

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT
DARKE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2008



Mary Taylor, CPA
Auditor of State

Board of Education
Mississinawa Valley Local School District
1469 St. Rt. 47
Union City, Ohio 45390

We have reviewed the *Independent Auditors' Report* of the Mississinawa Valley Local School District, Darke County, prepared by Manning & Associates CPAs, LLC, for the audit period July 1, 2007 through June 30, 2008. 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 Mississinawa Valley Local School District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 17, 2010

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MISSISSINAWA VALLEY SCHOOL DISTRICT
DARKE COUNTY
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MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

INDEPENDENT AUDITORS' REPORT

Mississinawa Valley Local School District
Darke County
1469 State Route 47
Union City, Ohio 45390

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mississinawa Valley Local School District, Darke County, (the School District), as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

Ohio Administrative Code §117-2-03 (b) requires the School District to prepare its annual financial reports in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mississinawa Valley Local School District, Darke County, as of June 30, 2008, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2009, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Manning & Associates CPAs, LLC

December 7, 2009

Mississinawa Valley Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

This discussion and analysis of the Mississinawa Valley Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008, within the limitations of the School District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Key highlights for fiscal year 2008 are as follows:

Total net assets were \$2,342,854. Net assets of governmental activities increased \$756,329, or approximately 47 percent.

The School District's general receipts are primarily property and income taxes and intergovernmental revenues. Property and income taxes represent 27 percent of receipts, grants and entitlements not restricted to specific programs represent another 57 percent of general receipts.

The School District issued \$989,999 general obligation bonds to advance refund bonds issued in 2000 for the school facilities. The refunding resulted in a reduction of debt service payments of \$46,820.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the School District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the School District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The School District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the School District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Mississinawa Valley Local School District

Darke County

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Unaudited

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the School District as a Whole

The statement of net assets and the statements of activities reflect how the School District did financially during the fiscal year, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the School District at year-end. The statement of activities compares cash disbursements with program receipts for each governmental function. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's cash position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other non-financial factors as well such as the School District's property tax base, the condition of the School District's capital assets and infrastructure, the extent of the School District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the Statement of Net Assets and the Statement of Activities, the School District reports governmental activities. Governmental Activities are the activities where most of the School District's programs and services are reported including, but not limited to; instruction, support services, pupil transportation, debt service, food services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. The School District establishes separate funds to better manage its activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the School District are split into two categories: governmental and fiduciary.

Governmental Funds - All of the School District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources that can be spent to finance the School District's programs.

Mississinawa Valley Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The School District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The School District's major funds are the General Fund and Bond Retirement fund.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the School District's programs.

The School District as a Whole

Table 1 provides a summary of the School District's net assets for 2008 compared to 2007 on a cash basis:

	Governmental Activities	
	FY 08	FY 07, restated
Assets		
Equity in Pooled Cash, Cash Equivalents and Investments	\$2,342,854	\$1,586,525
Total Assets	2,342,854	1,586,525
Net Assets		
Restricted for:		
Other Purposes	489,337	483,168
Debt Service	196,907	133,542
Bus Purchases	5,907	13,063
Set Asides	303,617	250,192
Capital Projects	161,288	199,599
Unrestricted	1,185,798	506,961
Total Net Assets	\$2,342,854	\$1,586,525

Total net assets increased \$756,329 or about 47 percent during fiscal year 2008. The primary reason for the increase in cash balances were an increase in income tax receipts and relatively stable expenditures.

Mississinawa Valley Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Table 2 reflects the changes in net assets in fiscal year 2008, and a comparative balance to fiscal year 2007.

Table 2
Changes in Net Assets

	Governmental Activities	
	FY 2008	FY 2007, restated
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$732,111	\$745,573
Operating Grants and Contributions	832,986	881,877
Capital Grants and Contributions	5,907	7,495
Total Program Receipts	<u>1,571,004</u>	<u>1,634,945</u>
General Receipts:		
Property Taxes	1,222,722	1,222,895
Income Taxes	814,357	523,604
Grants and Entitlements	4,130,991	3,624,384
Investment Earnings	76,358	66,816
Sale of Bonds	989,999	0
Miscellaneous	24,647	26,281
Other Financing Sources	101,722	0
Total General Receipts	<u>7,360,796</u>	<u>5,463,980</u>
Total Receipts	<u>8,931,800</u>	<u>7,098,925</u>
Disbursements:		
Instruction:		
Regular	2,334,627	2,256,031
Special	965,783	954,601
Vocational	129,432	123,741
Other	434,307	362,629
Support Services:		
Pupil	307,226	305,135
Instructional Staff	471,936	415,318
Board of Education	10,192	7,691
Administration	491,802	515,562
Fiscal	193,279	222,595
Business	1,751	3,282
Operation & Maint	629,407	567,453
Transportation	431,155	293,818
Central	29,346	28,604
Operation of Non-Instructional Services	296,047	300,169
Extracurricular Activities	213,176	200,465
Debt Service:		
Principal Retirement	1,085,000	81,343
Interest and Fiscal Charges	121,469	81,599
Other Financing Uses	29,536	0
Total Disbursements	<u>8,175,471</u>	<u>6,720,036</u>
Increase (Decrease) in Net Assets	756,329	378,889
Net Assests, January 1	<u>1,586,525</u>	<u>1,207,636</u>
Net Assests, December 31	<u>\$2,342,854</u>	<u>\$1,586,525</u>

Mississinawa Valley Local School District

Darke County

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Unaudited

Governmental Activities

Program receipts represent 17 percent in fiscal year 2008 of total receipts and are primarily represented by restricted intergovernmental receipts, charges for tuition extracurricular activities, and food service. The largest source of general receipts for governmental activities is unrestricted grants and entitlements which accounted for about 57 percent of the total general receipts received during the year. Property and income taxes accounted for an additional 27 percent of receipts.

The major program disbursements for governmental activities are for instruction which accounted for approximately 47 percent of total cash disbursements for fiscal year 2008, with Regular Instruction making up the largest share at about 28 percent of total disbursements. Pupil and Instructional Staff support services accounted for about 9 percent of total disbursements. Board of Education, Administration, Business and Fiscal disbursements accounted for another 8 percent of disbursements. Operation and maintenance of plant disbursements were about 7 percent of total disbursements. Transportation accounted for about 5 percent of total disbursements and Extracurricular Activities accounted for about 2 percent of total disbursements.

Statement of Activities

If you look at the Statement of Activities you will see that the first column lists the major activities of the School District. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify, in general, the source of the receipts. The amounts are either paid by people who are directly charged for the service or grants and contributions received by the School District that must be used to provide a specific service. A comparison between the total cost of services and the net cost is presented in Table 3. That is, it identifies the cost of these services supported by taxes, restricted State entitlements and investment earnings. A comparative analysis to fiscal year 2007 is also presented.

Mississinawa Valley Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

(Table 3)

	Governmental Activities		FY 07, restated	
	FY 08			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction:				
Regular	\$2,334,627	\$2,078,936	\$2,256,031	\$1,921,227
Special	965,783	567,681	954,601	520,537
Vocational	129,432	97,294	123,741	93,838
Other	434,307	434,307	362,629	362,269
Support Services:				
Pupils	307,226	113,591	305,135	109,763
Instructional Staff	471,936	355,763	415,318	338,174
Board of Education	10,192	10,192	7,691	7,691
Administration	491,802	442,534	515,562	469,862
Fiscal	193,279	134,190	222,595	184,901
Business	1,751	1,751	3,282	3,282
Operation and Maintenance				
of Plant	629,407	629,118	567,453	556,468
Transportation	431,155	424,586	293,818	256,560
Central	29,346	24,631	28,604	23,604
Operation of Non-Instructional Se	296,047	(47,803)	300,169	(23,153)
Extracurricular Activities	213,176	101,691	200,465	97,126
Debt Service:				
Principal	1,085,000	1,085,000	81,343	81,343
Interest	121,469	121,469	81,599	81,599
Other Financing Uses	29,536	29,536	0	0
Total Disbursements	<u>\$8,175,471</u>	<u>\$6,604,467</u>	<u>\$6,720,036</u>	<u>\$5,085,091</u>

Charges for services and operating grants of about 17 percent of total cash receipts were received and used to fund the expenses of the School District. The remaining 83 percent of cash receipts were from taxes, unrestricted State entitlements, investment earnings and miscellaneous receipts. The School District relies on these receipts to furnish the services it provides to students.

The School District's Funds

All governmental funds had total receipts of \$8,931,800 and total disbursements of \$8,175,471. The General Fund is the chief operating fund of the School District. At the end of fiscal year 2008, unreserved fund balance of the General Fund was \$990,077. The greatest change within the funds occurred in the General Fund which had an increase of \$725,106 in fund balance due to an increase in income tax receipts and relatively steady expenditures.

Mississinawa Valley Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

General Fund Budgeting Highlights

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

During fiscal year 2008, the General Fund had original appropriations of \$6,017,684 and final appropriations of \$6,082,683. Actual expenditures plus encumbrances were \$5,824,190. Original estimated receipts were \$5,761,622 and final estimated receipts were \$6,071,699. Actual receipts for fiscal year 2008 were \$6,353,575.

Capital Assets

The School District tracks its capital assets and contracts with Valuation Engineers to keep their reports current.

Debt

At June 30, 2008, the School District had \$1,471,178 outstanding in general obligation bonds. These bonds are being paid through the Bond Retirement Fund with property tax revenue. During fiscal year 2008, the School District advance refunded a portion of the general obligation bonds in order to take advantage of lower interest rates to achieve interest savings. For more information on the School District's debt see Note 10 of the notes to the basic financial statements.

Current Financial Issues and Concerns

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. Mississinawa Valley passed an income tax levy in May of 2006. This income tax will help offset the reductions in state revenue.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Nick Hamilton, Treasurer, Mississinawa Valley Local School District, 1469 State Route 47, Union City, OH 45390.

Mississinawa Valley Local School District
Darke County, Ohio
Statement of Net Assets - Cash Basis
June 30, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash, Cash Equivalents and Investments	<u>\$2,342,854</u>
<i>Total Assets</i>	<u><u>\$2,342,854</u></u>
Net Assets	
Restricted for:	
Debt Service	\$196,907
Capital Projects	161,288
Bus Purchases	5,907
Set Asides	303,617
Other Purposes	489,337
Unrestricted	<u>1,185,798</u>
<i>Total Net Assets</i>	<u><u>\$2,342,854</u></u>

See accompanying notes to the basic financial statements

**Mississinawa Valley Local School District
Darke County, Ohio**

*Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2008*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$2,334,627	\$144,567	\$111,124	\$0	(\$2,078,936)
Special	965,783	186,702	211,400	0	(567,681)
Vocational	129,432	0	32,138	0	(97,294)
Other	434,307	0	0	0	(434,307)
Support Services:					
Pupil	307,226	0	193,635	0	(113,591)
Instructional Staff	471,936	0	116,173	0	(355,763)
Board of Education	10,192	0	0	0	(10,192)
Administration	491,802	45,603	3,665	0	(442,534)
Fiscal	193,279	58,991	98	0	(134,190)
Business	1,751	0	0	0	(1,751)
Operation and Maintenance of Plant	629,407	0	289	0	(629,118)
Pupil Transportation	431,155	0	662	5,907	(424,586)
Central	29,346	0	4,715	0	(24,631)
Operation of Non-Instructional Services	296,047	184,763	159,087	0	47,803
Extracurricular Activities	213,176	111,485	0	0	(101,691)
Debt Service:					
Principal	1,085,000	0	0	0	(1,085,000)
Interest	121,469	0	0	0	(121,469)
Other Financing Uses	29,536	0	0	0	(29,536)
<i>Total Governmental Activities</i>	<u>8,175,471</u>	<u>732,111</u>	<u>832,986</u>	<u>5,907</u>	<u>(6,604,467)</u>
General Receipts					
Property Taxes Levied for:					
General Purposes					951,198
Debt Service					186,260
Capital Outlay					62,927
Classroom Maintenance					22,337
Income Taxes Levied for General Purposes					814,357
Grants and Entitlements not Restricted to Specific Programs					4,130,991
Interest					76,358
Bond Issuance					989,999
Miscellaneous					24,647
Other Financing Sources					101,722
<i>Total General Receipts</i>					<u>7,360,796</u>
Change in Net Assets					756,329
<i>Net Assets Beginning of Year, see Note 16</i>					<u>1,586,525</u>
<i>Net Assets End of Year</i>					<u><u>\$2,342,854</u></u>

See accompanying notes to the basic financial statements

Mississinawa Valley Local School District
Darke County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2008

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash, Cash Equivalents and Investments	\$1,185,798	\$196,907	\$650,625	\$2,033,330
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	309,524	0	0	309,524
<i>Total Assets</i>	<u>\$1,495,322</u>	<u>\$196,907</u>	<u>\$650,625</u>	<u>\$2,342,854</u>
Fund Balances				
Reserved for Encumbrances	195,721	0	63,524	259,245
Reserved for Textbooks and Instructional Materials	288,003	0	0	288,003
Reserved for School Bus Purchase	5,907	0	0	5,907
Reserved for Budget Stabilization	15,614	0	0	15,614
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	990,077	0	0	990,077
Special Revenue Funds	0	0	451,833	451,833
Debt Service Fund	0	196,907	0	196,907
Capital Projects Funds	0	0	135,268	135,268
<i>Total Fund Balances</i>	<u>\$1,495,322</u>	<u>\$196,907</u>	<u>\$650,625</u>	<u>\$2,342,854</u>

See accompanying notes to the basic financial statements

**Mississinawa Valley Local School District
Darke County, Ohio**

*Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances -
Cash Basis - Governmental Funds
For the Fiscal Year Ended June 30, 2008*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$951,198	\$186,260	\$85,264	\$1,222,722
Income Tax	814,357	0	0	814,357
Intergovernmental	4,104,841	26,102	834,551	4,965,494
Interest	74,000	0	2,358	76,358
Tuition and Fees	329,917	0	0	329,917
Extracurricular Activities	0	0	156,313	156,313
Contributions and Donations	0	0	4,390	4,390
Charges for Services	0	0	184,763	184,763
Rent	10,291	0	0	10,291
Miscellaneous	67,300	0	6,503	73,803
<i>Total Receipts</i>	<u>6,351,904</u>	<u>212,362</u>	<u>1,274,142</u>	<u>7,838,408</u>
Disbursements				
Current:				
Instruction:				
Regular	2,220,294	0	114,333	2,334,627
Special	743,449	0	222,334	965,783
Vocational	129,432	0	0	129,432
Other	434,307	0	0	434,307
Support Services:				
Pupil	110,592	0	196,634	307,226
Instructional Staff	358,334	0	113,602	471,936
Board of Education	10,192	0	0	10,192
Administration	445,419	0	46,383	491,802
Fiscal	186,159	4,713	2,407	193,279
Business	1,751	0	0	1,751
Operation and Maintenance of Plant	483,205	0	146,202	629,407
Pupil Transportation	378,091	0	53,064	431,155
Central	18,255	0	11,091	29,346
Operation of Non-Instructional Services	0	0	296,047	296,047
Extracurricular Activities	108,989	0	104,187	213,176
Debt Service:				
Principal	0	1,085,000	0	1,085,000
Interest	0	121,469	0	121,469
<i>Total Disbursements</i>	<u>5,628,469</u>	<u>1,211,182</u>	<u>1,306,284</u>	<u>8,145,935</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	723,435	(998,820)	(32,142)	(307,527)
Other Financing Sources (Uses)				
Bond Issuance	0	989,999	0	989,999
Other Financing Sources	0	101,722	0	101,722
Other Financing Uses	0	(29,536)	0	(29,536)
Refund of Prior Year Expenditures	1,671	0	0	1,671
Total Other Financing Sources (Uses)	<u>1,671</u>	<u>1,062,185</u>	<u>0</u>	<u>1,063,856</u>
<i>Net Change in Fund Balances</i>	725,106	63,365	(32,142)	756,329
<i>Fund Balances Beginning of Year, restated (Note 16)</i>	<u>770,216</u>	<u>133,542</u>	<u>682,767</u>	<u>1,586,525</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,495,322</u></u>	<u><u>\$196,907</u></u>	<u><u>\$650,625</u></u>	<u><u>\$2,342,854</u></u>

See accompanying notes to the basic financial statements

Mississinawa Valley Local School District

Darke County Ohio

Statement of Receipts, Disbursements and Changes in Fund Cash Balance -

Budget (Non-GAAP Basis) and Actual - General Fund

For the Fiscal Year Ended June 30, 2008

	BUDGETED AMOUNTS			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$940,000	\$922,790	\$951,198	\$28,408
Income Tax	790,000	775,266	814,357	39,091
Tuition and Fees	242,200	236,231	329,917	93,686
Interest	55,500	54,161	74,000	19,839
Intergovernmental	3,656,122	4,007,121	4,104,841	97,720
Rent	7,800	7,614	10,291	2,677
Miscellaneous	70,000	68,516	67,300	(1,216)
Total Revenues	<u>5,761,622</u>	<u>6,071,699</u>	<u>6,351,904</u>	<u>280,205</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,444,845	2,323,089	2,231,345	91,744
Special	721,860	795,595	795,595	0
Vocational	126,012	129,428	129,432	(4)
Other	392,791	435,283	435,282	1
Support Services:				
Pupils	118,409	118,409	112,935	5,474
Instructional Staff	388,083	388,083	362,278	25,805
Board of Education	9,683	11,795	11,795	0
Administration	508,273	508,273	451,222	57,051
Fiscal	253,807	253,807	215,100	38,707
Business	5,100	5,100	1,751	3,349
Operation and Maintenance of Plant	537,053	537,053	513,373	23,680
Pupil Transportation	387,741	437,741	435,982	1,759
Central	12,502	27,502	18,711	8,791
Extracurricular Activities	111,525	111,525	109,389	2,136
Total Expenditures	<u>6,017,684</u>	<u>6,082,683</u>	<u>5,824,190</u>	<u>258,493</u>
Excess of Revenues Over (Under) Expenditures	(256,062)	(10,984)	527,714	538,698
Other Financing Source:				
Refund of Prior Year Expenditure	<u>0</u>	<u>0</u>	<u>1,671</u>	<u>1,671</u>
Net Change in Fund Balance	(256,062)	(10,984)	529,385	540,369
Fund Balance at Beginning of Year	600,984	600,984	600,984	0
Prior Year Encumbrances Appropriated	<u>169,232</u>	<u>169,232</u>	<u>169,232</u>	<u>0</u>
Fund Balance at End of Year	<u>\$514,154</u>	<u>\$759,232</u>	<u>\$1,299,601</u>	<u>\$540,369</u>

See Accompanying Notes to the Basic Financial Statements

Mississinawa Valley Local School District
Darke County, Ohio
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
June 30, 2008

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$8,493	\$39,247
Investments in Segregated Accounts	386,163	0
<i>Total Assets</i>	\$394,656	\$39,247
Liabilities		
Held for Students	0	\$39,247
Net Assets		
Held in Trust for Scholarships	\$394,656	

See accompanying notes to the basic financial statements

Mississinawa Valley Local School District
Darke County, Ohio
Statement of Changes in Fiduciary Net Assets - Cash Basis
Fiduciary Funds
For the Fiscal Year Ended June 30, 2008

	Private Purpose Trust
Additions	
Interest	\$12,548
Deductions	
Scholarships	21,672
Change in Net Assets	(9,124)
Net Assets - Beginning of Year	403,780
Net Assets - End of Year	\$394,656

See accompanying notes to the basic financial statements

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Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District is located in Darke County and includes the Village of Union City, Ohio, all of Jackson and Mississinawa Townships and portions of Allen, Brown and Washington Townships. It is staffed by 37 classified employees, 55 certified teaching personnel, and 4 administrative employees who provide services to approximately 700 students and other community members. The School District currently operates 1 instructional building, 1 bus garage and 1 administrative facility.

A. Primary Government

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

The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Mississinawa Valley Local School, this includes general operations, food service, and student related activities of the School District.

B. Component Units

Component units are legally separate organizations for which the School District is financially accountable, or for which the School District is not financially accountable but the nature and significance of the School District's relationship with the separate organization is such that it is required to be presented as a component unit. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include legally separate, tax-exempt entities whose resources are for the direct benefit of the School District, are accessible to the School District and are significant in amount to the School District. Mississinawa Valley Local School District has no component units.

The School District participates in three jointly governed organizations and one insurance purchasing pool. Notes 11 and 12 to the basic financial statements provides additional information about these entities. These organizations are:

Jointly Governed Organizations:

- Metropolitan Dayton Educational Cooperative Association
- Southwestern Ohio Educational Purchasing Council
- Southwestern Ohio Instructional Technology Association

Insurance Purchasing Pool:

- Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally used in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which, have been applied to the extent they are applicable to the cash basis of accounting. In the government wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 20, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

The School 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 providing more detailed financial information.

Government-wide Financial Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The School District does not have any business-type activities.

The statement of net assets presents the cash balance, of the governmental and business-type activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District classifies each fund as either governmental or fiduciary.

1. **Governmental Fund Types** - The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The following are the School District's major governmental funds:

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

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

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose

2. **Fiduciary Fund Types** - Trust funds 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 School District's own programs. Fiduciary Funds include private-purpose trust funds and agency funds. The School District's private purpose trust funds account for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature, where the School District deposits and pays cash as directed by another entity or individual. The District's agency fund accounts for various student managed activities.

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. The School District reports liabilities of the Fiduciary Agency fund since these monies are due to others and not for the purpose of the District itself.

Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expense (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. If the School District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 the Board of Education may appropriate.

The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund/ function level for the general fund, bond retirement debt service fund, and permanent improvement capital project fund, and at the fund level for all remaining funds. Budgetary allocations at the object level within all funds are made by the Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the 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 amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriation resolution is subject to amendment 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 fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

E. Cash, Cash Equivalents and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash, Cash Equivalents and Investments" on the financial statements.

Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

The School District values investments and cash equivalents at cost. For presentation on the financial statements and in the notes to the basic financial statements, investments with an original maturity of three months or less when purchased are deemed cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

During 2008, the School District invested in Star Ohio and money market. 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, 2008.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2008 was \$74,000, including \$11,244 assigned from other School District funds.

F. Restricted Assets

Assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, contributors, grantors, laws or regulations of other governments. Restricted cash and investments in the General Fund include amounts required to be spent on bus purchase and amounts State statute requires to be set aside for textbooks and instructional materials, and to create a budget reserve.

G. Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

I. Interfund Receivables/Payables

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's modified-cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since reporting a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception.

M. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which are not available for appropriation or expenditure. Fund equity reserves have been established for encumbrances, school bus purchase and textbooks and instructional materials. The reserve for school bus purchases represents money required to be spent on bus purchases and the reserve for textbooks and instructional materials represents money required to be set-aside by state Statute to purchase textbooks and instructional materials.

N. Net Assets

Net assets are reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use. Net assets restricted for other purposes include resources restricted for food services operations, athletic programs, and federal and state grants restricted to cash disbursement for specific purposes. The School District first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Interfund Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements.

Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

3. DEPOSITS AND INVESTMENTS

The School District follows the investment guidelines stabled by State statutes which require the classification of monies held by the School District into three categories.

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan bank, Federal Farm Credit bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).
7. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

3. DEPOSITS AND INVESTMENTS (continued)

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

At year end, the School District had \$90, in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents.”

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. Protection of the School District’s cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize 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 of the financial institution.

As of June 30, 2008, the carrying amount of the School District’s deposits was \$972,521. Cash balances per the bank were \$984,176. Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, \$784,176 of the School District’s bank balance was exposed to custodial credit risk in that it was uninsured and uncollateralized. Although, the securities serving as collateral were held by the pledging financial institution’s trust department in the School District’s name and all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

B. Investments

As of June 30, 2008, the School District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Carrying Value</u>
Star Ohio	Average	\$1,209,510
Money Market	Average	407,657
MaxSaver	Average	186,979
Total Investments		<u>\$1,804,146</u>

Interest rate risk - arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District’s investment policy addresses interest rate risk by requiring that the School District’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

3. DEPOSITS AND INVESTMENTS (continued)

Credit risk - The School District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District's investment in STAR Ohio is rated AAA by Standard & Poor's.

Custodial credit risk - is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

4. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed valued listed as of January 1, 2007, the lien date.

Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007, and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. Tangible personal property is currently assessed at 6.25 percent of true value of true value for 2008.

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

Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

4. PROPERTY TAXES (continued)

The School District receives property taxes from Darke County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The amount available as an advance at June 30, 2008 was \$152,978 in the General Fund, \$3,627 in the Classroom Maintenance Fund, \$30,279 in the Bond Retirement Fund and \$10,038 in the Permanent Improvement Fund.

The assessed valued upon which fiscal year 2008 taxes were collected are:

	2007 Second-Half Collections		2008 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$49,926,170	94.38%	\$50,607,200	94.86%
Public Utility Personal	2,974,780	5.62	2,744,840	5.14
Total	<u>\$52,900,950</u>	<u>100.00%</u>	<u>\$53,352,040</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$35.10		\$35.48	

5. INCOME TAX

As of June 30, 2008, the School District levies a voted tax of 1.75 percent for general operations on the income of residents and of estates. The first 0.50 percent tax was effective on January 1, 1990, while the second 0.50 percent tax was effective on January 1, 2000, and both are continuing taxes. The third .75 percent tax was effective January 1, 2007, and is effective for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts to the General Fund during fiscal year 2008 were \$814,357.

6. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Change in Fund Balance – Budget and Actual (Budget Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and cash basis is outstanding year-end encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (cash).

Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

6. BUDGETARY BASIS OF ACCOUNTING (continued)

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the:

**General Fund
Net Change in Fund Balance**

Cash Basis	\$	725,106
Adjustment for Encumbrances		<u>(195,721)</u>
Budget Basis	\$	<u>529,385</u>

7. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2008, the School District contracted with Mangas Insurance for property and fleet, general liability, boiler and machinery, crime, and inland marine insurance.

Insurance coverage provided includes the following:

Building and Contents-replacement cost (\$1,000 deductible)	\$24,016,408
Automobile Liability (\$0 deductible)	1,000,000
Uninsured Motorists (\$0 deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	2,000,000
Umbrella Liability	1,000,000

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

B. Workers' Compensation

For fiscal year 2008, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 13). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percent of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling fund" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp, Inc. provides administrative, cost control and actuarial services to the GRP.

Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

7. RISK MANAGEMENT, (continued)

C. Employee Medical Benefits

The School District participates in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP). The MBP's business and affairs are conducted by an eleven member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the MBP to cover the costs of administering the program.

8. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement 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 stand-alone financial report that may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling (800) 878-5853, or on their website at www.ohsers.org.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The School District rate for fiscal year 2008 was 14 percent of annual covered payroll. A portion of the School District contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 was \$70,772, \$88,421 and \$71,839, respectively; 42 percent has been contributed for fiscal year 2008 and 100 percent has been contributed for fiscal years 2007 and 2006.

B. State Teachers Retirement System of Ohio

The School District participates in the 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 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090 or by visiting the STRS Ohio Web site at www.strsoh.org.

Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

8. DEFINED BENEFIT PENSION PLANS (continued)

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 percent 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 the 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. The DC portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service that becomes disabled may qualify for a disability benefit. 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, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations; the same portion that was used to fund pension obligations for fiscal year 2007. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School district's required contributions for pension obligations to the STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$354,244, \$344,805 and \$343,586 respectively; 84 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$5,083 made by the School District and \$11,356 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School employees Retirement System. As of June 30, 2008, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining Board members contribute to SERS.

Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

9. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program.

The Medicare Part B Plan reimburses Medicare. Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2008 fiscal year equaled \$12,420.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$44,716, \$39,369, and \$39,000, respectively. The full amount has been contributed for those years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the 2008, 2007, and 2006 fiscal year were \$5,099, \$5,313, and \$4,834, respectively.

B. State Teachers Retirement System of Ohio

Plan Description - The School District contributes to a cost-sharing multiple-employer defined benefit Health Care Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the Defined Benefit or Combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which may be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

9. POSTEMPLOYMENT BENEFITS, (continued)

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employees do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post employment health care may be deducted from employer contributions. For fiscal year 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for post employment health care for fiscal year 2008, 2007 and 2006 were \$27,250, \$26,523, and \$26,430, respectively.

10. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2008 were as follows:

	Principal Outstanding 6/30/07	Additions	Deductions	Principal Outstanding 6/30/08	Due Within One Year
2008 General Obligation Bonds					
Term Bonds 2008 4.00%		130,000	15,000	115,000	15,000
Capital Apprec. Bonds 4.4%		49,999	0	49,999	0
Serial Bonds 4.125%-4.75%		810,000	0	810,000	0
Classroom Facilities Bonds					
2000 4.80 – 6.00%	1,470,000	0	1,070,000	400,000	80,000
Accretion on Capital Bonds	77,862	18,317	0	96,179	0
	<u>\$1,547,862</u>	<u>\$1,008,316</u>	<u>\$1,085,000</u>	<u>\$1,471,178</u>	<u>\$95,000</u>

Classroom Facilities General Obligation Bonds - The School District issued bonds in the amount of \$1,969,998 for the purpose of building new school facilities in 2000. Of these bonds, \$930,000 were serial bonds, with maturity dates of December 1, 2000 to December 1, 2011. \$990,000 were term bonds with a maturity date of December 1, 2022, and \$50,000 of the bonds were capital appreciation bonds, with maturity dates of December 1, 2012, 2013, and 2014. The maturity amount for the capital appreciation bonds is \$100,000 for each year. The capital appreciation bonds were accreted \$18,317 in fiscal year 2008, and \$77,862 in fiscal years prior to 2008.

During fiscal year 2008, the School District issued \$989,999 general obligation bonds to advance refund the 2000 bonds. Of these bonds, \$130,000 are serial bonds maturing through December 1, 2014, \$49,999 are capital appreciation bonds maturing on December 1, 2015 and December 1, 2016, and \$810,000 are term bonds with maturity dates of December 1, 2017 through December 1, 2022. The maturity amount for the capital appreciation bonds is \$120,000 for each year.

The School District's overall legal debt margin was \$3,623,592 and the unvoted debt margin was \$53,352 at June 30, 2008.

Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

10. LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire the classroom facilities general obligation bonds are as follows:

Fiscal year Ending June 30,	Serial Bonds		Capital Appreciation Bonds		Term Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$95,000	\$20,830	\$0	\$0	\$0	\$34,235
2010	100,000	15,898	0	0	0	34,235
2011	105,000	10,638	0	0	0	34,235
2012	110,000	5,065	0	0	0	34,235
2013	15,000	1,900	0	0	0	34,235
2014-2018	40,000	1,200	99,999	474,235	125,000	134,762
2019-2023	0	0	0	0	685,000	75,999
Total	<u>\$465,000</u>	<u>\$55,531</u>	<u>\$99,999</u>	<u>\$474,235</u>	<u>\$810,000</u>	<u>\$381,936</u>

11. JOINTLY GOVERNED ORGANIZATION

A. Metropolitan Dayton Educational Cooperative Association

The School District is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA), which is a computer consortium. MDECA is an association of public school districts within the boundaries of Montgomery, Miami and Darke Counties and the Cities of Dayton, Troy and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School District paid MDCA \$33,638 for services provided during the fiscal year. Financial information can be obtained from Jerry Woodyard, who serves as Director, at 225 Linwood Street, Dayton, Ohio 45405.

B. Southwestern Ohio Educational Purchasing Council

The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of 126 school districts in 12 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group.

Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

11. JOINTLY GOVERNED ORGANIZATION (continued)

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2008, the School District paid \$1,106 in fees to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

C. Southwestern Ohio Instructional Technology Association

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the state-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2008, the School District paid \$1,525 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

12. INSURANCE PURCHASING POOL

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan -

The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by an eleven-member committee consisting of various GRP representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each fiscal year, the participating School Districts pay an enrollment fee to the GRP to cover the costs of administering the program.

13. SET-ASIDE CALCULATIONS

State statute annually requires the School District 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 fiscal year-end or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years. The amount reserved for budget stabilization represents refunds received from the Bureau of Workers' Compensation. Based on legislative changes, this is the only money still required to be set-aside for this purpose.

Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

13. SET-ASIDE CALCULATIONS, (continued)

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

	Textbooks and Instructional Materials	Capital Acquisition	Budget Stabilization
Set-aside Reserve Balance as of June 30, 2007	\$ 234,578	\$ (1,846,487)	\$ 15,614
Current Year Set-aside Requirement	108,762	108,762	0
Current Year Offsets	0	(62,927)	0
Qualifying Disbursements	<u>(55,337)</u>	<u>(0)</u>	<u>0</u>
Set-aside Balances Carried Forward to Subsequent Years	\$ 288,003	\$ (1,800,652)	\$ 15,614
Set-aside Reserve Balances as of June 30, 2008	<u>\$ 288,003</u>	<u>\$ 0</u>	<u>\$ 15,614</u>

The School District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside. The negative amount can be carried forward as it represents proceeds of bonds from prior fiscal years. The total reserve balance for the set-asides at the end of the fiscal year was \$303,617.

14. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally required compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

15. COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a *cash* basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

Mississinawa Valley Local School District

Darke County

Notes to the Financial Statements

For the Year Ended June 30, 2008

16. RESTATEMENT OF FUND BALANCE

For fiscal year 2008, the food service and uniform school supplies enterprise funds were reclassified to special revenue funds and are considered non-major funds. This reduced net assets of proprietary fund from \$227,192 to \$0.

This change had the following effect on the fund balance of major and non-major funds of the School District as previously reported.

	Bond			
	General	Retirement	Non-Major	Total
Fund Balance, June 30, 2007	\$770,216	\$133,542	\$455,575	\$1,359,333
Fund Reclassification	0	0	227,192	227,192
Adjusted Fund Balance	<u>\$770,216</u>	<u>\$133,542</u>	<u>\$682,767</u>	<u>\$1,586,525</u>

**Mississinawa Valley Local School District
Darke County**

Schedule of Federal Awards, Receipts and Expenditures
For the Fiscal Year Ended June 30, 2008

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster						
Non-Cash Assistance (Food Distribution)						
National School Lunch Program		10.555	\$ 0	\$ 34,174	\$ 0	\$ 34,174
Cash Assistance:						
School Breakfast Program		10.553	23,097		23,097	
National School Lunch Program		10.555	130,821	0	130,821	0
Total Nutrition Cluster			<u>153,918</u>	<u>34,174</u>	<u>153,918</u>	<u>34,174</u>
Total U.S. Department of Agriculture			<u>153,918</u>	<u>34,174</u>	<u>153,918</u>	<u>34,174</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	2008	84.010	239,524	0	239,524	0
	2007		21,613	0	36,910	0
Total Title 1 Grants to States			<u>261,137</u>	<u>0</u>	<u>276,434</u>	<u>0</u>
National Writing Project	2008	84.928	3,000	0	0	0
Safe and Drug-Free Schools and Communities_State Grants	2008	84.186	5,796	0	4,817	0
	2007		0	0	1,287	0
Total Safe and Drug Free Schools and Communities			<u>5,796</u>	<u>0</u>	<u>6,104</u>	<u>0</u>
State Grants for Innovative Programs	2008	84.298	304	0	225	0
Education Technology State Grants	2008	84.318	244	0	0	0
Title VI-B Rural and Low Income Grant	2008	84.358	14,908	0	8,872	0
Improving Teacher Quality State Grants	2008	84.367	43,507	0	43,507	0
	2007		7,743	0	10,454	0
Total Improving Teacher Quality State Grants			<u>51,250</u>	<u>0</u>	<u>53,961</u>	<u>0</u>
Total U.S. Department of Agriculture			<u>336,639</u>	<u>0</u>	<u>345,596</u>	<u>0</u>
Total Federal Awards			<u>\$ 490,557</u>	<u>\$ 34,174</u>	<u>\$ 499,514</u>	<u>\$ 34,174</u>

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures

Mississinawa Valley Local School District
Darke County
Notes to the Schedule of Federal Awards, Receipts and Expenditures
For the Fiscal Year Ended June 30, 2008

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DISTRIBUTION PROGRAM

Program regulators do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

At June 30, 2008, the School District had no significant food commodities in inventory.

NOTE C – CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE D – SCHOOL WIDE PROGRAM

The School District currently operates a school-wide program for their Title I fund in the Elementary schools.

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MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Mississinawa Valley Local School District
Darke County
1469 State Route 47
Union City, Ohio 45390

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mississinawa Valley Local School District, Darke County, (the School District), as of and for the fiscal year ended June 30, 2008, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 7, 2009, wherein we noted the School District uses a comprehensive basis of accounting other than generally accepted accounting principles. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the School District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2008-001.

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the School District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, and the Board of Education, federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

December 7, 2009

**MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Mississinawa Valley Local School District
Darke County
1469 State Route 47
Union City, Ohio 45390

To the Board of Education:

Compliance

We have audited the compliance of the Mississinawa Valley Local School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the Mississinawa Valley Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying schedule of findings as item 2008-002.

Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the School District's internal control over compliance.

Mississinawa Valley Local School District

Darke County

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program
and on Internal Control Over Compliance with Accordance with *OMB Circular A-133*

Page 2

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to administer a federal program such that there is more than a remote likelihood that the School District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the School District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Manning & Associates CPAs, LLC

Dayton, Ohio

December 7, 2009

**Mississinawa Valley Local School District
Darke County**

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2008

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2008-001

Noncompliance Citation

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Adm. Code Section 117-2-03 (B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

The School District prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The School District should prepare their financial statements in accordance with generally accepted accounting principles to provide the users with more meaningful financial statements.

Also, the School District failed to file the annual report with the Auditor of State for fiscal year 2008 within the 60 days for cash basis entities and 150 days for GAAP-basis entities; which could lead to a penalty assessed by the Auditor of State.

Officials Response: The Mississinawa School District Board of Education continues to support their decision in processing the OCBOA statements as a means to save time and money for the School District.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING NUMBER 2008-002

Noncompliance Citation

CDFA Title and Number - All Federal Programs

Federal Agency – US Department of Agriculture, US Department of Education, US Department of Health and Human Services

OMB Circular A-133 Subpart C .320(a) & (b) requires the School District to submit the Federal Single Data Collection Form described in Section .320(b) and the reporting package described in Section .320(c) within the earlier of 30 days after receipt of the auditors report, or nine months after the end of the audit period, unless a longer period is agreed in advance by the cognizant or oversight agency for the audit.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS, continued

FINDING NUMBER 2008-002, continued

The School District did not submit the June 30, 2008 data collection form or reporting package within either of the two prescribed time limits. The Federal Clearing House did not receive the required reports or form.

Failure to complete and submit the Federal Single Audit data collection form and report package described in Section .320(b) & (c) will result in the School District's designation as a high risk auditee requiring additional testing of federal programs and the possible loss of federal funding. The School District should implement control to assist in timely submissions and to determine whether they met the Single Audit requirements.

Officials Response: We will comply in the future.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2007-001	Ohio Admin. Code 117-2-03(B) the School District did not prepare its annual financial report in accordance with generally accepted accounting principles	No	Not Corrected; Reissued as 2008-001

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MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

INDEPENDENT AUDITORS' REPORT ON APPLYING AGREED UPON PROCEDURES

Mississinawa Valley Local School District
Darke County
1469 State Route 47
Union City, Ohio 45390

To the Board of Education:

Ohio Rev. Code Section 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school.”

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

1. We noted the Board adopted an anti-harassment policy at its meeting on December 10, 2007
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code the “Family Educational Rights and Privacy Act of 1974” 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the School District administration semiannually provide the president of the School District board a written summary of all reported incidents and post the summary on its web site, if the School District has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974" 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

December 7, 2009



Mary Taylor, CPA
Auditor of State

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT
DARKE COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 2, 2010**