



**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Jim Petro
Auditor of State

February 4, 2000

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COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

GOVERNMENTAL FUND TYPES

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,935,844	\$712,689	\$874,322	\$5,513,226
Cash with Fiscal Agents:				
Cash and Cash Equivalents	0	0	0	
Receivables:				
Taxes	18,982,364	0	669,639	2,131,715
Accounts	0	0	0	0
Intergovernmental Receivable	1,950	0	0	0
Due From Other Funds	0	0	0	0
Prepaid Items	4,251	0	0	0
Supplies Inventory	0	0	0	0
Inventory Held for Resale	0	0	0	0
Interfund Receivable	160,000	0	0	0
Land and Improvements to Land	0	0	0	0
Buildings	0	0	0	0
Furniture, Fixtures and Equipment	0	0	0	0
Vehicles	0	0	0	0
Construction in Progress	0	0	0	0
Less: Accumulated Depreciation	0	0	0	0
Restricted Cash	305,048			
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligations	0	0	0	0
Amount to be Provided for Retirement of General Long Term Obligations	0	0	0	0
Total Assets and Other Debits	\$22,389,457	\$712,689	\$1,543,961	\$7,644,941
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	\$157,282	\$82,293	\$0	\$483,665
Accrued Salaries Payable	2,196,609	56,626	0	0
Intergovernmental Payable	511,615	4,176	0	0
Due to Other Funds	0	0	0	0
Interfund Payable	0	130,000	0	0
Due to Students	0	0	0	0
Deferred Revenue	18,476,011	0	649,304	2,070,841
Compensated Absences Payable	244,440	0	0	0
Capital Lease Obligation	0	0	0	0
Matured Interest Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	21,585,957	273,095	649,304	2,554,506
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	286,482	171,091	0	695,873
Reserved for Prepaid Items	4,251	0	0	0
Budget Stabilization	305,048			
Unreserved:				
Unreserved	207,719	268,503	894,657	4,394,562
Total Fund Equity and Other Credits	803,500	439,594	894,657	5,090,435
Total Liabilities, Fund Equity and Other Credits	\$22,389,457	\$712,689	\$1,543,961	\$7,644,941

See accompanying notes to the general purpose financial statements

PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
		GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
ENTERPRISE	TRUST AND AGENCY			
\$704,264	\$88,777	\$0	\$0	\$10,829,122
0	0	0	0	0
0	0	0	0	21,783,718
15,677	0	0	0	15,677
33,556	0	0	0	35,506
0	0	0	0	0
0	0	0	0	4,251
2,103	0	0	0	2,103
23,447	0	0	0	23,447
0	0	0	0	160,000
0	0	1,119,325	0	1,119,325
0	0	9,538,451	0	9,538,451
348,282	0	3,130,251	0	3,478,533
17,161	0	1,862,859	0	1,880,020
0		5,786,690		5,786,690
(254,414)				(254,414)
				305,048
0	0	0	894,657	894,657
0	0	0	10,518,206	10,518,206
<u>\$890,076</u>	<u>\$88,777</u>	<u>\$21,437,576</u>	<u>\$11,412,863</u>	<u>\$66,120,340</u>
\$118,402	\$814	\$0	\$0	\$842,456
39,240	0	0	0	2,292,475
46,687	0	0	168,937	731,415
0	0	0	0	0
30,000	0	0	0	160,000
0	68,102	0	0	68,102
17,511	0	0	0	21,213,667
17,685	0	0	1,313,926	1,576,051
0	0	0	0	0
0	0	0	0	0
0	0	0	9,930,000	9,930,000
<u>269,525</u>	<u>68,916</u>	<u>0</u>	<u>11,412,863</u>	<u>36,814,166</u>
0	0	21,437,576	0	21,437,576
620,551	4,965	0	0	625,516
0	6,185	0	0	1,159,631
0	0	0	0	4,251
				305,048
0	8,711	0	0	5,774,152
<u>620,551</u>	<u>19,861</u>	<u>21,437,576</u>	<u>0</u>	<u>29,306,174</u>
<u>\$890,076</u>	<u>\$88,777</u>	<u>\$21,437,576</u>	<u>\$11,412,863</u>	<u>\$66,120,340</u>

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 1999

	GOVERNMENTAL FUND TYPES				FIDUCIARY	TOTAL
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST	(MEMORANDUM ONLY)
Revenues:						
Taxes	\$18,753,111	\$0	\$651,927	\$2,119,945	\$0	\$21,524,983
Intergovernmental	6,474,243	1,263,073	63,348	344,552	0	8,145,216
Interest	347,378	1,597	0	470,564	0	819,539
Tuition and Fees	136,342	0	0	0	0	136,342
Extracurricular Activities	6,697	254,410	0	0	17,678	278,785
Other	211,277	63,627	0	1,500	3,227	279,631
Total Revenues	25,929,048	1,582,707	715,275	2,936,561	20,905	31,184,496
Expenditures:						
Current:						
Instruction:						
Regular	13,281,240	267,094	0	822,458	57	14,370,849
Special	1,379,942	449,156	0	277	0	1,829,375
Vocational	634,008	0	0	0	0	634,008
Other	796,777	0	0	0	0	796,777
Support Services:						
Pupils	1,920,759	73,013	0	0	136	1,993,908
Instructional Staff	813,827	317,982	0	2,009	3	1,133,821
Board of Education	23,502	0	0	0	0	23,502
Administration	1,998,687	635	0	3,820	0	2,003,142
Fiscal	689,077	8,000	13,413	80,720	424	791,634
Business	185,904	0	0	574	0	186,478
Operation and Maintenance of Plant	1,984,401	0	0	227,738	0	2,212,139
Pupil Transportation	1,188,472	34	0	0	0	1,188,506
Central	382,765	26,040	0	0	0	408,805
Non-Instructional Services	569	230,982	0	0	0	231,551
Extracurricular Activities	296,145	272,608	0	4,552	16,223	589,528
Capital Outlay	32,339	0	0	7,241,010	0	7,273,349
Debt Service:						
Principal Retirement	4,909	0	400,000	0	0	404,909
Interest and Fiscal Charges	86	0	588,639	0	0	588,725
Total Expenditures	25,613,409	1,645,544	1,002,052	8,383,158	16,843	36,661,006
Excess of Revenues Over (Under) Expenditures	315,639	(62,837)	(286,777)	(5,446,597)	4,062	(5,476,510)
Other Financing Sources:						
Refund of Prior Year Expenditures	36,285	0	0	0	0	36,285
Other Financing Sources (Uses)	7,325	(1,805)	0	34	0	5,554
Total Other Financing Sources	43,610	(1,805)	0	34	0	41,839
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	359,249	(64,642)	(286,777)	(5,446,563)	4,062	(5,434,671)
Fund Balances at Beginning of Year Restated (See Note 3)	444,251	504,236	1,181,434	10,536,998	10,834	12,677,753
Fund Balances at End of Year	\$803,500	\$439,594	\$894,657	\$5,090,435	\$14,896	\$7,243,082

See accompanying notes to the general purpose financial statements

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 1999

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Taxes	\$19,169,567	\$19,169,567	\$0	\$0	\$0	\$0
Intergovernmental	6,635,417	6,635,417	0	1,263,624	1,263,624	0
Interest	344,004	344,004	0	1,639	1,639	0
Tuition and Fees	136,342	136,342	0	0	0	0
Extracurricular Activities	0	0	0	252,493	252,493	0
Miscellaneous	50,653	50,653	0	63,077	63,077	0
Total Revenues	26,335,983	26,335,983	0	1,580,833	1,580,833	0
Expenditures:						
Current:						
Instruction:						
Regular	13,201,527	13,201,527	0	282,683	282,683	0
Special	1,378,869	1,378,869	0	454,728	454,728	0
Vocational	640,334	640,334	0	0	0	0
Other	760,226	760,226	0	0	0	0
Support Services:						
Pupils	1,975,910	1,975,910	0	78,231	78,231	0
Instructional Staff	864,623	864,623	0	426,188	426,188	0
Board of Education	24,052	24,052	0	0	0	0
Administration	2,017,794	2,017,794	0	8,635	8,635	0
Fiscal	691,085	691,085	0	0	0	0
Business	186,702	186,702	0	0	0	0
Operations of Maintenance of Plant	2,094,677	2,094,677	0	0	0	0
Pupil Transportation	1,224,627	1,224,627	0	714	714	0
Central	490,856	490,856	0	25,452	25,452	0
Operation of Non-Instructional Services	569	569	0	263,792	263,792	0
Extracurricular Activities	286,432	286,432	0	306,660	306,660	0
Capital Outlay	36,363	36,363	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	25,874,646	25,874,646	0	1,847,083	1,847,083	0
Excess of Revenues Over (Under) Expenditures	461,337	461,337	0	(266,250)	(266,250)	0
Other Financing Sources (Uses):						
Refund of Prior Year Expenditures	36,285	36,285	0	0	0	0
Sale of Fixed Assets	7,325	7,325				
Pass Through	0	0		(1,804)	(1,804)	0
Advances - In	292,650	292,650	0	250,000	250,000	0
Advances - Out	(310,000)	(310,000)	0	(232,650)	(232,650)	0
Total Other Financing Sources (Uses)	26,260	26,260	0	15,546	15,546	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	487,597	487,597	0	(250,704)	(250,704)	0
Fund Balances at Beginning of Year	1,963,543	1,963,543	0	602,587	602,587	0
Prior Year Encumbrances Appropriated	359,226	359,226	0	106,648	106,648	0
Fund Balances at End of Year	\$2,810,366	\$2,810,366	\$0	\$458,531	\$458,531	\$0

See accompanying notes to the general purpose financial statements

(Continued)

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 1999
 (CONTINUED)

	DEBT SERVICE FUND			CAPITAL PROJECT FUNDS		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:						
Taxes	\$668,163	\$668,163	\$0	\$2,169,331	\$2,169,331	\$0
Intergovernmental	63,348	63,348	0	344,552	344,552	0
Interest	0	0	0	705,112	705,112	0
Tuition and Fees	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Miscellaneous	0	0	0	1,500	1,500	0
Total Revenues	731,511	731,511	0	3,220,495	3,220,495	0
Expenditures:						
Current:						
Instruction:						
Regular	0	0	0	1,049,070	1,049,070	0
Special	0	0	0	277	277	0
Vocational	0	0	0	0	0	0
Other	0	0	0	0	0	0
Support Services:						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	161,377	161,377	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	5,306	5,306	0
Fiscal	13,413	13,413	0	80,720	80,720	0
Business	0	0	0	103,399	103,399	0
Operations of Maintenance of Plant	0	0	0	261,448	261,448	0
Pupil Transportation	0	0	0	4,566	4,566	0
Central	0	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	7,222,596	7,222,596	0
Debt Service:						
Principal Retirement	400,000	400,000	0	0	0	0
Interest and Fiscal Charges	588,639	588,639	0	0	0	0
Total Expenditures	1,002,052	1,002,052	0	8,888,759	8,888,759	0
Excess of Revenues Over (Under) Expenditures	(270,541)	(270,541)	0	(5,668,264)	(5,668,264)	0
Other Financing Sources (Uses):						
Other Financing Sources	0	0	0	34	34	0
Advances In	0	0	0	60,000	60,000	0
Advances Out	0	0	0	(60,000)	(60,000)	0
Sale of Fixed Assets	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	34	34	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(270,541)	(270,541)	0	(5,668,230)	(5,668,230)	0
Fund Balances at Beginning of Year	1,144,862	1,144,862	0	9,771,005	9,771,005	0
Prior Year Encumbrances Appropriated	0	0	0	479,330	479,330	0
Fund Balances at End of Year	\$874,321	\$874,321	\$0	\$4,582,105	\$4,582,105	\$0

See accompanying notes to the general purpose financial statements

EXPENDABLE TRUST FUND

REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$0	\$0	\$0
500	500	0
0	0	0
0	0	0
17,678	17,678	0
<u>2,727</u>	<u>2,727</u>	<u>0</u>
<u>20,905</u>	<u>20,905</u>	<u>0</u>
357	357	0
0	0	0
0	0	0
0	0	0
136	136	0
3	3	0
0	0	0
424	424	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
22,262	22,262	0
0	0	0
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>23,182</u>	<u>23,182</u>	<u>0</u>
<u>(2,277)</u>	<u>(2,277)</u>	<u>0</u>
0	0	0
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>
(2,277)	(2,277)	0
1,377	1,377	0
<u>9,612</u>	<u>9,612</u>	<u>0</u>
<u>\$8,712</u>	<u>\$8,712</u>	<u>\$0</u>

COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 1999

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	TOTAL (MEMORANDUM ONLY)
	ENTERPRISE	NON-EXPENDABLE TRUST	
Operating Revenues:			
Lunchroom Sales	\$805,733	\$0	\$805,733
Charges for Services	161,738	0	161,738
Contributions	0	1,500	1,500
Total Operating Revenues	967,471	1,500	968,971
Operating Expenses:			
Salaries and Fringe Benefits	471,775	0	471,775
Purchased Services	30,303	3,226	33,529
Supplies and Materials	685,368	30	685,398
Cost of Sales	123,548	0	123,548
Depreciation	38,465	0	38,465
Other operating Expense	44,157	0	44,157
Total Operating Expenses	1,393,616	3,256	1,396,872
Operating Income (Loss)	(426,145)	(1,756)	(427,901)
Non-Operating Revenues (Expenses)			
Operating Grants	229,583	0	229,583
Donated Commodities	72,111	0	72,111
Interest	15,841	0	15,841
Refund of Prior Year Expenditures		0	0
Other Non-Operating Expenses		0	0
Total Non-Operating Revenues	317,535	0	317,535
Net Income	(108,610)	(1,756)	(110,366)
Retained Earnings at Beginning of Year Restated (See Note 3)	729,161	6,721	735,882
Retained Earnings at End of Year	<u>\$620,551</u>	<u>\$4,965</u>	<u>\$625,516</u>

See accompanying notes to the general purpose financial statements

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	PROPRIETARY FUND TYPE			NONEXPENDABLE TRUST FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:						
Lunchroom Sales	\$770,579	\$770,579	\$0	\$0	\$0	\$0
Charges for Services	129,587	129,587	0	0	0	0
Interest	0	0	0	3,545	3,545	0
Other	0	0	0	9,335	9,335	0
Refund of Prior Years Expenditures	8,503	8,503	0	0	0	0
Operating Grants	212,801	212,801	0	0	0	0
Total Revenues	1,121,470	1,121,470	0	12,880	12,880	0
Expenses:						
Salaries	304,070	304,070	0	0	0	0
Fringe Benefits	85,504	85,504	0	0	0	0
Purchased Services	33,246	33,246	0	1,269	1,269	0
Materials and Supplies	619,742	619,742	0	3,655	3,655	0
Capital Outlay	19,919	19,919	0	0	0	0
Other	0	0	0	9,923	9,923	0
Total Expenditures	1,062,481	1,062,481	0	14,847	14,847	0
Excess of Revenues Over (Under) Expenses Before Advances	58,989	58,989	0	(1,967)	(1,967)	0
Advances - In	3,000	3,000	0	0	0	
Advances - Out	(3,000)	(3,000)	0	0	0	
Fund Equity at Beginning of Year	619,542	619,542	0	131,023	131,023	0
Prior Year Encumbrances Appropriated	10,065	10,065	0	0	0	0
Fund Equity at End of Year	\$688,596	\$688,596	\$0	\$129,056	\$129,056	\$0

See accompanying notes to the general purpose financial statements

COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 1999

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	TOTAL (MEMORANDUM ONLY)
	ENTERPRISE	NON-EXPENDABLE TRUST	
Increase (Decrease) in			
Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$951,795	\$1,500	\$953,295
Cash Payments to Employees for Services and Benefits	(486,934)	0	(486,934)
Cash Payments to Suppliers for Goods and Services	(768,410)	(3,256)	(771,666)
Cash Payments for Scholarships	0	0	0
Net Cash Used In Operating Activities	<u>(303,549)</u>	<u>(1,756)</u>	<u>(305,305)</u>
Cash Flows from Noncapital Financing Activities:			
Advances-in from other funds	0	0	0
Operating Grants	225,687	0	225,687
Refund of Prior Year Expenditures	0	0	0
Net Cash Provided by Noncapital Financing Activities	<u>225,687</u>	<u>0</u>	<u>225,687</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	0	0	0
Net Cash Flows Used in Capital and Related Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>
Cash Flows from Investing Activities:			
Transfer of Cash to Foundation	0	0	0
Interest	15,841	0	15,841
Net Cash Provided by Investing Activities	15,841	0	15,841
Net Increase (Decrease) in Cash and Cash Equivalents	(62,021)	(1,756)	(63,777)
Cash and Cash Equivalents Beginning of Year	766,285	6,721	773,006
Cash and Cash Equivalents End of Year	<u>\$704,264</u>	<u>\$4,965</u>	<u>\$709,229</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	(\$410,304)	(\$1,756)	(\$412,060)
Adjustments to Reconcile Operating Income to Net Cash Used In Operating Activities			
Depreciation	38,465	0	38,465
Donated Commodities Used	72,111	0	72,111
Interest Received	(15,841)	0	(15,841)
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(5,138)	0	(5,138)
Increase in Intergovernmental Receivable			
Increase in Payables Due to Equip. Purchase	(55,740)	0	(55,740)
Decrease in Inventory Held for Resale	8,148	0	8,148
Increase in Accounts Payable	88,057	0	88,057
Increase in Accrued Salaries Payable	(3,463)	0	(3,463)
Decrease in Intergovernmental Payable	(12,741)	0	(12,741)
Decrease in Deferred Revenue	(8,148)	0	(8,148)
Increase in Compensated Absences	1,045	0	1,045
Net Cash Used In Operating Activities	<u>(\$303,549)</u>	<u>(\$1,756)</u>	<u>(\$305,305)</u>

See accompanying notes to the general purpose financial statements

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by state and/or federal agencies. This Board controls the district's instructional/support facilities staffed by a full-time staff of 472 employees. There are 211 certificated employees including 20 administrators and 161 classified support staff including 5 administrators, who provide services to 4,799 students and other community members.

Reporting Entity

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

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

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

The School District does not have any component units.

The District is associated with three organizations which are defined as jointly governed. These organizations include the Metropolitan Dayton Educational Computer Association, the Southwestern Ohio Educational Purchasing Cooperative and the Miami Valley Technical Center. These organizations are presented in Note 18 to the general purpose financial statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation - Fund Accounting

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting (Continued)

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

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

Governmental Fund Types

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

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

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

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

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

Proprietary Fund Types

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

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

Fiduciary Funds

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting (Continued)

Account Groups

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

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

General Long-Term Obligations Account Group - This account group is used to account for all long-term indebtedness of the School District that is not a specific liability of the proprietary or trust funds.

Measurement Focus and Basis of Accounting

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

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

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

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

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: tuition, grants and customer services.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized when they are earned and become measurable and expenses are recognized when incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

Budgets and Budgetary Accounting

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

Tax Budget

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

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

Estimated Resources

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The Appropriation resolution, by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditure for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

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

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including the proprietary fund type, are maintained in this account or temporarily used to purchase short term investments. Each fund's interest in the pool is presented on the balance sheet as "Equity in Pooled Cash and Cash Equivalents". During fiscal year 1999 investments were limited to STAR Ohio. These investments are stated at cost which approximates market. For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with original maturities of three months or less and investments of the cash management pool are considered to be cash equivalents.

Under existing Ohio statutes, all investment earnings are distributed to the General Fund except those specifically related to certain trust funds. Interest income earned in 1999 amounted to \$ 835,380.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Supplies Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories in governmental funds were immaterial and not recorded for fiscal year 1999.

Short-Term Interfund Receivables/Payables

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

Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed asset account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are capitalized at fair value on the date donated. The School District maintains a capitalization threshold of \$500. The School District does not have any infrastructure.

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

Assets in the general fixed assets account group are not depreciated. Depreciation of equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of 10 years.

Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred.

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Program

Non-Reimbursable Grants

Special Revenue Funds

- Auxiliary Services
- Career Development
- Professional Development
- Education Management Information Systems

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intergovernmental Revenues (Continued)

Non-Reimbursable Grants (Continued)

Special Revenue Funds (Continued)

D.P.I.A.
Parent Involvement Grant
Eisenhower Grant
Title VI-B
I.C.P. Grant
Title I
Title VI
Drug Free School Grant
Pre-school Disabilities Grant
Partnership for Tomorrow's School

Capital Project Fund

School Net
School Net Plus

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately twenty-six percent of the School District's operating revenue during the 1999 fiscal year.

Compensated Absences

Vacation leave accumulated by employees is accrued as a liability as the benefits are earned when both of these conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

For governmental funds, the District provides a liability for accumulated, unpaid vacation time and sick leave for eligible employees in the period in which the employee becomes eligible to receive payment. The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. This amount is recorded as a fund liability, while the balance of the liability is recorded in the general long-term obligations account group.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Liabilities and Long-Term Obligations

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

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

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

Contributed Capital

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

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1997, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

Reservations and Designation of Fund Equity

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure or the portion of fund balance that is legally segregated for a specific future use. Fund balances have been reserved for encumbrances and prepaid items.

Interfund Transactions

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Total Columns on General Purpose Financial Statements

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

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits:

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

	<u>Deficit Fund Balance</u>
Special Revenue Funds	
Drug Free Schools	4,334
Title I	51,892
Title VI-B	353

The deficit fund balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

NOTE 4 - BUDGET TO GAAP RECONCILIATION

Budgetary Basis of Accounting

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

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual (Budget Basis), All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity, Budget and Actual (Budget Basis), All Proprietary Fund Types and Nonexpendable Trust Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types or note disclosure for proprietary fund types (GAAP basis).

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 4 - BUDGET TO GAAP RECONCILIATION (Continued)

Budgetary Basis of Accounting (Continued)

4. Proceeds from and principal payments on debt obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year ended June 30, 1999 on the GAAP basis to the budget basis are as follows:

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	Governmental Fund Types and Expendable Trust Funds				
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Expendable Trust Funds
GAAP Basis	\$359,249	\$(64,642)	\$(286,777)	\$(5,446,563)	\$4,062
Revenue Accruals	406,935	(1,874)	16,236	557,533	0
Expenditure					
Accruals	132,487	52,565	0	113,746	660
Encumbrances	(398,719)	(254,104)	0	(892,946)	(6,999)
Debt Principal					
Payments	4,909	0	0	0	0
Debt Interest					
Payments	86	0	0	0	0
Refund of Prior					
Yr Expenditures	0	0	0	0	0
Advances In (Out)	<u>(17,350)</u>	<u>17,350</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budget Basis	<u>\$487,597</u>	<u>\$(250,704)</u>	<u>\$(270,541)</u>	<u>\$5,668,230</u>	<u>\$(2,277)</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

Category 1 consists of "active" monies, those monies required to be kept in a "cash" or "near-cash" status for immediate use by the District. Such monies must be maintained either as cash in the School Treasury, in depository accounts payable or withdrawals on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Category 2 consists of "inactive" monies, those monies not required for use within the current two-year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

Category 3 consists of "interim" monies, those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies may be invested or deposited in the following securities:

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or Export Import Bank of Washington.
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of purchase.
4. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
5. Bonds and other obligations of the State of Ohio.
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

Protection of School District cash and investments is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation or transfer from the custodian. The District had \$925 in petty cash as of June 30, 1999.

Deposits

At year end, the carrying amount of the School District's deposits was \$ 5,507,405 and the bank balance was \$ 5,724,594. Of the bank balance \$400,000 was covered by federal deposit insurance. The remaining amounts were 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, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments

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

	Category 2	Carrying Value	Market Value
Federal Agency Securities	\$ 5,265,424	\$ 5,265,424	\$5,265,424
STAR Ohio	\$ 360,416	\$ 360,416	\$ 360,416

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

The classification of cash and cash equivalents, and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Cash equivalents are defined to include investments with original maturities of three months or less.

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$11,031,370	\$ 0
*Investments:		
Federal Agency Securities	(5,265,424)	5,265,424
STAR Ohio	<u>(360,416)</u>	<u>360,416</u>
GASB Statement 3	<u>\$5,405,530</u>	<u>\$5,625,840</u>

NOTE 6 - PROPERTY TAXES

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

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Miamisburg City School District. The County Auditor periodically remits to the District its portion of the taxes collected. The full tax rate for all District operations for the year ended June 30, 1999 was \$44.63 per \$1,000 of assessed value. The assessed values upon which the fiscal year 1999 taxes were collected are as follows:

	<u>1999 First- Half Collections</u>	<u>1999 Second- Half Collections</u>
Agricultural/Residential and Other Real Estate	\$522,227,230	\$569,536,221
Public Utility Personal	33,873,800	36,172,280
Tangible Personal Property	<u>109,744,920</u>	<u>114,445,509</u>
Total	<u>\$665,845,950</u>	<u>\$720,154,010</u>

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 6 - PROPERTY TAXES (Continued)

Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of June 30, 1999. Although total property tax collections for the next year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 was \$506,352 in the General Fund, \$60,874 in the Permanent Improvement Capital Projects Fund and \$ 20,335 in the Bond Retirement Fund and is recognized as revenue.

NOTE 7 - RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, accounts and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of State programs.

A summary of the intergovernmental receivables follows:

GENERAL FUND
1,950
ENTERPRISE FUND
Food Service
<u>33,556</u>
Total All Funds
<u>\$ 35,506</u>

NOTE 8 - FIXED ASSETS

Changes in general fixed assets during the fiscal year ended June 30, 1999 were as follows:

<u>Class</u>	<u>Balance June 30, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1999</u>
Land and Improvements to Land	\$1,119,325	\$ 0	\$ 0	\$1,119,325
Buildings	9,538,451	0	0	9,538,451
Construction in Progress	327,281	5,459,409	0	5,786,690
Equipment	2,802,970	327,281	0	3,130,251
Vehicles	<u>1,658,940</u>	<u>271,919</u>	<u>68,000</u>	<u>1,862,859</u>
Totals	<u>\$15,446,967</u>	<u>\$6,058,609</u>	<u>\$68,000</u>	<u>\$21,437,576</u>

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 9 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the Miamisburg City School District is required to contribute 14 percent; 9.79 percent was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$ 761,470, \$686,848, and \$653,840, respectively; 66 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$326,358 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term debt account group.

State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the Miamisburg City School District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$2,389,520, \$2,287,559, and \$2,159,842, respectively; 85 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$339,540 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

NOTE 10 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the contribution rate, currently 14 percent of covered payroll. Through June 30, 1997, the Board allocated employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund. Beginning July 1, 1997, this allocation was increased to 3.5 percent. For the School District, this amount equaled \$415,495 during the 1999 fiscal year.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

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

For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll, an increase from 4.21 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the members pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provided for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998 were \$ 111,900,575 and the target level was \$139.9 million. At June 30, 1998 SERS had assets available for payments of health care benefits of \$ 160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$ 244,747 during the fiscal year.

NOTE 11 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation

District classified employees earn vacation leave at varying rates based upon negotiated agreements and State laws. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave. The total obligation for vacation leave for the District as a whole amounted to \$58,861 at June 30, 1999.

Accumulated Unpaid Sick Leave

Sick leave may be accumulated by district employees. Upon retirement, payment is made for one-fourth of 180 hours of unused sick leave. Any amount over the 180 hours is paid out at one-tenth. The total obligation for sick leave accrual for the District as a whole as of June 30, 1999 was \$1,517,191.

NOTE 12 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 1999, the School District contracted with Indiana Insurance Company for building and property insurance. This policy has a limit of insurance in the amount of \$61,734,631 for property and a \$1,000 deductible. Auto insurance is also covered by Indiana Insurance for actual cash value with a \$250 deductible. General liability insurance is under Nationwide/Wausau Insurance. The base policy has a \$1,000,000 per occurrence and a \$5,000,000 aggregate limit. The treasurer and business manager are bonded separately.

The District is a member of the Southwestern Ohio Educational Purchasing Cooperative (SOEPC). The cooperative contracts with Acordia, Inc. to provide an insurance purchasing pool for workers compensation. The intent of the pool is to achieve the benefit of a reduced premium for the School District by virtue of its grouping an representation with other participants in the pool. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the pool.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 12 - RISK MANAGEMENT (Continued)

Each participant pays its workers compensation premium to the State based on the rate for the pool rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the pool. A participant will then either receive money from or be required to contribute to the pool. This equity pooling arrangement insures that each participant shares equally in the overall performance of the pool. Participation in the pool is limited to school districts that can meet the pool's selection criteria. Acordia, Inc. provides administrative, cost control and actuarial services to the SOEPC.

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

The School District provides life insurance to employees through the Great American Reserve Insurance Company.

NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE

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

General fixed assets acquired by lease have been capitalized in the general fixed asset account group in an amount equal to the present value of the future minimum lease payments at the time of acquisition. General fixed assets consisting of equipment have been capitalized in the general fixed assets account group in the amount of \$78,072. A corresponding liability was recorded in the general long-term debt account group. Principal payments in fiscal year 1999 totaled \$4,909.

The District has no outstanding capital lease obligations as of June 30, 1999.

NOTE 14 - OPERATING LEASE

The District had a lease with GE Capital for the rental of four modular units to be used as extra classroom and storage space. Lease payments are \$1,160 per month for all four units for twenty-four months. Lease payments during fiscal year 1999 were \$13,920 including other charges. The lease expired April 30, 1999.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 15 - LONG-TERM OBLIGATIONS

Long term obligations at June 30, 1999 were as follows:

General Long-Term Obligations

	<u>Balance June 30, 1998</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 1999</u>
General Obligation Bonds	\$10,330,000	\$ 0	\$400,000	\$ 9,930,000
Compensated Absences	1,649,640	0	73,589	1,576,052
Capital Leases	4,909	0	4,909	0
Intergovernmental Payable	<u>146,796</u>	<u>584,619</u>	<u>0</u>	<u>731,415</u>
Total General Long-Term Obligations	<u>\$12,131,345</u>	<u>\$ 584,619</u>	<u>\$478,498</u>	<u>\$12,237,466</u>

The School District's voted legal debt margin was \$64,504,826 with an unvoted debt margin of \$716,720 at June 30, 1999.

The general obligation bonds are for additions to the high school, construction and renovation of school buildings and are paid from the debt service fund with property tax revenue. The capital lease will be paid from the General Fund. Compensated absences will be paid from the fund from which the person is paid if the funds are available, otherwise, from the General Fund.

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2000	430,000	488,193
2001	435,000	466,240
2002	210,000	450,835
2003	220,000	441,965
2004	230,000	432,570
2005-2009	1,290,000	2,004,559
2010-2014	1,620,000	1,658,397
2015-2019	2,125,000	1,142,088
2020-2024	2,735,000	526,722
Thereafter	<u>635,000</u>	<u>16,272</u>
Total	<u>\$9,930,000</u>	<u>\$ 7,627,841</u>

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 16- INTERFUND ASSETS/LIABILITIES

Individual fund interfund asset and liability balances at June 30, 1999, were as follows:

Interfund Receivable/Payable

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Uniform Supplies	\$ 30,000
	Title VI-B	30,000
	Title I	25,000
	Partnership for Tomorrow	70,000
	Drug Free Schools	<u>5,000</u>
Total		<u>\$160,000</u>

NOTE 17 - SEGMENT INFORMATION

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

	<u>Food Service</u>	<u>Uniform Supplies</u>	<u>Total</u>
Operating Revenues	\$805,733	\$ 161,738	\$ 967,471
Operating Expenses			
Before Depreciation	1,147,441	207,710	1,355,151
Depreciation Expense	38,465	0	38,465
Operating Income (Loss)	(380,173)	(45,972)	(426,145)
Donated Commodities	72,111	0	72,111
Operating Grants	229,583	0	229,583
Net Income	(62,638)	(45,972)	(108,610)
Fixed Assets Additions	55,740	0	55,740
Net Working Capital	464,259	26,366	490,625
Total Assets	824,807	65,269	890,076
Total Equity	<u>594,185</u>	<u>26,366</u>	<u>620,551</u>
Encumbrances Outstanding at June 30, 1999	<u>\$ 106,797</u>	<u>\$ 24,728</u>	<u>\$ 131,525</u>

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Dayton Educational Computer Association (MDECA) - The School District is a member and fiscal agent of the Metropolitan Dayton Educational Computer Association (MDECA), which is a computer consortium of area school districts sharing computer resources. MDECA is an association of public school districts in a geographical area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. The Board of MDECA consists of one representative from each of the participating members. Each member pays an annual membership fee plus any other fees for services performed by the consortium. The School District paid MDECA \$50,775 for fees and services provided during the fiscal year.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

NOTE 19 - INSURANCE PURCHASING POOL

Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan - The School District participates in the Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. All districts within the SOEPC (see Note 19) have the option of becoming a member of the workers' compensation insurance pool. The members are able to pool their loss experiences to create a more reasonable rate than would be obtained directly by the Bureau of Worker's Compensation. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 20 - CONTINGENT LIABILITIES

Grants

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

Litigation

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

NOTE 21 - SCHOOL FUNDING COURT DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislation to design a plan to remedy the perceived defects in the system. The Declared unconstitutional was the State's "school foundation program" which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$ 4,588,533 in school foundation support for its general fund and \$69,368 in special revenue funds for a total of \$ 4,657,901.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

(Continued)

NOTE 21 - SCHOOL FUNDING COURT DECISION (Continued)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County is currently reviewing the new laws to determine whether they are constitutional under the "thorough and efficient" clause of the Ohio Constitution. A decision is expected from the Perry County Court sometime in early calendar 1999; either party then has the right to appeal that decision directly to the Ohio Supreme Court. Any decision made by the Court of Common Pleas is likely to be appealed.

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

NOTE 22 - RESERVATIONS OF FUND BALANCE

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

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

	<u>Textbook</u>	<u>Capital</u>	<u>Budget</u>	<u>Total</u>
Balance as of June 30, 1998	\$0	\$0	\$102,806	\$102,806
Revenue Required to be Set-aside	404,484	404,484	202,242	1,011,210
Qualifying Expenditures (Paid in Cash)	(263,130)	0	0	(263,130)
Off-set for the current year	(219,682)	(687,620)	0	(907,302)
Balance as of June 30, 1999	<u>(\$78,328)</u>	<u>(\$283,136)</u>	<u>\$305,048</u>	<u>(\$56,416)</u>
Cash Carried Forward to Fiscal Year 2000	<u>\$0</u>	<u>\$0</u>	<u>\$305,048</u>	<u>\$305,048</u>

Although the School District may have had additional offsets and qualifying disbursements during the year, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity's Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution	10.550	N/A		\$68,208	\$0	\$72,111
School Breakfast Program	10.553	044396-05-PU0099	\$5,360		5,360	
National School Lunch Program	10.555	044396-03-PU0099	209,207		209,207	
Total Department of Agriculture - Nutrition Cluster			<u>214,567</u>	<u>68,208</u>	<u>214,567</u>	<u>72,111</u>
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education</i>						
Special Education Cluster:						
Grants to States	84.027	0443966BSF99	164,673		187,729	
Preschool Grants	84.173	N/A	<u>20,787</u>		<u>20,787</u>	
Total Special Education Cluster			185,460		208,516	
Vocational Education-Basic Grants to States	84.048	N/A	6,548		8,170	
Innovative Education Program Strategies	84.298	044396C2S199	19,764		19,296	
Safe and Drug-Free Schools and Communities - State Grants	84.186	044396-DR-SI-99	14,015		19,472	
Goals 2000-State and Local Education Systemic Improvement	84.276	G2-S4	175,078		219,652	
Eisenhower Professional Development State Grant	84.281	044396MS-S199	16,451		16,996	
Title I Grants to Local Educational Agencies	84.010	044396C1S199	<u>313,590</u>		<u>273,272</u>	
Total Department of Education			<u>730,906</u>	<u>0</u>	<u>765,374</u>	<u>0</u>
Total Receipts and Expenditures of Federal Awards			<u>\$945,473</u>	<u>\$68,208</u>	<u>\$979,941</u>	<u>\$72,111</u>

The notes to the schedule of federal awards receipts and expenditures is an integral part of this statement.

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 1999, the District had no significant food commodities in inventory.

NOTE C - NATIONAL SCHOOL LUNCH PROGRAM / SCHOOL BREAKFAST PROGRAM

Federal monies received are commingled with State grants and local revenue from the sale of lunches and breakfasts. It is assumed that federal monies were expended first.



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

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

To the Board of Education:

We have audited the financial statements of Miamisburg City School District, Montgomery County, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated February 4, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 4, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 4, 2000.

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

Jim Petro
Auditor of State

February 4, 2000



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JIM PETRO, AUDITOR OF STATE

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

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

To the Board of Education:

Compliance

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

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

In our opinion, Miamisburg City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

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

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

Schedule of Federal Awards Expenditures

We have audited the general-purpose financial statements of the District as of and for the year ended June 30, 1999, and have issued our report thereon dated February 4, 2000. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

Jim Petro
Auditor of State

February 4, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



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MIAMISBURG CITY SCHOOL DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 14, 2000**