

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

***FINANCIAL STATEMENTS
(AUDITED)***

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2011 AND 2010**

MICHAEL SIEBENECK, TREASURER



Dave Yost • Auditor of State

Board of Education
Miller City-New Cleveland Local School District
200 N. Main Street
P.O. Box 38
Miller City, Ohio 45864

We have reviewed the *Independent Accountants' Report* of the Miller City-New Cleveland Local School District, Putnam County, prepared by Julian & Grube, Inc., for the audit period July 1, 2009 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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Dave Yost
Auditor of State

December 19, 2011

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**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Accountants' Report

Board of Education
Miller City-New Cleveland Local School District
200 N. Main Street, P.O. Box 38
Miller City, Ohio 45864

To the Members of the Board of Education:

We have audited the accompanying financial statements of the Miller City-New Cleveland Local School District, Putnam County, Ohio, as of and for the fiscal years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Miller City-New Cleveland Local School District's management. Our responsibility is to express an opinion 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 that our audit provides a reasonable basis for our opinion.

Ohio Administrative Code Section 117-2-03 (B) requires the Miller City-New Cleveland Local School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes have been prepared on an accounting basis not in accordance with these generally accepted accounting principles. The accompanying financial statements and notes omit entity wide statements, and assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the accompanying financial statements do not present fairly the financial position, results of operations and cash flows, where applicable, of the Miller City-New Cleveland Local School District as of and for the fiscal years ended June 30, 2011 and 2010 and cash flows, where applicable, in accordance with accounting principles generally accepted in the United States of America.

As described in Note 4, the Miller City-New Cleveland Local School District has restated its Special Revenue and Private Purpose Trust Fund cash and cash fund balances as of July 1, 2009.

The Miller City-New Cleveland Local School District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

Independent Accountants' Report
Miller City-New Cleveland Local School District
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2011 on our consideration of the Miller City-New Cleveland Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with Government Auditing Standards. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
October 21, 2011

**MILLER CITY - NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

**COMBINED STATEMENT OF FUND BALANCES
ALL FUND TYPES - CASH BASIS
JUNE 30, 2011 AND 2010**

<u>Cash and Cash Equivalents</u>	2011	2010
Cash and Cash Equivalents	\$ 2,626,587	\$ 2,617,940
Total Cash and Cash Equivalents	\$ 2,626,587	\$ 2,617,940
<u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General	\$ 1,845,684	\$ 1,856,250
Special Revenue	75,983	100,095
Debt Service	273,323	222,903
Capital Projects	183,757	183,578
Total Governmental Fund Types	2,378,747	2,362,826
<u>Proprietary Fund Type:</u>		
Enterprise	70,162	83,127
<u>Fiduciary Fund Type:</u>		
Private Purpose Trust	132,324	135,275
Agency	45,354	36,712
Total Fiduciary Fund Types	177,678	171,987
Total Cash Fund Balances	\$ 2,626,587	\$ 2,617,940

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MILLER CITY - NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
From local sources:					
Taxes	\$ 1,254,928	\$ 14,871	\$ 130,579	\$ -	\$ 1,400,378
Earnings on investments	19,333	-	-	179	19,512
Extracurricular activities	-	71,278	-	-	71,278
Classroom materials and fees	22,776	-	-	-	22,776
Tuition	492,635	-	-	-	492,635
Intergovernmental	2,069,090	370,422	19,528	-	2,459,040
Miscellaneous	27,426	6,050	-	-	33,476
Total cash receipts	3,886,188	462,621	150,107	179	4,499,095
Cash disbursements:					
Current:					
Instruction:					
Regular	2,061,665	131,265	-	-	2,192,930
Special	188,893	28,622	-	-	217,515
Vocational	196,600	-	-	-	196,600
Other	299	7,775	-	-	8,074
Support Services:					
Pupil	23,391	62,216	-	-	85,607
Instructional staff	131,529	23,703	-	-	155,232
Board of Education	49,648	467	-	-	50,115
Administration	420,671	70,417	-	-	491,088
Fiscal services	43,273	-	-	-	43,273
Operations and maintenance	449,505	41,706	-	-	491,211
Pupil transportation	168,794	-	-	-	168,794
Central	6,004	5,001	-	-	11,005
Non-Instructional services	4,710	-	-	-	4,710
Extracurricular activities	111,589	81,321	-	-	192,910
Debt service:					
Principal retirement	36,942	11,000	51,374	-	99,316
Interest and fiscal charges	3,238	23,240	48,313	-	74,791
Bond issuance costs	-	-	34,235	-	34,235
Total cash disbursements	3,896,751	486,733	133,922	-	4,517,406
Total cash receipts over/ (under) cash disbursements	(10,563)	(24,112)	16,185	179	(18,311)
Other financing receipts/(disbursements):					
Refund of prior years receipts	(114)	-	-	-	(114)
Sale and loss of assets	111	-	-	-	111
Proceeds from advance refunding bonds issued	-	-	773,740	-	773,740
Premium on advance refunding	-	-	57,339	-	57,339
Payment to bond escrow agent	-	-	(796,844)	-	(796,844)
Total other financing receipts/(disbursements)	(3)	-	34,235	-	34,232
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(10,566)	(24,112)	50,420	179	15,921
Cash fund balances, July 1, 2010	1,856,250	100,095	222,903	183,578	2,362,826
Cash fund balances, June 30, 2011	<u>\$ 1,845,684</u>	<u>\$ 75,983</u>	<u>\$ 273,323</u>	<u>\$ 183,757</u>	<u>\$ 2,378,747</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MILLER CITY - NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Proprietary Fund Type	Fiduciary Fund Type		Total
	Enterprise	Private Purpose Trust	Agency	(Memorandum Only)
Operating cash receipts:				
Sales/charges for services	\$ 144,006	\$ -	\$ -	\$ 144,006
Contributions	-	3,685	-	3,685
Interest receipts	-	1,414	-	1,414
Extracurricular activities	-	-	75,032	75,032
Total operating cash receipts	<u>144,006</u>	<u>5,099</u>	<u>75,032</u>	<u>224,137</u>
Operating cash disbursements:				
Personal services	65,307	-	445	65,752
Employees' retirement and insurance	25,405	-	69	25,474
Purchased services	9,951	-	-	9,951
Supplies and material	87,651	-	-	87,651
Other	-	8,050	69,771	77,821
Total operating cash disbursements	<u>188,314</u>	<u>8,050</u>	<u>70,285</u>	<u>266,649</u>
Operating income/(loss)	<u>(44,308)</u>	<u>(2,951)</u>	<u>4,747</u>	<u>(42,512)</u>
Nonoperating cash receipts:				
Interest income	82	-	-	82
Intergovernmental receipts	29,456	-	-	29,456
Other	1,805	-	3,895	5,700
Total nonoperating cash receipts	<u>31,343</u>	<u>-</u>	<u>3,895</u>	<u>35,238</u>
Net income/(loss)	(12,965)	(2,951)	8,642	(7,274)
Cash fund balances, July 1, 2010	<u>83,127</u>	<u>135,275</u>	<u>36,712</u>	<u>255,114</u>
Cash fund balances, June 30, 2011	<u>\$ 70,162</u>	<u>\$ 132,324</u>	<u>\$ 45,354</u>	<u>\$ 247,840</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MILLER CITY - NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	2011 Estimated Receipts	Total Estimated Resources	Actual 2011 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2011 Appropriations	Total	Actual 2011 Disbursements	Encumbrances Outstanding at 6/30/11	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 1,803,824	\$ 3,870,130	\$ 5,673,954	\$ 3,886,299	\$ 16,169	\$ 52,426	\$ 4,307,408	\$ 4,359,834	\$ 3,896,865	\$ 53,055	\$ 3,949,920	\$ 409,914
Special Revenue	67,069	531,777	598,846	462,621	(69,156)	33,026	538,175	571,201	486,733	4,666	491,399	79,802
Debt Service	222,903	974,121	1,197,024	981,186	7,065	-	958,120	958,120	930,766	-	930,766	27,354
Capital Projects	172,867	150	173,017	179	29	10,711	173,000	183,711	-	10,711	10,711	173,000
Proprietary:												
Enterprise	82,877	188,500	271,377	175,349	(13,151)	250	194,343	194,593	188,314	180	188,494	6,099
Fiduciary:												
Private Purpose Trust	134,925	5,988	140,913	5,099	(889)	350	10,639	10,989	8,050	-	8,050	2,939
Total (Memorandum Only)	<u>\$ 2,484,465</u>	<u>\$ 5,570,666</u>	<u>\$ 8,055,131</u>	<u>\$ 5,510,733</u>	<u>\$ (59,933)</u>	<u>\$ 96,763</u>	<u>\$ 6,181,685</u>	<u>\$ 6,278,448</u>	<u>\$ 5,510,728</u>	<u>\$ 68,612</u>	<u>\$ 5,579,340</u>	<u>\$ 699,108</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MILLER CITY - NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
From local sources:					
Taxes	\$ 1,210,542	\$ 14,386	\$ 129,898	\$ -	\$ 1,354,826
Earnings on investments	57,091	-	-	153	57,244
Extracurricular activities	-	97,222	-	-	97,222
Classroom materials and fees	22,790	-	-	-	22,790
Tuition	533,023	-	-	-	533,023
Intergovernmental	2,146,847	318,971	20,626	-	2,486,444
Miscellaneous	20,389	8,046	-	111,611	140,046
Total cash receipts	3,990,682	438,625	150,524	111,764	4,691,595
Cash disbursements:					
Current:					
Instruction:					
Regular	2,030,819	64,812	-	-	2,095,631
Special	223,948	7,858	-	-	231,806
Vocational	182,149	-	-	-	182,149
Other	1,311	-	-	-	1,311
Support Services:					
Pupil	131,510	-	-	-	131,510
Instructional staff	132,759	53,795	-	-	186,554
Board of Education	45,828	425	-	-	46,253
Administration	456,200	-	-	-	456,200
Fiscal services	59,690	-	-	-	59,690
Operations and maintenance	397,367	29,013	-	-	426,380
Pupil transportation	160,267	82,317	-	-	242,584
Central	5,276	5,000	-	-	10,276
Extracurricular activities	122,997	69,848	-	-	192,845
Facilities acquisition and construction services	-	-	-	218	218
Debt service:					
Principal retirement	35,422	36,994	64,478	-	136,894
Interest and fiscal charges	5,000	25,149	56,513	-	86,662
Total cash disbursements	3,990,543	375,211	120,991	218	4,486,963
Total cash receipts over/ (under) cash disbursements	139	63,414	29,533	111,546	204,632
Cash fund balances, July 1, 2009 - Restated	1,856,111	36,681	193,370	72,032	2,158,194
Cash fund balances, June 30, 2010	<u>\$ 1,856,250</u>	<u>\$ 100,095</u>	<u>\$ 222,903</u>	<u>\$ 183,578</u>	<u>\$ 2,362,826</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MILLER CITY - NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Proprietary Fund Type	Fiduciary Fund Type		Total
	Enterprise	Private Purpose Trust	Agency	(Memorandum Only)
Operating cash receipts:				
Sales/charges for services	\$ 152,904	\$ -	\$ -	\$ 152,904
Contributions	-	3,450	-	3,450
Interest receipts	-	2,829	-	2,829
Extracurricular activities	-	-	107,010	107,010
Total operating cash receipts	<u>152,904</u>	<u>6,279</u>	<u>107,010</u>	<u>266,193</u>
Operating cash disbursements:				
Personal services	61,262	-	498	61,760
Employees' retirement and insurance	24,700	-	712	25,412
Purchased services	13,578	-	-	13,578
Supplies and material	85,550	-	-	85,550
Other	-	5,200	104,278	109,478
Total operating cash disbursements	<u>185,090</u>	<u>5,200</u>	<u>105,488</u>	<u>295,778</u>
Operating income/(loss)	<u>(32,186)</u>	<u>1,079</u>	<u>1,522</u>	<u>(29,585)</u>
Nonoperating cash receipts:				
Interest receipts	90	-	-	90
Intergovernmental receipts	27,400	-	-	27,400
Other	2,410	-	2,322	4,732
Total nonoperating cash receipts	<u>29,900</u>	<u>-</u>	<u>2,322</u>	<u>32,222</u>
Net income/(loss)	<u>(2,286)</u>	<u>1,079</u>	<u>3,844</u>	<u>2,637</u>
Cash fund balances, July 1, 2009 - Restated	<u>85,413</u>	<u>134,196</u>	<u>32,868</u>	<u>252,477</u>
Cash fund balances, June 30, 2010	<u>\$ 83,127</u>	<u>\$ 135,275</u>	<u>\$ 36,712</u>	<u>\$ 255,114</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MILLER CITY - NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	2010 Estimated Receipts	Total Estimated Resources	Actual 2010 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2010 Appropriations	Total	Actual 2010 Disbursements	Encumbrances Outstanding at 6/30/10	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 1,761,999	\$ 3,946,168	\$ 5,708,167	\$ 3,990,682	\$ 44,514	\$ 94,112	\$ 4,172,305	\$ 4,266,417	\$ 3,990,543	\$ 52,426	\$ 4,042,969	\$ 223,448
Special Revenue	27,921	454,242	482,163	438,625	(15,617)	8,760	427,950	436,710	375,211	33,026	408,237	28,473
Debt Service	193,370	151,059	344,429	150,524	(535)	-	121,260	121,260	120,991	-	120,991	269
Capital Projects	(31,645)	109,452	77,807	111,764	2,312	103,678	72,401	176,079	218	10,711	10,929	165,150
Proprietary:												
Enterprise	85,383	187,800	273,183	182,804	(4,996)	30	188,000	188,030	185,090	250	185,340	2,690
Fiduciary:												
Private Purpose Trust	134,196	5,831	140,027	6,279	448	-	8,675	8,675	5,200	350	5,550	3,125
Total (Memorandum Only)	<u>\$ 2,171,224</u>	<u>\$ 4,854,552</u>	<u>\$ 7,025,776</u>	<u>\$ 4,880,678</u>	<u>\$ 26,126</u>	<u>\$ 206,580</u>	<u>\$ 4,990,591</u>	<u>\$ 5,197,171</u>	<u>\$ 4,677,253</u>	<u>\$ 96,763</u>	<u>\$ 4,774,016</u>	<u>\$ 423,155</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Miller City-New Cleveland Local School District (the District) is located in Putnam County, including the Village of Miller City and all or portions of Greensburg, Liberty, Ottawa and Palmer Townships. The District serves an area of approximately 48 square miles.

The District was organized in 1932, in accordance with Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District currently operates one instructional building. The District employs 17 non-certified and 37 certified (including administrative) full-time and part-time employees to provide services to approximately 448 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America, the District chooses to prepare its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

A. The Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units." A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. 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 board 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 that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units.

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District participates in two jointly governed organizations and three public entity risk pools. The financial statements exclude these entities which perform activities within the District's boundaries for the benefit of its residents because the District is not financially accountable for these entities nor are these entities fiscally dependent on the District. Notes 8 and 17 to the financial statements provide additional information for these entities. These organizations are:

Jointly Governed Organizations:

Millstream Career and Technology Center
Northwest Ohio Area Computer Services Cooperative

Public Entity Risk Pool:

Schools of Ohio Risk Sharing Authority
Putnam County School Insurance Group
OSBA Workers' Compensation Group Rating Plan

B. Fund Accounting

The District uses fund accounting to segregate cash and investments which are restricted to use. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

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

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions of the District are financed. The following are the District's governmental fund types:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - This fund is used for the accumulation of resources for, and the payment of, general obligation long-term debt principal and interest.

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

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

PROPRIETARY FUND TYPE

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector.

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

FIDUCIARY FUND TYPES

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Funds for which the District is acting in an agency capacity are classified as agency funds. The District's agency fund accounts for student activities.

C. Basis of Accounting

The District's financial statements are prepared using the regulatory basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this regulatory basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations resolution, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations at the fund level are made by the Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer.

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources.

E. Cash and Investments

To improve cash management, cash received by the District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records.

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

During 2011 and 2010, the District invested in nonnegotiable certificates of deposit and Certificates of Deposit Account Registry Services (CDARS). Investments are reported at cost.

F. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets.

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Bond Issuance Costs/Bond Premium

Bond issuance costs are recorded as disbursements in the year incurred due to the District's accounting method.

Bond premiums are recorded as receipts in the year incurred due to the District's accounting method.

L. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Total- (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation.

NOTE 3 - COMPLIANCE

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

NOTE 4 - PRIOR PERIOD ADJUSTMENT

The District is restating its Special Revenue balance and Private Purpose Trust balance at June 30, 2009. The prior period adjustment is due to the reclassification of scholarships that benefit individuals instead of the District as a whole. The prior period adjustment above had the following effects on the District's fund balances.

	<u>Special Revenue Cash and Fund Balance</u>	<u>Private Purpose Trust Cash and Fund Balance</u>
Balance 06/30/09	\$ 170,877	\$ -
Prior Period Adjustment	<u>(134,196)</u>	<u>134,196</u>
Restated Balances 07/01/09	<u>\$ 36,681</u>	<u>\$ 134,196</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

Monies held by the District are classified by State statute into three categories.

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

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2011, \$1,564,495 of the District's bank balance of \$2,651,044 and at June 30, 2010, \$837,075 of the District's bank balance of \$2,626,290 was exposed to custodial credit risk because it was uninsured and collateralized with pooled securities held by the pledging financial institution's trust department or agent, but not in the District's name.

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one-hundred-five percent of the deposits being secured.

NOTE 6 - 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 property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar years 2011 and 2010 represent the collection of calendar years 2010 and 2009 taxes. Real property taxes received in calendar years 2011 and 2010 were levied after April 1, 2010 and 2009, respectively, on the assessed values as of January 1, 2010 and 2009, the lien dates. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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 revenues received in calendar years 2011 and 2010 represent the collection of calendar years 2010 and 2009 taxes. Public utility real and tangible personal property taxes received in calendar years 2011 and 2010 became a lien on December 31, 2009 and 2008, respectively, were levied after April 1, 2010 and 2009, respectively, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in the District's fiscal years ended June 30, 2011 and 2010 (other than public utility property) generally represent the collection of calendar years 2011 and 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar years 2011 and 2010 were levied after October 1, 2010 and October 1, 2009, respectively, on the value as of December 31, 2010 and 2009, respectively. Amounts paid by multi-county taxpayers were due September 20. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, with the remainder payable by September 20.

The District receives property taxes from Putnam 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, 2011, are available to finance fiscal year 2011 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 7 - INCOME TAXES

The District levies a voted tax of 1¼ percent for general operations on the income of residents and of estates. The tax was effective in 1993, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the General Fund.

NOTE 8 - RISK MANAGEMENT

A. Risk Pool Membership

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal years 2011 and 2010, the District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for general liability coverage with a \$11,000,000 single occurrence limit and \$13,000,000 aggregate and no deductible. Professional liability is protected at the level of \$11,000,000 for single occurrence and aggregate limit and a waived deductible. Vehicles have no deductible for both comprehensive and collision and are covered for property and automobile liability insurance in the amount of \$11,000,000. An additional excess liability policy of \$1,000,000 is also included.

Schools of Ohio Risk Sharing Authority holds the coverage for the blanket building and contents and boiler and machinery with a \$29,867,454 limit and a waived deductible. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

B. Employee Medical Benefits

The District participates as a member of the Putnam County School Insurance Group, a public entity risk pool, administered by Huntington Trust. The District converted its fully-insured medical insurance program to partial self insurance through participation in this public entity risk pool. Medical Mutual of Ohio provides claim review and processing. The District maintains stop-loss coverage for its medical insurance program. Aggregate stop loss is maintained for expected claims.

C. Workers' Compensation

For fiscal years 2011 and 2010 the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. GRP then calculates total savings and each participant's individual performance is compared to the overall Plan's savings percentage. A participant then either receives money from or contributes to GRP's equity pooling fund. This equity pooling arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 9 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Media/Financial Reports*".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent 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 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. For fiscal year 2010, 12.74 percent and .04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$52,649, \$54,374 and \$38,625, respectively; 91.76 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "*Publications*".

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 9 - PENSION PLANS - (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service 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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal years 2011 and 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$257,172, \$260,984 and \$246,729, respectively; 83.23 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011 and 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Media/Financial Reports".

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 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. For 2010, .46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal years 2011 and 2010, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010, and 2009 were \$14,460, \$7,987 and \$24,677, respectively; 91.76 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal years 2011 and 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$3,388, \$3,234 and \$3,227, respectively; 91.76 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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, under "Publications" 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 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$19,782, \$20,076 and \$18,979, respectively; 83.23 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

NOTE 11 - OTHER EMPLOYEE BENEFITS

The Board of Education has approved an early retirement incentive (ERI) program for certified employees. The Board will purchase, from STRS, an additional one year of service credit for those employees who elect to participate in the plan. Participation was open to employees who were at least fifty years old, qualified for retirement with the year purchased by the Board, and were employed by the Board prior to June 30, 2001. This program will expire June 30, 2034. The Board did not limit the number of employees participating in the plan in any one year. In addition, employees who elected to participate in the plan will receive a lump sum payment for their unused sick leave, to the extent allowed by the current labor agreement.

NOTE 12 - DEBT

Debt outstanding at June 30, 2011 and 2010 was as follows:

	Balance 06/30/10	Proceeds	Retirements	Balance 06/30/11
General Obligation Bonds				
2000 School Improvement Bonds	\$ 838,218	\$ -	\$ (838,218)	\$ -
2010 School Facilities Construction and Improvement Bonds Advance Refunding	-	773,740	(10,000)	763,740
OSFC Lease Purchase	442,000	-	(11,000)	431,000
Blue Bird Financial Bus Lease	75,469	-	(36,942)	38,527
Total Debt Obligations	<u>\$ 1,355,687</u>	<u>\$ 773,740</u>	<u>\$ (896,160)</u>	<u>\$1,233,267</u>

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 12 - DEBT - (Continued)

	Balance 06/30/09	Proceeds	Retirements	Balance 06/30/10
General Obligation Bonds				
2000 School Improvement Bonds	\$ 902,696	\$ -	\$ (64,478)	\$ 838,218
OSFC Lease Purchase	453,000	-	(11,000)	442,000
Computer Lease - Teacher Computer	13,640	-	(13,640)	-
Computer Lease - Engineering Lab	12,354	-	(12,354)	-
Blue Bird Financial Bus Lease	110,891	-	(35,422)	75,469
Total Debt Obligations	\$ 1,492,581	\$ -	\$ (136,894)	\$1,355,687

During the 2000 fiscal year, the District issued general obligation bonds to provide funds for the construction of facilities. These bonds are a general obligation of the District, for which the full faith and credit of the District is pledged for repayment. Under the basis of accounting used by the District, unmatured obligations of the District are not recorded as liabilities on the financial statements. Payments of principal and interest relating to these bonds are recorded as an expenditure in the debt service fund. The source of payment is derived from a current 6.53 (average) mil bonded debt tax levy.

These general obligation bonds represent the amount of the construction project that the District itself was required to finance, in accordance with the terms of a facilities grant from the Ohio School Facilities Commission (OSFC). The total estimated cost of the building project was \$12,474,606, of which OSFC paid \$10,603,119.

In conjunction with the 6.53 mills which support the bond issue, the District also passed in fiscal year 2000 a 0.5 mill levy to ultimately fund the maintenance costs of the new facility. Tax revenue from this levy has been reported in the special revenue funds.

Series 2010 advance refunding general obligation bonds

On July 27, 2010, the District issued \$773,740 in School Facilities Construction and Improvement Bonds to advance refund the current interest Series 2000-B General Obligation Bonds. The refunded debt is considered defeased (in-substance).

On July 27, 2010, the District issued \$773,740 in School Facilities Construction and Improvement Advance Refunding Bonds. Of the \$773,740 bonds issued, \$455,000 is serial bonds with interest rates ranging from 1% to 3% and a final maturity December 1, 2017, \$310,000 is term bonds with an interest rate of 3.25% maturing December 1, 2022, and \$8,740 are capital appreciation bonds with a maturity value of \$77,317 on December 1, 2016. The bonds were used to refund the 2000 School Improvement Bonds. The net proceeds of \$796,844 (after payment of \$34,235 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2000 Series bonds. As a result, a portion of the 2000 Series bonds is considered defeased and have been removed from the above schedule. The District completed the advance refunding to reduce its total debt service payments by \$309,391 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$85,527.

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 12 - DEBT - (Continued)

The following is a summary of the District's future annual debt service requirements to maturity for the general obligation bonds:

Fiscal Year Ending June 30,	Current Interest (Serial & Term) General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 80,000	\$ 21,850	\$ 101,850	\$ -	\$ -	\$ -
2013	80,000	20,250	100,250	-	-	-
2014	75,000	18,700	93,700	-	-	-
2015	75,000	17,106	92,106	-	-	-
2016	70,000	15,387	85,387	-	-	-
2017 - 2021	315,000	46,312	361,312	8,740	68,577	77,317
2022 - 2023	60,000	4,800	64,800	-	-	-
Total	<u>\$ 755,000</u>	<u>\$ 144,405</u>	<u>\$ 899,405</u>	<u>\$ 8,740</u>	<u>\$ 68,577</u>	<u>\$ 77,317</u>

NOTE 13 - LEASE PURCHASE AGREEMENT

Columbus Regional Airport Authority Lease - OSBA

On February 27, 2003, the District entered into a \$510,000 lease-purchase agreement with the Columbus Regional Airport Authority to provide additional funds to the construction budget approved by the Ohio School Facilities Commission to fund the construction of a new K-12 facility. During fiscal year 2011, the District made principal payments of \$11,000 and interest/fees payments of \$23,240 on the lease-purchase agreement and in fiscal year 2010, the District made principal payments of \$11,000 and interest/fees payments of \$23,485 on the lease-purchase agreement.

The following is a schedule of the future lease payments required under the lease-purchase agreement as of June 30, 2011.

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 12,000	\$ 23,260	\$ 35,260
2013	12,000	33,980	45,980
2014	13,000	34,436	47,436
2015	14,000	34,820	48,820
2016	14,000	34,128	48,128
2017 - 2021	84,000	173,032	257,032
2022 - 2026	108,000	172,944	280,944
2027 - 2031	141,000	173,583	314,583
2032	33,000	34,788	67,788
Total	<u>\$ 431,000</u>	<u>\$ 714,971</u>	<u>\$ 1,145,971</u>

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 14 - CAPITAL LEASES

Computers

On January 15, 2008, the District entered into a \$40,975 lease-purchase agreement with Apple Inc. to purchase computer equipment for teacher stations. During fiscal year 2010, the District made principal payments of \$13,640 and interest payments of \$899 on the lease-purchase agreement from special revenue funds. The lease-purchase agreement was fully paid off in fiscal year 2010.

On June 30, 2008, the District entered into a \$37,108 lease-purchase agreement with Apple Inc. to purchase computer equipment for engineering lab. During fiscal year 2010, the District made principal payments of \$12,354 and interest payments of \$765 on the lease-purchase agreement from special revenue funds. The lease-purchase agreement was fully paid off in fiscal year 2010.

Student Transportation Buses

On October 6, 2008, the District entered into a \$151,070 lease-purchase agreement with Blue Bird Financial Services to purchase two 84 passenger buses from Cardinal Bus Sales. During fiscal year 2011, the District made principal and interest payments of \$36,942 and \$3,238, respectively. During 2010, the District made principal and interest payments of \$35,422 and \$5,000, respectively, paid from the general fund.

The following is a schedule of the future lease payments required under the lease-purchase agreement as of June 30, 2011

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 38,527	\$ 1,653	\$ 40,180

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 15 - SET ASIDE REQUIREMENTS

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2011, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization (BWC Refunds)</u>	<u>Budget Reserve</u>
Set-aside reserve balance June 30, 2010	\$ 54,020	\$ 61,613	\$ 10,306	\$ 126,610
Current year set-aside requirement	108,696	108,696	-	-
Current year offsets	-	(14,871)	-	-
Qualifying cash disbursements	<u>(24,097)</u>	<u>(21,018)</u>	<u>-</u>	<u>-</u>
Total set-aside reserve balance June 30, 2011	<u>\$ 138,619</u>	<u>\$ 134,420</u>	<u>\$ 10,306</u>	<u>\$ 126,610</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ 134,420</u>	<u>\$ 10,306</u>	<u>\$ 126,610</u>

During the fiscal year ended June 30, 2010, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization (BWC Refunds)</u>	<u>Budget Reserve</u>
Set-aside reserve balance June 30, 2009 (Restated)	\$ 30,309	\$ -	\$ 10,306	\$ 124,728
Current year set-aside requirement/contribution	82,150	82,150	-	1,882
Current year offsets	-	(14,386)	-	-
Qualifying cash disbursements	<u>(58,439)</u>	<u>(6,151)</u>	<u>-</u>	<u>-</u>
Total set-aside reserve balance June 30, 2010	<u>\$ 54,020</u>	<u>\$ 61,613</u>	<u>\$ 10,306</u>	<u>\$ 126,610</u>
Balance carried forward to fiscal year 2010	<u>\$ 54,020</u>	<u>\$ 61,613</u>	<u>\$ 10,306</u>	<u>\$ 126,610</u>

Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. The balance is therefore not being presented as being carried forward to the future fiscal year.

NOTE 16 - CONTINGENT LIABILITIES

A. Grants

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2011 and 2010.

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 16 - CONTINGENT LIABILITIES - (Continued)

B. Litigation

There are currently no matters in litigation with the District as defendant.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative

The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Paulding, Putnam, Wood, Lucas, and Van Wert counties, and the cities of St. Marys and Wapakoneta. 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 NOACSC consists of two representatives from each county elected by majority vote of all charter member school districts within each county, plus one representative from the fiscal agent school district. During fiscal years 2011 and 2010, the District paid \$17,807 and \$17,098, respectively, annually to NOACSC for various services. Financial information can be obtained from Ray Burden, who serves as director, at 645 South Main Street, Lima, Ohio 45804.

Millstream Career and Technology Center

The Millstream Career Cooperative (Millstream) is a distinct political subdivision of the State of Ohio established under Section 3313.90. Millstream operates under the direction of an Advisory Council consisting of the superintendent of each participating school district and one additional representative appointed by the Findlay City District. The Putnam and Hancock Counties Educational Service Centers serve in an ex-officio capacity for all meetings. To obtain financial information write to Michael Barnhart, Treasurer, Findlay City Schools, at 227 South West Street, Findlay, Ohio 45840-3377.

NOTE 18 - MISCELLANEOUS RECEIPTS

During the fiscal year ended June 30, 2010, the District received a settlement from the building contractor in the amount of \$111,611 to settle amounts disputed with regards to roofing issues on the building.



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

Board of Education
Miller City-New Cleveland Local School District
200 N. Main Street, P.O. Box 38
Miller City, Ohio 45864

To the Members of the Board of Education:

We have audited the financial statements of the Miller City-New Cleveland Local School District as of and for the fiscal years ended June 30, 2011 and 2010, and have issued our report thereon dated October 21, 2011 wherein we noted the Miller City-New Cleveland Local School District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America, and is non-compliant with Ohio Administrative Code Section 117-2-03(B) and thus was issued an adverse opinion. 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 Miller City-New Cleveland Local School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Miller City-New Cleveland Local School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Miller City-New Cleveland Local School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Miller City-New Cleveland Local School District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of 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 internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider a significant deficiency in internal control over financial reporting. We consider finding 2011-MCNC-001 to be a significant deficiency. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board of Education
Miller City-New Cleveland Local School District

Compliance and Other Matters

As part of reasonably assuring whether the Miller City-New Cleveland Local School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2011-MCNC-002.

The Miller City-New Cleveland Local School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Miller City-New Cleveland Local School District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the Board of Education, and others within the Miller City-New Cleveland Local School District. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.
October 21, 2011

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2011-MCNC-001

Significant Deficiency - Financial Reporting

Sound financial reporting is the responsibility of the Fiscal Officer and Governing Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

During the fiscal years ended June 30, 2011 and June 30, 2010, the following adjustments were necessary to properly report the District's financial activity:

2011

- Increase proceeds from advance refunding bonds issued in the amount of \$773,740 and premium on advance refunding receipts in the amount of \$57,339, increase payment to bond escrow agent in the amount of \$796,844 and increase bond issuance costs in the amount of \$34,235 in the debt service fund to record the advance refunding of school bonds.
- Decrease debt service intergovernmental receipts and cash \$7,543 and increase General Fund intergovernmental receipts and cash \$7,543. This was to correct a misallocation of tangible personal property tax loss receipt.

2010

- Decrease debt service tax receipts and cash \$7,958 and increase Special Revenue Fund - Classroom Facilities tax receipts and cash \$7,958. This was to correct a misposting of a real estate tax receipt.
- Decrease debt service intergovernmental receipts and cash \$11,589 and increase General Fund intergovernmental receipts and cash \$11,589. This was to correct a misallocation of tangible personal property tax loss receipt.
- Restatement of budget reserve set-aside in the amount of \$124,728 to properly report amounts designated by the Board for future budgets.

Beginning Fund Balances

Decrease Special Revenue - Education Foundation cash and fund balance and increase Private Purpose Trust cash and fund balance in the amount of \$134,196. This was to restate beginning balances to more properly reflect scholarship purposes.

The District's audited financial statements and the District's records have been adjusted for the misstatements above.

Proper posting of receipts and disbursements is a crucial part of the District's financial statements. Improper posting of receipts could mislead the governing board in its decision making process.

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2011-MCNC-001 - (Continued)

To ensure the District’s financial statements and notes to the statements are complete and accurate, we recommend that the Treasurer post all transactions in accordance with the guidance established by the Uniform School Accounting System issued by the Auditor of State. Furthermore, the Board should adopt policies and procedures, including a final review of the statements and notes by the Treasurer and Board, to identify and correct errors and omissions.

Client Response: The refunding of the bonds was a unique transaction to the District. The tangible personal property tax loss allocations were not made readily available until late in fiscal year 2011. The Private Purpose Trust Funds were not re-evaluated until this audit period. In the future, the District will take a more proactive approach to research these unique situations and obtain guidance if necessary to ensure amounts are properly recorded in the future.

Finding Number	2011-MCNC-002
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Noncompliance Citation

Ohio Administrative Code §117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). However, as described in Note 2, the District prepares its financial statements on the basis of accounting in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual reports in accordance with accounting principles generally accepted in the United States of America. This basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The accompanying financial statements omit assets, liabilities, and fund equities, and disclosures that, while material, cannot be determined at this time.

The District may be fined and various other administrative remedies may be taken against the District. Also, the lack of complying with this requirement could potentially place federal funding in jeopardy.

We recommend that the District file their financial report in accordance with GAAP. The District may find it beneficial to consult with an accounting firm to assist them in compiling their financial statements in accordance with GAAP.

Client Reponse: The Board of Education and management of the District are knowledgeable concerning the required reporting format (GASB 34 / Generally Accepted Accounting Principles) and the similarities and differences from the required reporting format and the method currently incorporated by the District (Cash Basis of Accounting). District personnel considered the cost-benefit of the two reporting formats and determined reporting on the Cash Basis of Accounting format to be the more fiscally responsible format at this time.

**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT
PUTNAM COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
JUNE 30, 2011 AND 2010**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; <u>Finding no Longer Valid</u></u>
2009-001	Ohio Administrative Code §117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the District prepares its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures which are material, however, the amounts cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.	No	Repeated as finding 2011-MCNC-002



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Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Education
Miller City-New Cleveland Local School District
200 N. Main Street, P.O. Box 38
Miller City, Ohio 45864

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 procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Miller City-New Cleveland Local School District has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on September 13, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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.

Julian & Grube, Inc.
October 21, 2011



Dave Yost • Auditor of State

MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT

PUTNAM 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
JANUARY 3, 2012**