



Mary Taylor, CPA
Auditor of State

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Miamisburg City School District, Montgomery County, (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Miamisburg City School District, Montgomery County, as of June 30, 2009, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 12, 2010, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 12, 2010

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

Management's discussion and analysis of the Miamisburg City School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2009. The purpose of this discussion and analysis is to look at the District's financial performance as a whole. The notes to the financial statements will also enhance your understanding of the District's financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$18.6 million (net assets). The District's net assets decreased approximately \$4.3 million from the previous fiscal year.
- The District's program revenues accounted for \$8.5 million (or 14.6%) of total revenues while general revenues accounted for \$49.8 million (or 85.4%) of total revenues.
- The District's governmental funds reported combined ending fund balances of \$106.0 million, an increase of \$15.0 million from the previous fiscal year. Of this total amount, \$76.4 million is available for spending at the District's discretion (unreserved fund balance) and \$29.6 million is reserved.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

Governmental Funds

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

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

The District accounts for its activities using many individual governmental funds. The most significant funds, known as major funds are reported in separate columns in the governmental fund financial statements. These statements provide detailed information about the individual major funds – unlike the government-wide financial statements, which report on the District as a whole. The District's major funds include the following: General Fund, Debt Service Fund, Permanent Improvement Fund, Building Fund, and Capital Projects Fund. Data for the other governmental funds are combined in a single aggregated column.

Fiduciary Funds

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

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

Net Assets at Fiscal Year End

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$18.6 million at the close of the fiscal year.

By far the largest portion of the District's net assets reflects its restricted for debt service. The District uses these assets to pay down long-term debt.

The following table presents a condensed summary of the District's overall financial position at the fiscal years ended June 30, 2008 and June 30, 2009.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

District Net Assets		
	2008	2009
Assets:		
Current Assets-	\$129,620,697	\$147,116,780
Capital Assets	21,189,319	26,639,741
Total Assets	150,810,016	173,756,521
Liabilities:		
Current Liabilities	37,964,074	40,137,119
Long-Term Liabilities	89,999,910	115,032,291
Total Liabilities	127,963,984	155,169,410
Net Assets:		
Invested in Capital, Net of Related Debt	13,665,834	15,809,235
Restricted	9,281,565	29,203,116
Unrestricted	(101,367)	(26,425,240)
Total Net Assets	\$ 22,846,032	\$ 18,587,111

The District's total assets have increased to \$173.8 million in fiscal year 2009 while the total liabilities have increased to \$155.2 million. These increases are directly tied to the issuance of bond anticipation notes issued at the end of the fiscal year. The proceeds from these bond anticipation notes will be used towards the resources needed for bond anticipation notes expiring in July 2009.

Net assets decreased approximately \$4.3 million from fiscal year 2008 to fiscal year 2009. This is directly attributable to the District receiving revenue increases lower than the increase in the District's annual expenses. It is further attributable to the District spending proceeds from debt issued during fiscal year 2009 on the District's various construction projects.

Governmental Activities During the Fiscal Year

Governmental activities decreased the District's net assets by approximately \$4.3 million. Key elements of this decrease are as follows:

Changes in Net Assets		
	2008	2009
Revenues:		
Program Revenues:		
Charges for Services	\$2,019,479	\$2,335,557
Operating Grants and Contributions	5,255,698	6,154,063
Total Program Revenues	7,275,177	8,489,620
General Revenues:		
Property Taxes	28,107,676	30,413,393
Grants and Entitlements	14,347,506	16,071,913
Payment in Lieu of Taxes	261,496	563,298
Investment Earnings	781,663	2,424,150
Miscellaneous	396,676	324,693
Total Governmental Revenues	43,895,017	49,797,447
Total Revenues	51,170,194	58,287,067

(Continued)

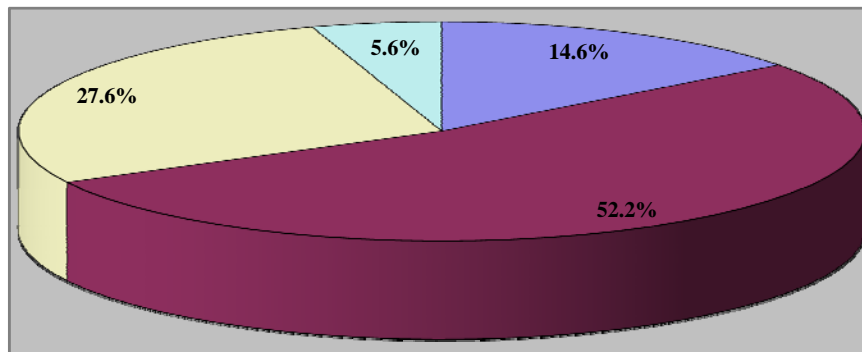
**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

**Changes in Net Assets
(Continued)**

	2008	2009
Expenses:		
Instruction	32,447,155	34,897,778
Support Services	17,018,160	20,711,608
Non-Instructional Activities	3,108,536	3,127,505
Extracurricular Activities	855,088	830,644
Intergovernmental Expense		443,778
Interest and Fiscal Charges	349,952	2,534,675
Total Expenses	53,778,891	62,545,988
Change in Net Assets	(\$2,608,697)	(\$4,258,921)

FY09 Revenue Sources



■ Program Revenues
 ■ Tax Revenues
 ■ General Grants
 ■ General Other

Program revenues account for \$8.5 million (or 14.6%) of the District total revenues. However, tax revenues continue to remain the main source of funding for the District. During fiscal year 2009, the District received \$30.4 million (or 52.2%) of its total revenues from tax revenues. The other main source of funding for the District is grants and entitlements which comprised \$16.1 million (or 27.6%) during fiscal year 2009. Total revenues increased approximately \$7.1 million (or 14.0%) in fiscal year 2009 compared to fiscal year 2008.

The following table presents the total cost of each of the District's primary services and the comparative net cost after deducting the revenues generated by each function.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

Governmental Activities

	Total Cost of Services	Program Revenue	Revenue as a Percent of Total Cost	Net Cost of Services
Instruction	\$34,897,778	\$3,865,215	11.1%	\$31,032,563
Support Services	20,711,608	1,238,644	6.0%	19,472,964
Non-Instructional Activities	3,127,505	3,126,655	99.9%	850
Extracurricular Activities	830,644	259,106	31.2%	571,538
Intergovernmental Expense	443,778			443,778
Interest and Fiscal Charges	2,534,675			2,534,675
Totals	\$62,545,988	\$8,489,620	13.6%	\$54,056,368

Under the full accrual basis of account, total instruction costs increased \$2.4 million (or 7.6%) and total support services costs increased \$3.7 million (or 21.7%) during fiscal year 2009. The District continues to monitor its expenses to ensure that its resources are spent in areas where a need exists.

Financial Analysis of the District's Major Funds

Governmental Funds

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

At the end of fiscal year 2009, the District's governmental funds reported combined ending fund balances of \$106.0 million, an increase of \$15.0 million from the previous fiscal year. These increases are directly tied to the issuance of bonds and bond anticipation notes issued at the end of the fiscal year. The proceeds from these bond anticipation notes will be used towards the resources needed for bond anticipation notes expiring in July 2009. Of the total combined ending fund balances, \$78.7 million is available in the District's various Capital Projects Funds.

Approximately \$28.0 million of the total ending fund balances is reserved to liquidate contracts and purchase order of the prior period. In addition, \$1.6 million is restricted for a variety of other restricted purposes.

General Fund

The General Fund is the chief operating fund of the District. At the end of fiscal year 2009, the unreserved fund balance of the General Fund was (\$1.4) million while the total fund balance was (\$19,183). As a measure of the General Fund's liquidity, it may be useful to compare both the unreserved fund balance and the total fund balance to total fund expenditures. The unreserved fund balance represents (3.1)% of total General Fund expenditures. The total fund balance represents (0.04)% of total General Fund expenditures.

The following table shows the change in General Fund revenues for fiscal years 2008 and 2009.

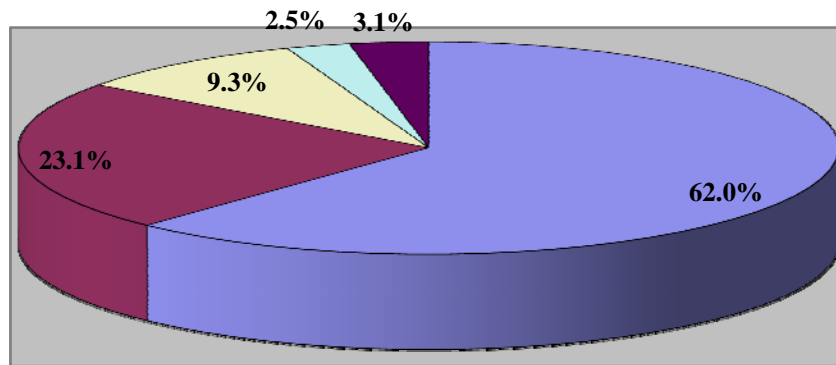
**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

General Fund Revenues Comparative Analysis

Revenues	2008	2009	2-Year Change
Taxes	\$24,722,389	\$24,658,576	(0.3)%
Intergovernmental	15,241,291	17,347,191	13.8%
Interest	701,174	502,327	(28.4)%
Tuition	241,532	431,636	78.7%
Other Revenue	356,739	529,988	48.6%
Total Revenues	\$41,263,125	\$43,469,718	5.3%

As the following graph illustrates, the largest portion of General Fund expenditures is for salaries and wages. The second largest portion is for fringe benefits. The District is a service entity, and as such, is labor intensive.



Debt Service Fund

The Debt Service Fund has a total fund balance of \$25.7 million. Approximately \$242,100 is reserved to indicate that it is not available for new spending because it has already been committed for a variety of restricted purposes. The significant change in the fund balances from fiscal year 2008 is directly attributable to the issuance of debt in fiscal year 2009 which will be used to retire debt in July 2009.

The revenues of the Debt Service Fund are property taxes and homestead and rollback monies received from the state. The expenses of the Debt Service Fund are related to principal and interest payments on the District's outstanding debt.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

Permanent Improvement Fund

The Permanent Improvement Fund has a total fund balance of \$6.5 million. Approximately \$1.2 million is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders (\$1.04 million) or for a variety of other restricted uses (\$133,984).

The Permanent Improvement Fund had a \$2.4 million increase in its fund balance from the previous fiscal year.

The revenues of the Permanent Improvement Fund are primarily property taxes, homestead and rollback monies received from the state and interest. The expenses of the Permanent Improvement Fund are primarily for instruction and support services.

Building Fund

The Building Fund has a total fund balance of \$71.9 million. Approximately \$26.2 million is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders.

The expenses of the Building Fund will be for the District's various construction projects.

Capital Projects Fund

The Capital Projects Fund has a total fund balance of \$224,724. The intent of the Capital Projects Fund is to help the District meet its ever increasing capital needs. The expenditures of the Capital Project Fund are attributable to the construction of Maddux-Lang Primary School.

General Fund Budget Information

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

The final amended revenue estimate was approximately \$114,727 more than the original estimate. The final appropriations resolution was approximately \$621,343 more than the original estimate. There were no differences between the Districts' final amended certificate and actual revenues or the District's final amended budget and actual expenditures.

Capital Assets

The Districts investment in capital assets as of June 30, 2009 amounts to \$26.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, furniture and equipment, and vehicles. Total acquisitions for fiscal year 2009 were \$7.1 million. Total depreciation for fiscal year 2009 was \$1.7 million. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (see Note 7).

Debt

At June 30, 2009, the District had \$107.8 million in outstanding bonds and bond anticipation notes. During the fiscal year, the District issued \$100.8 million in general obligation bonds and bond anticipation notes and paid \$78.8 million in principal on general obligation bonds and bond anticipation notes outstanding. Detailed information regarding long-term debt is included in the notes to the basic financial statements (see Note 12).

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Should you have any questions about this report or need additional financial information, please contact Mark A. Schiel, CFO/Treasurer of Miamisburg City Schools at the following address:

Miamisburg City Schools
Attention: Mark A. Schiel, CFO/Treasurer
540 E. Park Avenue
Miamisburg, OH 45342

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS
AS OF JUNE 30, 2009**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$114,451,797
Receivables:	
Taxes	30,873,170
Accounts	354,228
Intergovernmental	667,675
Deferred Charges	746,489
Inventory Held of Resale	23,421
Capital Assets, Net	26,639,741
Total Assets	173,756,521
Liabilities:	
Accounts Payable	3,753,093
Accrued Wages and Benefits	5,423,566
Intergovernmental Payable	1,293,969
Deferred Revenue	29,666,491
Long-Term Liabilities:	
Due within One Year	41,020,659
Due in More Than One Year	74,011,632
Total Liabilities	155,169,410
Net Assets:	
Invested in Capital Assets, Net of Related Debt	15,809,235
Restricted for:	
Debt Service	23,728,751
Capital Projects	3,833,319
Other	1,641,046
Unrestricted	(26,425,240)
Total Net Assets	\$18,587,111

See accompanying notes to the basic financial statements.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Program Revenues		Net Revenue (Expense) & Change in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			Governmental Activities
Instruction:			
Regular	\$25,563,232	\$599,604	\$274,063
Special	8,117,142	109,988	2,743,014
Vocational	761,465		138,546
Other	455,939		
Support Services:			
Pupil	4,165,297	15,199	25,490
Instructional Staff	1,231,873		51,539
Board of Education	28,248		
Administration	3,234,650		
Fiscal Services	1,007,051		
Business	256,977		
Maintenance	7,431,487	23,608	
Pupil Transportation	2,591,438	40,876	1,062,976
Central	764,587		18,956
Non-Instructional	3,127,505	1,287,176	1,839,479
Extracurricular Activities	830,644	259,106	
Intergovernmental Expense	443,778		
Interest and Fiscal Charges	2,534,675		
Total Governmental Activities	62,545,988	2,335,557	\$6,154,063

General Revenues

Property Taxes Levied for:

General Purposes	24,658,576
Capital Projects	2,808,940
Debt Service	2,945,877
Grants & Entitlements not Restricted to Specific Programs	16,071,913
Payment in Lieu of Taxes	563,298
Investment Earnings	2,424,150
Miscellaneous	324,693
Total General Revenues	49,797,447

Change in Net Assets	(4,258,921)
Net Assets: Beginning of Year	22,846,032
Net Assets: End of Year	\$18,587,111

See accompanying notes to the basic financial statements.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2009**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Permanent Improvement</u>	<u>Building</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:							
Equity in Pooled Cash and Cash Equivalents	\$5,028,723	\$25,411,824	\$6,613,308	\$74,885,573	\$224,724	\$2,287,645	\$114,451,797
Receivables:							
Taxes	23,476,188	4,731,483	2,665,499				30,873,170
Accounts	223,048		161			131,019	354,228
Intergovernmental	241,677					425,997	667,674
Inventory Held for Resale						23,421	23,421
Interfund Receivable	33,250						33,250
Total Assets	<u>29,002,886</u>	<u>30,143,307</u>	<u>9,278,968</u>	<u>74,885,573</u>	<u>224,724</u>	<u>2,868,082</u>	<u>146,403,540</u>
Liabilities:							
Accounts Payable	276,162		252,688	2,967,452		256,791	3,753,093
Accrued Wages and Benefits	4,995,168		3,501			424,897	5,423,566
Intergovernmental Payable	1,167,087		5,557			121,325	1,293,969
Interfund Payable						33,250	33,250
Deferred Revenue	22,310,072	4,489,366	2,531,515			335,537	29,666,490
Compensated Absences Payable	273,580		2,234			604	276,418
Total Liabilities	<u>29,022,069</u>	<u>4,489,366</u>	<u>2,795,495</u>	<u>2,967,452</u>		<u>1,172,404</u>	<u>40,446,786</u>
Fund Balances:							
Reserved:							
Encumbrances	229,064		1,044,317	26,241,463	50,976	449,517	28,015,337
Inventory						23,421	23,421
Property Taxes	1,188,164	242,117	133,984				1,564,265
Unreserved, Reported in:							
General Fund	(1,436,411)						(1,436,411)
Special Revenue Funds						1,168,108	1,168,108
Debt Service Fund		25,411,824					25,411,824
Capital Projects Funds			5,305,172	45,676,658	173,748	54,632	51,210,210
Total Fund Balances	<u>(19,183)</u>	<u>25,653,941</u>	<u>6,483,473</u>	<u>71,918,121</u>	<u>224,724</u>	<u>1,695,678</u>	<u>105,956,754</u>
Total Liabilities and Fund Balances	<u>\$29,002,886</u>	<u>\$30,143,307</u>	<u>\$9,278,968</u>	<u>\$74,885,573</u>	<u>\$224,724</u>	<u>\$2,868,082</u>	<u>\$146,403,540</u>

See accompanying notes to the basic financial statements.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Total Governmental Fund Balances	\$105,956,754
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	26,639,741
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	746,489
Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bond Premium	(2,890,307)
Compensated Absences	(4,090,566)
General Obligation Debt	<u>(107,775,000)</u>
	<u>(114,755,873)</u>
Net Assets for Governmental Activities	<u><u>\$18,587,111</u></u>

See accompanying notes to the basic financial statements.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Permanent Improvement</u>	<u>Building</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Taxes	\$24,658,576	\$2,945,877	\$2,808,940				\$30,413,393
Intergovernmental	17,347,191	343,251	703,427			\$3,832,107	22,225,976
Charges for Services						1,292,895	1,292,895
Interest	502,327		1,921,823			19,445	2,443,595
Tuition and Fees	431,636					204,453	636,089
Extracurricular Activities						215,270	215,270
Revenue in Lieu of taxes					\$250,000		250,000
Other	529,988		69,098	\$22,050		225,593	846,729
Total Revenues	<u>43,469,718</u>	<u>3,289,128</u>	<u>5,503,288</u>	<u>22,050</u>	<u>250,000</u>	<u>5,789,763</u>	<u>58,323,947</u>
Expenditures:							
Current:							
Instruction:							
Regular	22,869,852		1,270,986			658,556	24,799,394
Special	6,241,680		12,976			1,689,311	7,943,967
Vocational	672,228		50,599			2,719	725,546
Other	387,018		65,036			13,992	466,046
Support Services:							
Pupils	3,949,457					55,097	4,004,554
Instructional Staff	1,065,231		68,043			100,609	1,233,883
Board of Education	28,076						28,076
Administration	3,030,535		1,402			95,797	3,127,734
Fiscal	896,168	42,488	61,017				999,673
Business	248,106		870				248,976
Operation and Maintenance of Plant	3,569,344		511,821			31,281	4,112,446
Pupil Transportation	2,334,567		260,276			7,602	2,602,445
Central	580,293					153,730	734,023
Non-Instructional Services	14,338					3,110,735	3,125,073
Extracurricular Activities	512,098		1,153			270,183	783,434
Intergovernmental Expense			443,778				443,778
Capital Outlay			378,233	6,618,293	2,141,365		9,137,891
Debt Service:							
Principal Retirement		78,825,000					78,825,000
Interest and Fiscal Charges		3,359,916					3,359,916
Total Expenditures	<u>46,398,991</u>	<u>82,227,404</u>	<u>3,126,190</u>	<u>6,618,293</u>	<u>2,141,365</u>	<u>6,189,612</u>	<u>146,701,855</u>
Revenues Over/(Under) Expenditures	<u>(2,929,273)</u>	<u>(78,938,276)</u>	<u>2,377,098</u>	<u>(6,596,243)</u>	<u>(1,891,365)</u>	<u>(399,849)</u>	<u>(88,377,908)</u>
Other Financing Sources (Uses):							
General Obligation Bonds Issued		61,500,000					61,500,000
Bond Anticipation Notes Issued		39,250,000					39,250,000
Premium on Bonds/Notes Issued		2,640,362					2,640,362
Operating Transfers In						172,790	172,790
Operating Transfers Out	(172,790)						(172,790)
Other Financing Sources		(58,875)				3,145	(55,730)
Total Other Financing Sources (Uses)	<u>(172,790)</u>	<u>103,331,487</u>				<u>175,935</u>	<u>103,334,632</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(3,102,063)	24,393,211	2,377,098	(6,596,243)	(1,891,365)	(223,914)	14,956,724
Fund Balance at Beginning of Year	3,082,880	1,260,730	4,106,375	78,514,364	2,116,089	1,919,592	91,000,030
Fund Balance at End of Year	<u>(\$19,183)</u>	<u>\$25,653,941</u>	<u>\$6,483,473</u>	<u>\$71,918,121</u>	<u>\$224,724</u>	<u>\$1,695,678</u>	<u>\$105,956,754</u>

See accompanying notes to the basic financial statements.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Net Change in Fund Balances - Total Governmental Funds \$14,956,724

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

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities, the cost of those assets
is allocated over their estimated useful lives as depreciation
expense.

Capital Outlay	7,103,508
Depreciation Expense	(1,671,936)

Repayment of debt principal and bond amortization of bond premium
is an expenditure in the governmental funds; however the repayment
reduced long-term liabilities in the Statement of Net Assets.

Debt Principal	78,825,000
Amortization of Bond Premium	298,222

Governmental funds report the proceeds of bond anticipation notes
and general obligation bonds when issued. However, this is not
recorded on the Statement of Activities. (100,750,000)

Governmental funds report the effect of issuance costs and premiums
when the debt is first issued. However, these amounts are deferred
and amortized on the Statement of Activities.

Amortization of Bond Issuance Costs	(123,734)
Bond Issuance Costs	650,753
Bond Premium	(2,640,362)

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

Some expenses reported in the Statement of Activities, such as
compensated absences and other accounts payable, do not
require the use of current financial resources and therefore are
not reported as expenditures in governmental funds.

(907,096)

Change in Net Assets of Governmental Activities

(\$4,258,921)

See accompanying notes to the basic financial statements.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
Total Revenues	\$43,009,743	\$43,114,177	\$43,114,177	
Expenditures:				
Current:				
Instruction:				
Regular	22,637,759	22,772,993	22,772,993	
Special	5,932,647	6,227,010	6,227,010	
Vocational	720,289	661,914	661,914	
Other	374,023	442,593	442,593	
Support Services:				
Pupils	3,985,902	4,140,126	4,140,126	
Instructional Staff	1,395,394	1,220,418	1,220,418	
Board of Education	50,761	28,176	28,176	
Administration	3,120,640	3,061,533	3,061,533	
Fiscal	892,507	928,736	928,736	
Business	381,596	259,991	259,991	
Operations and Maintenance of Plant	3,782,115	3,617,013	3,617,013	
Pupil Transportation	2,515,543	2,382,909	2,382,909	
Central	472,121	597,440	597,440	
Non-Instructional Services	500	39,228	39,228	
Extracurricular Activities	68,421	511,375	511,375	
Total Expenditures	<u>46,330,218</u>	<u>46,891,455</u>	<u>46,891,455</u>	
Revenues (Under) Expenditures	<u>(3,320,475)</u>	<u>(3,777,278)</u>	<u>(3,777,278)</u>	
Other Financing Sources/(Uses):				
Advances In	50,000	60,293	60,293	
Transfers Out	(150,000)	(172,790)	(172,790)	
Advances Out		(37,316)	(37,316)	
Total Other Financing Sources/(Uses)	<u>(100,000)</u>	<u>(149,813)</u>	<u>(149,813)</u>	
Net Change in Fund Balance	(3,420,475)	(3,927,091)	(3,927,091)	
Fund Balances at Beginning of Year	7,765,395	7,765,395	7,765,395	
Prior Year Encumbrances Appropriated	670,736	670,736	670,736	
Fund Balances at End of Year	<u>\$5,015,656</u>	<u>\$4,509,040</u>	<u>\$4,509,040</u>	<u>\$0</u>

See accompanying notes to the basic financial statements.

MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
AS OF JUNE 30, 2009

	<u>Agency Funds</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$196,028
Accounts Receivable	<u>255</u>
Total Assets	<u><u>196,283</u></u>
Liabilities:	
Due to Others	75,990
Due to Students	<u>120,293</u>
Total Liabilities	<u><u>\$196,283</u></u>

See accompanying notes to the basic financial statements.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

1. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

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

The District operated under a locally elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by state and/or federal agencies. The Board controls the District's instructional/support facilities staffed by 699 full-time employees. There are 384 certificated employees including 25 administrators and 285 classified employees including 5 administrators, who provide services to approximately 5,700 students and other community members.

A. Reporting Entity

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

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

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

The District does not have any component units.

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

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

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

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

1. Major Governmental Funds:

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

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

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

Building Fund - The Building Fund is used to account for the receipts and expenditures related to all special bond funds in the District. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

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 permanent improvement, proprietary, and trust funds.

2. Other Fund Types:

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

B. Basis of Presentation

1. Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Fund Financial Statements

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

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

C. Basis of Accounting

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

1. Revenues, Exchanges, and Non-Exchange Transactions

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

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

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

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Deferred Revenue

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

3. Expenditures/Expenses

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

D. Cash and Investments

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

During FY09, the District invested in the State Treasury Asset Reserve of Ohio (STAR Ohio), money market, and federal agency securities. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on the last day of the fiscal year.

Under existing Ohio statutes, all investment earnings accrue to the general and food service funds. Interest earnings are allocated to these funds based on average monthly cash balances. Investment income credited to the General Fund during FY09 amounted to \$502,327. The Permanent Improvement Fund, Food Service Fund, and Auxiliary Services Fund also received interest revenue of \$1,921,823; \$11,437; and \$8,008, respectively.

E. Inventory Held for Resale

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

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets and Depreciation

General capital assets are reported in the government-wide Statement of Net Assets but are not reported in the fund financial statements.

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

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

<u>Description</u>	<u>Useful Life</u>
Land	Not Depreciated
Land Improvements	10 – 25 years
Buildings & Improvements	20 – 50 years
Furniture & Equipment	5 – 20 years
Vehicles	1 – 15 years

G. Interfund Activity

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

H. 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 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

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Reimbursable Grants

Special Revenue Funds

Alternative Schools Grant
Connectivity Grant
Drug Free School Grant
Pre-school Disabilities Grant
Title I
Title II

Auxiliary Services
CSRD Grant
Education Management Information Systems
Poverty Based Assistance
Title V
IDEA Part B

Reimbursable Grants

Special Revenue Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to 38.1% of the District's operating revenue during FY09.

I. Compensated Absences

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

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

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

J. Accrued Liabilities and Long-Term Obligations

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

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs and student activities, and federal and State grants restricted to expenditures for specified purposes.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The government-wide Statement of Net Assets reports \$29,203,116 of restricted net assets, of which none is restricted by enabling legislation.

L. Fund Balance Reserves

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

M. Budgetary Process

The budgetary process is prescribed by provision of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the fiscal year with the legal restriction that appropriations by fund cannot exceed estimated resources, as certified.

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

1. Tax Budget

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

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year.

The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the amended certificate that was in effect at the time the final appropriations were passed by the Board of Education.

3. Appropriations

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

The Board of Education may pass supplementary fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, 11 supplemental appropriations were legally enacted; however, these amendments were not significant. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts passed during the year, including all supplemental appropriations. Formal budgetary integration is employed as a management control device by the Board of Education during the year for all funds, other than agency funds at the legal level of control, consistent with statutory provisions.

4. Encumbrances

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

5. Lapsing of Appropriations

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

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

3. BUDGET TO GAAP RECONCILIATION

Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, requires accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. The Statement of Revenues, Expenditures and Changes in Fund Balances, Budget (non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are as follows:

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. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
4. Advances in and advances out are operation transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Unrecorded cash represents amounts received but not included as revenue on the budget basis operation statements. These amounts are included as revenue on the GAAP basis operating statements.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	
	General Fund
GAAP Basis	(\$3,102,063)
Revenue Accruals	(295,248)
Expenditure Accruals	(28,542)
Encumbrances	(501,238)
Budget Basis	(\$3,927,091)

4. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the basic financial statements as "Equity in Pooled Cash and Cash Equivalents." Statutes require the classification of monies held by the District into three categories.

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

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

4. EQUITY IN POOLED CASH AND CASH EQUIVALENTS (Continued)

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instrument rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

4. EQUITY IN POOLED CASH AND CASH EQUIVALENTS (Continued)

A. Deposits with Financial Institutions

At June 30, 2009, the carrying amount of all District deposits was \$5,244,406. Based on the criteria described in GASB State No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$4,584,712 of the District bank balance of \$5,735,775 was exposed to custodial risk as discussed below, while \$1,151,063 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool collateral against all of the public deposits in holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

B. Investments

	Carrying Value	Maturity				Concentration of Credit Risk
		<1 Year	1-2	2-3	3-5	
Money Market	\$ 6,324,599	\$ 6,324,599				5.78%
FFCB	1,207,969		\$ 1,207,969			1.10%
FHLB	33,537,190	19,676,305	4,124,805	\$6,092,800	\$ 3,643,280	30.66%
FHLMC	20,275,519	1,643,566	14,068,868	2,019,570	2,543,515	18.53%
FNMA	9,186,610		3,265,223	795,752	5,125,635	8.40%
STAR Ohio	38,871,532	38,871,532				35.53%
Totals	\$109,403,419	\$66,516,002	\$22,666,865	\$8,908,122	\$11,312,430	100.00%

The weighted average maturity of investments is 1.70 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities of five years or less.

Credit Risk: The District's investments were rated AAA or Aaa by Standard & Poor's and Moody's Investor Services, respectively.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer.

C. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the Statement of Net Assets as of June 30, 2009:

Cash and Investments per Footnote	
Carrying Amount of Deposits	\$ 5,244,406
Investments	109,403,419
	<u>\$114,647,825</u>

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

4. EQUITY IN POOLED CASH AND CASH EQUIVALENTS (Continued)

Cash and Investments per Statement of Net Assets	
Government Activities	\$114,451,797
Agency Funds	196,028
	<u>\$114,647,825</u>

5. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. Real property tax revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at 35% of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2009 represents the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2008, on the value as of December 31, 2008. Tangible personal property is currently assessed at 25% of true value for capital assets and 24% of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Montgomery County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance FY09 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property, and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

5. PROPERTY TAXES (Continued)

The amount available as an advance at June 30, 2009 was \$1,188,164 in the General Fund, \$242,117 in the Debt Service Fund, and \$133,984 in the Permanent Improvement Fund. The amount available as an advance at June 30, 2008 was \$1,004,638 in the General Fund, \$24,096 in the Debt Service Fund, and \$112,585 in the Permanent Improvement Fund.

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

The assessed values upon which the fiscal year 2009 taxes were collected are as follows.

	2008 2nd Half Collections	Percent	2009 1st Half Collections	Percent
Agriculture/Residential & Other	\$898,978,000	94.38%	\$916,767,900	97.63%
Public Utilities Personnel	18,756,630	1.97%	19,086,430	2.03%
Tangible Personal Property	34,793,805	3.65%	3,136,380	0.34%
Total	\$952,528,435	100.00%	\$938,990,710	100.00%

6. RECEIVABLES

Receivables at June 30, 2009 consisted of taxes, accounts, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the non-payment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of receivables as of June 30, 2009 follows.

Taxes: Current and Delinquent	\$30,873,170
Accounts	354,228
Intergovernmental	667,675
Total Receivable	\$31,895,073

7. CAPITAL ASSETS

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

	Balance 06/30/08	Additions	Deletions	Balance 06/30/09
Governmental Activities:				
Land and Improvements	\$ 3,569,773			\$ 3,569,773
Buildings	25,657,256	\$ 372,298		26,029,554
Equipment	8,653,678	652,743	\$457,161	8,849,260
Vehicles	3,555,876	230,758	48,474	3,738,160
Construction-in-Progress		5,847,709		5,847,709
Totals	41,436,583	7,103,508	505,635	48,034,456
Accumulated Depreciation:				
Land and Improvements	320,054	35,614		355,668
Buildings	11,875,468	587,119		12,462,587
Equipment	6,036,289	900,353	476,011	6,460,631
Vehicles	2,015,453	148,850	48,474	2,115,829
Total	20,247,264	1,671,936	524,485	21,394,715
Capital Assets, Net	\$21,189,319	\$5,431,572	(\$18,850)	\$26,639,741

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

7. CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 923,884
Special	87,099
Vocational	45,406
Other	6,231
Special Services:	
Pupil	48,381
Instructional Staff	54,944
Board of Education	172
Administration	45,284
Fiscal Services	4,223
Business	2,686
Operations & Maintenance	93,545
Pupil Transportation	183,556
Central	3,895
Non-Instructional Services	119,271
Extracurricular Activities	53,359
Total Deprecation Expense	\$1,671,936

8. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount of 10% for plan members and 14% for employers, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$645,650, \$630,172, and \$741,155; 48.86% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

**MIAMISBURG CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

Plan Description- The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that may be obtained by writing to the State Teachers' Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (888) 227-7877. It is also posted on STRS' website at www.strsoh.org.

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

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10% of their annual covered salaries. The District was required to contribute 14%; 13% percent was the portion used to fund pension obligations. Contributions rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's contributions for pension obligations for the fiscal years ended June 30, 2009, 2008, and 2007 were \$3,085,050, \$3,106,155, and \$3,024,320, respectively; 82.75% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007. Contributions to the DC Plan and Combined Plan for fiscal year 2009 were \$62,237 made by the District and \$126,002 made by the plan members.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2009, no employees of the District have elected Social Security.

9. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The District participates in two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

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

The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$399,739, \$439,004, and \$334,897, respectively; 48.86 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal year ended June 30, 2009 were \$52,864; 48.86 percent has been contributed for fiscal year 2009.

**MIAMISBURG CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

9. POST-EMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$237,312, \$238,935, and \$232,640, respectively; 82.75 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

10. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

1. Accumulated Unpaid Vacation

District classified employees earn vacation leave at varying rates based upon negotiated agreements and State laws. In the case of death or retirement, an employee (or his/her estate) is paid for his/her unused vacation leave. The total obligations for vacation leave for the District as a whole amount to \$101,382 at June 30, 2009.

2. Accumulated Unpaid Sick Leave

District employees may accumulate sick leave. Upon retirement, payment is made based upon negotiated agreements. The total obligation for sick leave accrual for the District as a whole, as of June 30, 2009 was \$4,265,602.

11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2009, the District contracted with Netherlands Insurance Company for building and property insurance. This policy has a limit of insurance in the amount of \$107,303,675 for property and a \$2,500 deductible. The Netherlands Insurance Company also covers auto insurance for actual cash value with a \$500 deductible. General liability insurance is under The Netherlands Insurance Company. The base policy has a \$1,000,000 per occurrence and a \$1,000,000 aggregate limit. The treasurer, superintendent, director of business services, and Board President are bonded separately.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

11. RISK MANAGEMENT (Continued)

The District is a member of the Southwestern Ohio Educational Purchasing Cooperative (SOEPC or Cooperative). 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 District by virtue of its grouping and representation with other participants in the pool. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the pool. Each participant pays its workers compensation premium to the State based on the rate for the pool rather than its individual rate.

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

The 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 of Education. The percentage varies depending upon the plan selected by the employee. The District provides life insurance to employees through the American United Life Insurance Company.

12. LONG-TERM OBLIGATIONS

A. 1998 General Obligation Bonds

The District's general obligation bonds were issued April 1, 1998 at 5.11% and mature on December 1, 2014. The general obligation bonds were issued for construction and renovation of school buildings and are paid from the debt service fund with property tax revenue.

B. 2006 Refunding Bonds

The District issued \$5,715,000 in general obligation refunding bonds on November 10, 2006 to provide resources to purchase US Government Securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$5,715,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price was less than the net carrying amount of the old debt by \$281,189. This amount is being netted against the new debt and will be amortized over the life of the new issue which is less than the life of the original issue. The advance refunding was undertaken to reduce total debt service payments over the next 18 years by \$485,510.

C. 2008 Bond Anticipation Notes, Series A

The District's bond anticipation notes were issued on May 6, 2008 at 2.50% and matured on November 13, 2008. The bond anticipation notes were issued for construction and renovation of school buildings and are paid from the debt service fund with property tax revenue.

During the issuance of the bond anticipation notes, the District received \$282,600 in bond premium. This was expensed during FY09.

**MIAMISBURG CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

12. LONG-TERM OBLIGATIONS (Continued)

D. 2008 General Obligation Bonds

The District's general obligation bonds were issued on August 28, 2008 at 4.81% and mature on December 1, 2036. The general obligation bonds were issued for construction and renovation of school buildings and are paid from the debt service fund with property tax revenue. The proceeds from the issuance of the general obligation bonds were used to retire the bond anticipation notes maturing on November 13, 2008.

During the issuance of the general obligation bonds, the District received \$1,189,004 in bond premium. This will be expensed, \$42,464 per year throughout the life of the general obligation bonds.

E. 2008 Bond Anticipation Notes, Series B

The District's bond anticipation notes were issued on October 23, 2008 at 2.86% and mature on July 28, 2009. The bond anticipation notes were issued for construction and renovation of school buildings and are paid from the debt service fund with property tax revenue. The proceeds from the issuance of the bond anticipation notes were used to retire the bond anticipation notes maturing on November 13, 2008.

During the issuance of the bond anticipation notes, the District received \$190,363 in bond premium. This will be expensed in FY10.

F. 2009 General Obligation Bonds

The District's general obligation bonds were issued on May 27, 2009 at 4.51% and mature on December 1, 2036. The general obligation bonds were issued for construction and renovation of school buildings and are paid from the debt service fund with property tax revenue. The proceeds from the issuance of the general obligation bonds were used to retire the bond anticipation notes maturing on July 28, 2009.

During the issuance of the general obligation bonds, the District received \$1,260,995 in bond premium. This will be expensed \$45,036 per year throughout the life of the general obligation bonds.

G. Compensated Absences

Compensated absences will be paid from the fund from which the employee is paid if the funds are available, otherwise, from the General Fund.

Principal and interest requirements to retire general obligation bonds and bond anticipation notes at June 30, 2009 are as follows:

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

12. LONG-TERM OBLIGATIONS (Continued)

Fiscal Year Ending June 30,	Principal	Interest
2010	\$40,380,000	\$4,107,696
2011	1,195,000	3,014,553
2012	1,275,000	2,973,128
2013	1,465,000	2,923,934
2014	1,555,000	2,869,459
2015-2018	16,630,000	13,580,858
2020-2024	7,150,000	14,884,722
2025-2029	9,475,000	8,215,853
2030-2034	16,150,000	5,243,488
2035-2037	12,500,000	941,275
	<u>\$107,775,000</u>	<u>\$58,754,966</u>

Long-term obligations at June 30, 2009 were as follows:

	Balance 06/30/08	Increase	Decrease	Balance 06/30/09	Amount Due in One Year
1998 General Obligation	\$ 1,680,000		\$280,000	\$ 1,400,000	
2006 Refunding	5,670,000		45,000	5,625,000	\$325,000
2008 BANs, Series A	78,500,000		78,500,000		
2008 General Obligation		\$39,250,000		39,250,000	10,000
2008 BANs, Series B		39,250,000		39,250,000	39,250,000
2009 General Obligation		22,250,000		22,250,000	795,000
Bond Premium	548,167	2,640,362	298,222	2,890,307	293,485
Compensated Absences	3,601,743	785,404	20,163	4,366,984	347,174
Total LT Obligations	<u>\$89,999,910</u>	<u>\$104,175,766</u>	<u>\$79,143,385</u>	<u>\$115,032,291</u>	<u>\$41,020,659</u>

The District's legal debt margin was \$84,509,164 or 9% of the District's assessed valuation at June 30, 2009, with an un-voted debt margin of \$938,991, or .1% of the same assessed valuation.

13. CONSTRUCTION COMMITMENTS

As of June 30, 2009, the District had the following commitments with respect to capital projects:

Project	Remaining Construction Commitment	Estimated Date of Completion
Maddux-Lang Primary	\$ 50,976	10/31/09
Elementary Security Vestibules	478,960	08/31/09
New Elementary Construction	8,451,426	08/31/10
New Middle School Construction	17,759,734	08/31/11
High School Renovations/Additions	1,844,462	08/31/12

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

14. JOINTLY GOVERNED ORGANIZATIONS

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

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except the Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The District paid \$105,103 to MDECA during fiscal year 2009. Financial information can be obtained from Jerry Woodyard, who serves as director, at 225 Linwood Street, Dayton, Ohio 45405.

- B. Southwestern Ohio Educational Purchasing Council** - The District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of over 100 school districts in 18 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. Payments to SOEPC are made from the General Fund. During fiscal year 2009, the School District paid \$393,015 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

- C. Miami Valley Career Technology Center** - The Miami Valley Career Technology Center (MVCTC) 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. One member is appointed from the following city and/or exempted village school districts: Miamisburg, Milton-Union, Tipp City, Vandalia, and West Carrollton. Three members are appointed from the Montgomery County Educational Service Center and one is appointed from the Miami County Educational Service Center. The District paid \$200 to MVCTC during fiscal year 2009. To obtain financial information, write to the Miami Valley Career Technology Center, Debbie Gossett, who serves as Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315.

15. INSURANCE PURCHASING POOL

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan - The District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson and Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of GRP serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

16. CONTINGENT LIABILITIES

The District received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2009.

17. RESERVATIONS OF FUND BALANCE

The District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and 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 amount previously reserved for budget stabilization representing Bureau of Workers' Compensation monies required to be set-aside based on legislative changes was reduced to zero through the purchase of textbooks and instructional materials.

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

	Textbook	Capital Acquisition	Total
Balance as of June 30, 2008			
Qualifying Carryover	(\$4,816,132)		(\$4,816,132)
Current Year Set Aside	914,922	\$ 914,922	1,829,844
Current Year Offsets	(833,190)	(1,499,791)	(2,332,981)
Qualifying Expenditures	(382,763)	(526,615)	(909,378)
Balance as of June 30, 2009	(5,117,163)	(1,111,484)	(6,228,647)
Qualifying Carryover	(\$5,117,163)	\$ 0	(\$5,117,163)

The textbook set-aside expenditures and offsets in excess of the set-aside requirements may be carried forward to offset future year's set aside requirements. At June 30, 2009, the District had a qualifying carry-over of \$5,117,163 for the textbook reserve.

18. DEFICIT FUND BALANCES

Fund balances at June 30, 2009 included the following individual fund deficits.

	Deficit
Major Funds:	
General Fund (Fund 001)	\$19,183
Non-Major Funds:	
EMIS (Fund 432)	5,319
Alternative Education (Fund 463)	9,495
Title VI-B IDEA (Fund 516)	159,721
State Fiscal Stabilization Fund (Fund 532)	4,477
Title III (Fund 551)	6,405
Title I (Fund 572)	86,931
Title II-A (Fund 590)	44,837

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

18. DEFICIT FUND BALANCES (Continued)

These funds complied with Ohio state law, which only prohibits a cash basis deficit at year-end. The General Fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances are the result of adjustments for accrued liabilities.

19. SUBSEQUENT EVENTS

On July 22, 2010, the District issued \$17,000,000 in School Facilities Construction and Improvement Notes.

On August 20, 2009, the Board awarded contracts for the renovation of high school to the following contractors: Monarch Construction in the amount of \$10,632,000 for general trades, TP Mechanical in the amount of \$3,977,000 for plumbing, HVAC, and Fire, and Settle Muter Electric in the amount of \$3,926,270 for electrical work.

On February 2, 2010, the District passed a five year renewal levy with annual revenues of \$7,225,000, additionally a five year emergency levy failed.

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**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education</i>					
Nutrition Cluster:					
School Breakfast Program	10.553	\$82,875		\$82,875	
National School Lunch Program	10.555				
Cash Assistance		511,462		511,462	
Non-Cash Assistance (Food Distribution)			\$108,193		\$108,193
Total Nutrition Cluster		<u>594,337</u>	<u>108,193</u>	<u>594,337</u>	<u>108,193</u>
Total United States Department of Agriculture		<u>594,337</u>	<u>108,193</u>	<u>594,337</u>	<u>108,193</u>
UNITED STATES DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education</i>					
Title I Grants to Local Educational Agencies	84.010	559,376		566,616	
Special Education Cluster:					
Special Education_Grants to States	84.027	1,216,231		1,140,346	
Special Education_Preschool Grants	84.173	30,279		28,217	
Total Special Education Cluster		<u>1,246,510</u>		<u>1,168,563</u>	
Safe and Drug-Free Schools and Communities State Grants	84.186	13,571		13,571	
State Grants for Innovative Programs	84.298	10,709		9,875	
Education Technology State Grants	84.318	7,017		6,340	
English Language Acquisition Grants	84.365	16,002		19,732	
Improving Teacher Quality State Grants	84.367	161,924		176,108	
Total United States Department of Education		<u>2,015,109</u>		<u>1,960,805</u>	
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES					
<i>Passed through the Ohio Department of Job and Family Services</i>					
CAFS Medical Assistance Program	93.778	212,475			
Total Federal Financial Assistance		<u>\$2,821,921</u>	<u>\$108,193</u>	<u>\$2,555,142</u>	<u>\$108,193</u>

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

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D - MATCHING REQUIREMENTS

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

NOTE E – CAFS MEDICAL ASSISTANCE PROGRAM

The CAFS receipts represent reimbursements for services provided in prior years.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Miamisburg City School District, Montgomery County, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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

We consider finding 2009-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

**Internal Control Over Financial Reporting
(Continued)**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above, finding number 2009-001, is also a material weakness.

We also noted a certain internal control matter that we reported to the District's management in a separate letter dated March 12, 2010.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated March 12, 2010.

We intend this report solely for the information and use of the management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

March 12, 2010



Mary Taylor, CPA

Auditor of State

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

Miamisburg City School District
Montgomery County
540 E. 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 apply to each of its major federal programs for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Miamisburg City School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2009.

In a separate letter to the school's management dated March 12, 2010, we reported a matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

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

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

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

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

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



Mary Taylor, CPA
Auditor of State

March 12, 2010

**MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Educational Agencies – CFDA 84.010 Special Education Cluster: Special Education_Grants to States – CFDA 84.027 Special Education_Preschool Grants – CFDA 84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2009-001

Material Weakness – Financial Statement Adjustments

The District prepares its annual financial statements in accordance with generally accepted accounting principles (GAAP). The District's Financial Report for 2009 contained errors which resulted in several reclassifications and adjustments to correctly report the financial activity during and at the end of the fiscal year as follows:

- The District misstated various net assets categories due to an error in the computation by following amounts: Invested in Capital Assets was overstated \$852,873; Restricted for: Capital Projects was overstated \$2,300,883; Unrestricted was understated \$3,153,756. This reclassification was 17% of net assets.
- The District recorded an arbitrage rebate payment as a reduction of interest revenue in the amount of \$443,778, rather than as an intergovernmental expense. This represented a 9% understatement of revenues and a 16% understatement of expenditures in the permanent improvement fund opinion unit.
- The District failed to record the prior year beginning cash and liability balances to the web-gaap system in the amount of \$150,653 for the fiduciary funds. This represented 5% understatement of total assets and 12% understatement of total liabilities for the remaining fund information opinion unit.
- The District received \$250,000 in the fiscal year from the Montgomery County Transportation Improvement District for property tax abatements related to tax increment financing (TIF) District's within the City and Township, which represented 100% of total revenues in the capital projects fund. The District recorded this money as miscellaneous revenue on the financial statements rather than payment in lieu of taxes or (PILOT revenue). This resulted in the overstatement of other revenue in the capital projects fund opinion unit.

Adjustments to correct the significant errors noted above are reflected in the accompanying financial statements.

Additionally, we noted the following errors which were not adjusted on the accompanying financial statements:

- The District recorded \$853,891 of property tax delinquencies as deferred revenue on the statement of net assets, rather than as tax revenue on the statement of activities.
- The District issued capital accretion bonds during 2009 in the amount of \$1,620,000; however the District failed to accrete the interest on the bonds in the amount of 140,148.
- The District failed to accrue interest on its outstanding bond and note issues in the amount of \$967,987 on the statement of net assets.

Procedures should be developed and implemented to provide for the integrity of the financial records. Additionally, the amounts in the financial statements, notes to the financial statements, and MD&A should be supported by the appropriate documentation.

Officials Response:

Thank you to the State Auditor's Office for providing a thorough and efficient review of the FY09 financial records of Miamisburg City School District. We are pleased that we are, once again, able to show our citizens and taxpayers that the District has accounted for all of its financial resources and that proper controls are in place over all monies received and expended.

While Finding 2009-001 is labeled as a "material weakness", we want to assure that taxpayers that this is a term that the State Auditor's Office must use in accordance with applicable auditing standards. These were errors noted when the District performed the necessary adjusting entries to covert the District's cash-basis accounting records to GAAP-based financial statements. The District will strive to correct these errors to ensure to minimize the occurrences in future years.

3. FINDINGS FOR FEDERAL AWARDS

None

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MIAMISBURG CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	GAAP Conversion Deficiencies	No	Reissued as finding 2009-001

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Mary Taylor, CPA

Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedures

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on December 20, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - 3) A procedure for reporting prohibited incidents;
 - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - 5) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
 - 6) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;

- 7) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.
3. We read the policy, noting it did not include the following requirements from Ohio Rev. Code Section 3313.666(B):
 1. A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 2. A procedure for documenting any prohibited incident that is reported;
 3. A procedure for responding to and investigating any reported incident;

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

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



Mary Taylor, CPA
Auditor of State

March 12, 2010



Mary Taylor, CPA
Auditor of State

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
MAY 6, 2010**