</u>
Excess of Revenues Over (Under) Expenditures	<u>60,473</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	60,473	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$60,473</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

Miscellaneous
 State
 Grants
 Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$23,172	\$20,828	\$20,828	\$0
Total Revenues	23,172	20,828	20,828	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	15,202	15,500	15,500	0
School Administration	1,548	1,578	1,578	0
Total Expenditures	16,750	17,078	17,078	(0)
Excess of Revenues Over (Under) Expenditures	6,422	3,750	3,750	0
Other financing sources (uses):				
Advances (Out)	(4,172)	(3,750)	(3,750)	0
Total Other Financing Sources (Uses)	(4,172)	(3,750)	(3,750)	0
Net Change in Fund Balance	2,250	0	(0)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$2,250	\$0	(\$0)	\$0

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Title VI-B Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	284,896	269,740	269,740	0
Total Revenues	284,896	269,740	269,740	0
Expenditures:				
Current:				
Instruction:				
Special	149,026	143,817	142,072	1,745
Support Services:				
Pupil	131,119	125,000	125,000	0
School Administration	16,180	15,425	15,425	0
Total Expenditures	296,325	284,242	282,497	1,745
Excess of Revenues Over (Under) Expenditures	(11,429)	(14,502)	(12,757)	1,745
Net Change in Fund Balance	(11,429)	(14,502)	(12,757)	1,745
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	14,502	14,502	14,502	0
Fund Balance End of Year	<u>\$3,073</u>	<u>\$0</u>	<u>\$1,745</u>	<u>\$1,745</u>

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Title I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$238,189	\$239,519	\$239,519	\$0
Total Revenues	238,189	239,519	239,519	0
Expenditures:				
Current:				
Instruction:				
Special	248,161	233,839	223,936	9,903
Support Services:				
Instructional Staff	12,993	12,000	11,725	275
Operation of Non-Instructional Services	554	500	500	0
Total Expenditures	261,708	246,339	236,161	10,178
Excess of Revenues Over (Under) Expenditures	(23,519)	(6,820)	3,358	10,178
Net Change in Fund Balance	(23,519)	(6,820)	3,358	10,178
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,820	6,820	6,820	0
Fund Balance End of Year	(\$16,699)	\$0	\$10,178	\$10,178

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Title V Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$12,911	\$16,252	\$16,252	\$0
Total Revenues	12,911	16,252	16,252	0
Expenditures:				
Current:				
Instruction:				
Special	6,326	8,105	8,105	0
Support Services:				
Instructional Staff	9,921	12,712	12,712	0
Total Expenditures	16,247	20,817	20,817	(0)
Excess of Revenues Over (Under) Expenditures	(3,336)	(4,565)	(4,565)	0
Net Change in Fund Balance	(3,336)	(4,565)	(4,565)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,565	4,565	4,565	0
Fund Balance End of Year	<u>\$1,229</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Drug-Free Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$12,655	\$13,653	\$13,653	\$0
Total Revenues	12,655	13,653	13,653	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	12,409	14,048	14,048	0
Total Expenditures	12,409	14,048	14,048	(0)
Excess of Revenues Over (Under) Expenditures	246	(395)	(395)	0
Other financing sources (uses):				
Advances (Out)	(1,153)	(1,244)	(1,244)	0
Total Other Financing Sources (Uses)	(1,153)	(1,244)	(1,244)	0
Net Change in Fund Balance	(907)	(1,639)	(1,639)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,639	1,639	1,639	0
Fund Balance End of Year	<u>\$732</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	IDEA PreSchool Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$6,756	\$5,404	\$5,404	\$0
Total Revenues	6,756	5,404	5,404	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	5,404	10,527	10,527	0
Total Expenditures	5,404	10,527	10,527	(0)
Excess of Revenues Over (Under) Expenditures	1,352	(5,123)	(5,123)	0
Net Change in Fund Balance	1,352	(5,123)	(5,123)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,123	5,123	5,123	0
Fund Balance End of Year	\$6,475	\$0	\$0	\$0

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	E-Rate Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$5,000	\$0	\$0	\$0
Total Revenues	5,000	0	0	0
Expenditures:				
Total Expenditures	0	0	0	(0)
Excess of Revenues Over (Under) Expenditures	5,000	0	0	0
Net Change in Fund Balance	5,000	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	11,229	11,229	11,229	0
Fund Balance End of Year	<u>\$16,229</u>	<u>\$11,229</u>	<u>\$11,229</u>	<u>\$0</u>

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Improving Teacher Quality Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$107,718	\$100,577	\$111,006	\$10,429
Total Revenues	<u>107,718</u>	<u>100,577</u>	<u>111,006</u>	<u>10,429</u>
Expenditures:				
Current:				
Instruction:				
Regular	461	416	416	0
Special	101,788	99,153	91,885	7,268
Support Services:				
Instructional Staff	16,631	15,013	15,013	0
Total Expenditures	<u>118,880</u>	<u>114,582</u>	<u>107,314</u>	<u>7,268</u>
Excess of Revenues Over (Under) Expenditures	<u>(11,162)</u>	<u>(14,005)</u>	<u>3,692</u>	<u>17,697</u>
Net Change in Fund Balance	(11,162)	(14,005)	3,692	17,697
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>3,576</u>	<u>3,576</u>	<u>3,576</u>	<u>0</u>
Fund Balance End of Year	<u>(\$7,586)</u>	<u>(\$10,429)</u>	<u>\$7,268</u>	<u>\$17,697</u>

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Miscellaneous Federal Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$6,490	\$7,050	\$7,050	\$0
Total Revenues	6,490	7,050	7,050	0
Expenditures:				
Current:				
Instruction:				
Regular	4,527	15,911	15,911	0
Support Services:				
Instructional Staff	446	1,567	1,567	0
Total Expenditures	4,973	17,478	17,478	0
Excess of Revenues Over (Under) Expenditures	1,517	(10,428)	(10,428)	0
Other financing sources (uses):				
Advances (Out)	(650)	(706)	(706)	0
Total Other Financing Sources (Uses)	(650)	(706)	(706)	0
Net Change in Fund Balance	867	(11,134)	(11,134)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	11,134	11,134	11,134	0
Fund Balance End of Year	<u>\$12,001</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Food Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$965	\$924	\$983	\$59
Intergovernmental	138,564	141,152	141,152	0
Charges for Services	690,845	703,746	703,746	0
Other Revenues	7,126	7,259	7,259	0
Total Revenues	837,500	853,081	853,140	59
Expenditures:				
Current:				
Operation of Non-Instructional Services	610,722	932,048	840,060	91,988
Total Expenditures	610,722	932,048	840,060	91,988
Excess of Revenues Over (Under) Expenditures	226,778	(78,967)	13,080	92,047
Net Change in Fund Balance	226,778	(78,967)	13,080	92,047
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	103,164	103,164	103,164	0
Fund Balance End of Year	\$329,942	\$24,197	\$116,244	\$92,047

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Uniform School Supplies Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	167,204	157,695	157,750	55
Total Revenues	167,204	157,695	157,750	55
Expenditures:				
Current:				
Operation of Non-Instructional Services	141,500	169,692	165,634	4,058
Total Expenditures	141,500	169,692	165,634	4,058
Excess of Revenues Over (Under) Expenditures	25,704	(11,997)	(7,884)	4,113
Net Change in Fund Balance	25,704	(11,997)	(7,884)	4,113
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	37,767	37,767	37,767	0
Fund Balance End of Year	<u>\$63,471</u>	<u>\$25,770</u>	<u>\$29,883</u>	<u>\$4,113</u>

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Special Trust Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$2,800	\$0	\$0	\$0
Total Revenues	2,800	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	8,600	0	0	(0)
Total Expenditures	8,600	0	0	(0)
Excess of Revenues Over (Under) Expenditures	(5,800)	0	0	0
Net Change in Fund Balance	(5,800)	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	<u>(\$5,800)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$1,114,384	\$1,163,579	\$1,163,579	\$0
Investment Earnings	141,156	147,387	147,387	0
Total Revenues	1,255,540	1,310,966	1,310,966	0
Expenditures:				
Current:				
School Administration	2,356	2,200	2,198	2
Fiscal	18,183	19,900	16,966	2,934
Debt Service:				
Principal Retirement	138,171	138,171	138,171	0
Interest and Fiscal Charges	1,172,390	1,170,829	1,084,661	86,168
Total Expenditures	1,331,100	1,331,100	1,241,996	89,104
Excess of Revenues Over (Under) Expenditures	(75,560)	(20,134)	68,970	89,104
Net Change in Fund Balance	(75,560)	(20,134)	68,970	89,104
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,375,728	1,375,728	1,375,728	0
Fund Balance End of Year	\$1,300,168	\$1,355,594	\$1,444,698	\$89,104

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Permanent Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$211,516	\$352,992	\$352,992	\$0
Intergovernmental	30,907	51,579	51,579	0
Other Revenues	118,778	198,224	198,224	0
Total Revenues	361,201	602,795	602,795	0
Expenditures:				
Current:				
Instruction:				
Regular	17,915	22,000	21,897	103
Support Services:				
School Administration	544	700	665	35
Fiscal	4,226	5,200	5,165	35
Business	0	42,700	0	42,700
Operations and Maintenance	98,194	132,500	120,022	12,478
Pupil Transportation	174,656	419,480	213,480	206,000
Capital Outlay	516,265	631,700	631,026	674
Total Expenditures	811,800	1,254,280	992,255	262,025
Excess of Revenues Over (Under) Expenditures	(450,599)	(651,485)	(389,460)	262,025
Net Change in Fund Balance	(450,599)	(651,485)	(389,460)	262,025
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	673,094	673,094	673,094	0
Fund Balance End of Year	\$222,495	\$21,609	\$283,634	\$262,025

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	Building Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$1,043	\$1,079	\$36
Total Revenues	0	1,043	1,079	36
Expenditures:				
Current:				
Capital Outlay	440,000	442,328	442,328	0
Total Expenditures	440,000	442,328	442,328	(0)
Excess of Revenues Over (Under) Expenditures	(440,000)	(441,285)	(441,249)	36
Net Change in Fund Balance	(440,000)	(441,285)	(441,249)	36
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	445,211	445,211	445,211	0
Fund Balance End of Year	<u>\$5,211</u>	<u>\$3,926</u>	<u>\$3,962</u>	<u>\$36</u>

Little Miami Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2004

	SchoolNet Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$24,150	\$0	\$0	\$0
Tot	24,150	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	6,397	6,397	6,397	0
Total Expenditures	6,397	6,397	6,397	0
Excess of Revenues Over (Under) Expenditures	17,753	(6,397)	(6,397)	0
Net Change in Fund Balance	17,753	(6,397)	(6,397)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,397	6,397	6,397	0
Fund Balance End of Year	\$24,150	\$0	\$0	\$0

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**STATISTICAL
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Little Miami Local School District
 General Fund Operating Expenditures by Function
 Last Ten Fiscal Years

TABLE 1

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Regular Instruction	\$5,058,279	\$5,327,345	\$5,660,478	\$6,041,988	\$6,668,078	\$7,054,690	\$8,145,816	\$8,495,537	\$8,685,190	\$10,579,746
Special Instruction	410,676	482,197	536,532	612,702	611,434	786,081	1,110,129	1,381,728	1,449,543	1,587,715
Other Instruction	25,983	28,468	43,008	51,583	76,168	41,713	153,052	135,038	233,668	282,279
Pupil	334,009	380,699	404,748	465,790	510,942	536,134	706,764	784,245	794,591	1,005,882
Instructional Staff	256,400	291,472	321,288	317,823	356,349	432,689	668,093	752,787	585,069	931,242
General Administration	46,580	28,226	34,514	28,644	36,562	53,968	46,014	36,591	73,329	62,821
School Administration	905,998	920,678	1,001,073	1,063,970	1,193,476	1,265,284	1,494,838	1,665,079	1,617,092	1,878,501
Fiscal	211,733	238,365	271,359	284,315	303,575	358,275	383,768	398,377	469,327	579,782
Business	80,106	99,505	94,031	146,521	171,143	200,142	203,915	200,175	141,334	201,328
Operations and Maintenance	1,102,309	892,608	966,697	1,064,101	1,122,436	1,288,585	1,964,104	2,395,212	1,912,763	2,452,285
Pupil Transportation	746,574	844,677	852,586	876,293	808,419	1,119,568	1,292,120	1,499,112	1,415,004	1,573,191
Central	9,974	10,208	12,882	19,154	19,598	16,455	20,675	59,820	64,589	326,846
Extracurricular Activities	131,044	137,794	133,140	152,957	156,626	203,324	304,550	328,749	318,157	384,084
Capital Outlay	0	0	18,000	98,597	0	0	77,269	46,126	0	3,009
Debt Service:										
Principal	9,843	10,958	12,209	14,017	18,104	19,607	22,142	33,017	92,184	84,630
Interest	4,209	3,094	1,842	6,076	6,302	4,851	5,844	11,309	36,043	37,869
Total	\$9,333,717	\$9,696,294	\$10,364,387	\$11,244,531	\$12,059,212	\$13,381,366	\$16,599,093	\$18,222,902	\$17,887,883	\$21,971,210

Source: School District records.

Little Miami Local School District
 General Fund Operating Revenues By Source
 Last Ten Fiscal Years

TABLE 2

Fiscal Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Property & Other Taxes	\$4,527,696	\$4,793,186	\$5,033,189	\$5,898,787	\$5,676,130	\$6,900,158	\$7,627,758	\$8,239,562	\$10,806,791	\$10,462,832
Intergovernmental	4,611,142	4,743,159	4,907,485	5,500,818	6,174,902	6,700,899	7,521,491	8,351,114	8,760,782	9,222,111
Earnings on Investments	127,042	132,906	136,697	152,582	196,747	241,549	264,002	99,626	67,164	46,387
Tuition and Fees	11,545	8,846	12,178	13,917	15,666	10,413	13,690	14,424	39,916	34,020
Rent	5,838	7,776	8,168	611	292	163	5,420	6,855	5,785	0
Extracurricular Activities	1,424	2,885	1,937	10,708	7,958	13,954	13,858	10,357	6,858	16,205
Gifts and Donations	0	0	0	7,184	7,742	0	2,100	2,721	307	0
Miscellaneous Receipts	7,756	9,281	84,068	84,227	37,088	16,433	9,615	78,974	48,217	89,668
Total Revenues	\$9,292,443	\$9,698,039	\$10,183,722	\$11,668,834	\$12,116,525	\$13,883,569	\$15,457,934	\$16,803,633	\$19,735,820	\$19,871,223

Source: School District Records

Little Miami Local School District
 Property Tax Levies and Collections - Real, Public Utility and Tangible Property
 Last Ten Collection (Calendar) Years

TABLE 3

Collection Year	Tax Levied (1)	Current Tax Collections (2)	Percent Collected	Delinquent Collection	Total Tax Collections	Percent of Total Collections To Levy	Outstanding Delinquent Taxes (3)	Percent of Outstanding Delinquent Taxes To Tax Levied
1995	\$4,962,419	\$4,835,586	97.44%	\$169,469	\$5,005,055	100.86%	\$81,453	1.64%
1996	5,557,468	5,428,940	97.69%	181,284	5,610,188	100.95%	47,181	0.85%
1997	5,640,592	5,495,239	97.42%	159,016	5,654,255	100.24%	43,902	0.78%
1998	5,975,796	5,887,601	98.52%	167,655	6,055,256	101.33%	45,936	0.77%
1999	9,029,342	8,775,617	97.19%	247,204	9,022,821	99.93%	74,090	0.82%
2000	10,520,823	10,236,144	97.29%	271,497	10,507,641	99.87%	100,774	0.96%
2001	11,007,571	10,735,264	97.53%	339,702	11,074,966	100.61%	98,206	0.89%
2002	13,917,067	13,439,835	96.57%	350,072	13,789,907	99.09%	88,119	0.63%
2003	15,522,050	15,309,366	98.63%	287,830	15,597,196	100.48%	74,116	0.48%

Source: Warren County Auditor

(1) Taxes levied and collected are presented on a cash basis.

(2) State reimbursements of rollback and homestead exemptions are included.

(3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

TABLE 4

Little Miami Local School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Collection (Calendar) Years

Collection Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total		Ratio (2)
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1995	\$150,861,680	\$431,033,371	\$12,928,101	\$36,937,431	\$19,687,480	\$78,749,920	\$183,477,261	\$546,720,722	33.56%
1996	159,044,370	454,412,486	15,934,514	45,527,183	17,053,120	68,212,484	192,032,004	568,152,153	33.80%
1997	170,454,360	487,012,457	17,373,639	49,638,969	17,739,700	70,958,800	205,567,699	607,610,226	33.83%
1998	202,690,950	579,117,000	18,491,925	52,834,071	17,890,710	71,562,840	239,073,585	703,513,911	33.98%
1999	219,225,770	626,359,343	19,980,737	57,087,820	18,744,170	74,976,680	257,950,677	758,423,843	34.01%
2000	243,960,620	697,030,343	25,742,334	73,549,526	18,447,255	73,789,020	288,150,209	844,368,889	34.13%
2001	313,645,380	896,129,657	27,333,305	78,095,157	19,187,510	76,750,040	360,166,195	1,050,974,854	34.27%
2002	352,989,300	1,008,540,857	25,584,850	73,099,571	12,537,430	50,149,720	391,111,580	1,131,790,148	34.56%
2003	398,482,930	1,138,522,657	25,176,710	71,933,457	15,927,780	63,711,120	439,587,420	1,274,167,234	34.50%
2004	483,344,110	1,380,983,171	21,573,050	86,292,200	17,083,150	19,412,670	522,000,310	1,486,688,041	35.11%

Source: Warren County Auditor

(1) Warren County Auditor property tax records are maintained on a calendar year basis.

(2) Ratio presents total assessed value/total estimated actual value.

TABLE 5

Little Miami Local School District
 Property Tax Rates (Per \$1,000 of Assessed Valuation)
 Direct and Overlapping Debt
 Last Ten Collection (Calendar) Years

	Little Miami LSD	City of Morrow	Harlan Township	Warren County	Warren County JVS	Total
1995	\$43.65	\$7.51	\$8.22	\$7.07	\$4.50	\$70.95
1996	43.40	7.51	8.22	7.07	4.50	\$70.70
1997	43.15	7.51	7.22	5.50	4.50	\$67.88
1998	48.36	7.51	7.22	5.50	4.50	\$73.09
1999	47.59	7.51	7.22	5.25	4.50	\$72.07
2000	46.05	7.51	7.22	4.50	4.50	\$69.78
2001	44.34	7.51	8.72	4.50	4.50	\$69.57
2002	43.89	1.71	8.72	4.50	4.50	\$63.32
2003	47.44	1.71	8.72	4.96	4.50	\$67.33

Source: Warren County Auditor

TABLE 6

Little Miami Local School District
 Ratio of Net General Bonded Debt to Assessed Value
 And Net Bonded Debt Per Capita
 Last Ten Fiscal Years

Year	Population (1)	Total Assessed Value	Gross Bonded Debt (2)	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value (%)	Estimated Net Bonded Debt Per Capita (3)
1995	2,295	\$183,477,261	\$160,000	\$91,785	\$68,215	0.04%	\$29.72
1996	2,321	192,032,004	140,000	82,052	57,948	0.03%	24.97
1997	2,409	205,567,699	120,000	74,511	45,489	0.02%	18.88
1998	2,469	239,073,585	17,699,810	616,733	17,083,077	7.15%	6,919.03
1999	2,557	257,950,677	17,434,810	856,291	16,578,519	6.43%	6,483.58
2000	2,521	288,150,209	17,169,810	1,203,630	15,966,180	5.54%	6,333.27
2001	2,610	360,166,195	16,844,810	1,323,850	15,520,960	4.31%	5,946.73
2002	2,814	391,111,580	16,459,810	1,382,300	15,077,510	3.86%	5,358.03
2003	2,936	439,587,420	16,009,810	1,566,628	14,443,182	3.29%	4,919.34
2004	3,201	522,000,310	15,871,639	1,490,768	14,380,871	2.75%	4,492.62

Sources:

- (1) Population is the School District average Daily membership
- (2) Gross bonded indebtedness does not include short term bond anticipation notes or energy conservation debt.
- (3) Ratio is net bonded debt divided by average daily membership

Little Miami Local School District
 Computation of Legal Debt Margin
 June 30, 2004

Table 7

Assessed Value	<u>\$522,000,310</u>
Bonded Debt Limit - 9% of Assessed Value (1)	<u>46,980,028</u>
Amount of Debt Applicable to Debt Limit: Bonded Debt less energy conservation loan and school bus bonds	(15,871,639)
Amount Available in Debt Service Fund	<u>1,490,768</u>
Net Bonded Debt	<u>(14,380,871)</u>
Overall Debt Margin	<u>\$32,599,157</u>
Bonded Debt Limit - 9/10 of 1% of Assessed Value (1)	\$4,698,003
Amount of Debt Applicable	<u>(412,500)</u>
Energy Conservation Debt Margin	<u>\$4,285,503</u>
Bonded Debt Limit - 0.10% of Assessed Value (1)	\$522,000
Amount of Debt Applicable	<u>0</u>
Unvoted Debt Margin	<u>\$522,000</u>

Source: County Auditor and School District's financial records.

(1) Ohio Bond Law sets a limit of 9% for voted debt, 9/10 of 1% for energy conservation and 1/10 of 1% for unvoted debt. All School District debt subject to the limitation is voted.

Little Miami Local School District
 Computation of Direct and Overlapping Debt
 June 30, 2004

TABLE 8

<u>Governmental Unit</u>	<u>Gross General Obligation (1)</u>	<u>Percent Applicable to District</u>	<u>Amount Applicable to District</u>
Direct:			
<u>Little Miami LSD</u>	<u>\$15,871,639</u>	100.00%	<u>\$15,871,639</u>
Overlapping:			
Warren County	\$6,840,000	0.00%	\$0
City of Morrow	250,000	0.00%	0
Total overlapping:	<u>\$7,090,000</u>		<u>\$0</u>
Total direct and overlapping debt:	<u>\$22,961,639</u>		<u>\$15,871,639</u>

Source: School District records and Warren County financial records

(1) Only reflects bonded debt

TABLE 9

Little Miami Local School District
 Ratio of Annual Debt Service Expenditures
 For General Bonded Debt to Total General Fund Expenditures
 Last Ten Fiscal Years

Fiscal Year	Interest (1)		Total Debt Service	Total General Expenditures		Ratio of Debt Service to General Expenditures (%)
	Principal (1)					
1995	20,000	9,775	29,775	9,333,717	0.32%	
1996	330,000	30,725	360,725	9,696,294	3.72%	
1997	90,000	16,883	106,883	10,364,387	1.03%	
1998	90,000	209,502	299,502	11,244,531	2.66%	
1999	335,000	817,880	1,152,880	12,059,212	9.56%	
2000	265,000	804,414	1,069,414	13,381,366	7.99%	
2001	325,000	792,936	1,117,936	16,599,093	6.73%	
2002	385,000	778,874	1,163,874	18,222,902	6.39%	
2003	450,000	762,006	1,212,006	17,887,883	6.78%	
2004	138,171	1,084,661	1,222,832	21,971,210	5.57%	

Source: School District records.

(1) Does not include capital lease payments recorded in the general fund or energy conservation payments in the debt service fund.

TABLE 10

Little Miami Local School District
Demographic Statistics
Last Ten Fiscal Years

Year	Warren County Population (1)	School Enrollment (2)	Unemployment Rate Montgomery County (3)	Unemployment Rate State of Ohio (3)	Unemployment Rate United States (3)
1995	113,909	2,295	4.20%	4.80%	5.60%
1996	113,909	2,321	3.80%	5.00%	5.30%
1997	113,909	2,409	3.00%	4.50%	5.00%
1998	113,909	2,469	3.00%	4.40%	4.50%
1999	113,909	2,557	2.60%	4.60%	4.30%
2000	158,383	2,521	2.50%	4.30%	4.00%
2001	158,383	2,610	3.40%	4.40%	4.60%
2002	158,383	2,814	3.60%	6.00%	5.80%
2003	158,383	2,936	3.90%	6.60%	6.40%
2004	158,383	3,201	4.00%	5.80%	5.60%

Sources: (1) Warren County 2002 Financial Report

(2) School District Records

(3) US Department of Labor - Bureau of Labor Statistics

(*) 2003 Statistical is as of October 31, 2003

Little Miami Local School District
 Construction, Bank Deposits and Property Values
 Last Ten Calendar Years

TABLE 11

<u>Calendar Year</u>	<u>Construction (1)</u>	<u>County Bank Deposits (2) (*)</u>	<u>Property Values (3)</u>
1995	116	\$460,950,000	\$150,861,680
1996	136	465,584,000	159,044,370
1997	229	523,595,000	170,454,360
1998	447	521,795,000	202,690,950
1999	774	533,873,000	219,225,770
2000	969	548,623,000	243,960,620
2001	1,405	618,781,000	313,645,380
2002	1,343	660,464,000	352,989,300
2003	1,314	628,208,000	398,482,930
2004	1,314	628,208,000	483,344,110

Sources: (1) Warren County Information System Department and Hamilton Township

Figures are for December 31 of year.

(2) Federal Reserve Bank of Cleveland

(3) Warren County Auditor, calendar year basis - assessed value of real property only.

* 2003 statistical as of June 30, 2003

Little Miami Local School District
 Real Property
 Top Ten Principal Taxpayers

TABLE 12

<u>Name of Taxpayer</u>	<u>Real Property</u>	<u>% of Total Assessed Valuation</u>
Sumco Phoenix Corporation	\$11,242,340	2.15%
Cincinnati Gas & Electric	8,868,890	1.70%
Cincinnati Semiconductor	3,908,240	0.75%
Miami Striker L.L.C.	3,679,130	0.70%
Dayton Power and Light	3,150,390	0.60%
MI Schottenstein Homes	3,071,270	0.59%
Tournament Players Club	2,923,200	0.56%
Heritage @ Miami Bluffs	2,802,730	0.54%
Crossman Communities	1,447,000	0.28%
Butterworth Properties	<u>1,410,820</u>	<u>0.27%</u>
	<u>\$42,504,010</u>	<u>8.14%</u>

Source: Warren County Auditor's Office

Form of Government:	Public School District
Original Charter:	1964
Area of District:	98 Square miles
Number of Miles Traveled by Transportation Fleet for the Fiscal 2004 School Year:	524,700
Number of Meals Served by Food Service Department for the Fiscal 2004 School Year:	232,990

<u>School</u>	<u>Grade Level</u>	<u>Enrollment</u>
High School	9-12	849
Junior High School	7-8	500
Intermediate School	5-6	553
Hamilton-Maineville Elementary	K-4	594
Harlan-Butlerville Elementary	K-4	245
Marrow Elementary	K-4	460
Total		<u>3201</u>

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor	43	20.57%
Bachelor + 20	65	31.10%
Masters	59	28.23%
Masters + 20	42	20.10%
Total	<u>209</u>	<u>100.00%</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0-5	95	45.45%
6-10	47	22.49%
11-15	17	8.13%
16-20	12	5.74%
21-25	6	2.87%
26 and over	32	15.31%
Total	<u>209</u>	<u>100.00%</u>

Source: School District records

Enrollment by Grade

	K	1	2	3	4	5	6	7	8	9	10	11	12	Total
2003-04	254	259	260	242	250	234	254	286	239	248	240	232	202	3,200
The following are projections:														
2005-06	196	213	199	282	283	248	265	259	274	293	240	187	178	3117
2006-07	196	213	225	204	296	296	258	278	265	278	295	188	181	3173
2007-08	196	213	225	231	214	309	308	272	284	269	280	231	182	3214
2008-09	196	213	225	231	242	224	322	324	277	289	270	220	223	3256
2009-10	196	213	225	231	242	253	233	338	331	281	290	212	212	3257
2010-11	196	213	225	231	242	253	263	245	345	336	283	228	205	3265
2011-12	196	213	225	231	242	253	263	277	250	350	338	222	220	3280

Source: School District records.



**Auditor of State
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LITTLE MIAMI LOCAL SCHOOL DISTRICT

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 13, 2005**