



Dave Yost • Auditor of State

**NEW MIAMI LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

New Miami Local School District
Butler County
600 Seven Mile Avenue
Hamilton, Ohio 45011

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of New Miami Local School District, Butler County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of New Miami Local School District, Butler County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and *Required budgetary comparison schedule* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

March 13, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This discussion and analysis provides key information from management highlighting the overall financial performance of the New Miami Local School District for the year ended June 30, 2013. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the School District's financial statements.

Financial Highlights

Major financial highlights for fiscal year 2013 are listed below:

- The assets of the School District exceeded its liabilities at year-end by \$13.4 million. Of this amount, \$10.0 million is invested in capital assets, net of accumulated depreciation and related debt.
- In total, net position decreased by approximately \$219,000.
- The School District had \$7.8 million in expenses related to governmental activities; only \$1.4 million of these expenses were offset by program specific charges for services, grants or contributions. General revenue of \$6.2 million, made up primarily of property and income taxes and State Foundation payments, provided the majority of funding for these programs.
- The General Fund balance decreased by \$66,491 from \$3,193,095 at June 30, 2012 to \$3,126,604 at June 30, 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 years (e.g. uncollected taxes and earned but unused vacation leave).

NEW MIAMI LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services, administration, operation and maintenance of plant, and extracurricular activities. The School District has no business-type activities.

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 School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

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 the 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 government 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 government funds and governmental activities.

The School District accounts for its activities using many individual funds. The most significant 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 School District as a whole. Some funds are required to be established by State law. Also, the School District may also establish separate funds to show that it is meeting legal requirements for using grants or other money.

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 School District's own programs.

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

Other information. In addition to basic financial statements and accompanying notes, this report also contains required supplementary information regarding the budget of the General Fund.

NEW MIAMI LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A. Net Position at year-end

The following table presents a condensed summary of the School District's overall financial position at June 30, 2013 and 2012:

		<u>FY2013</u>	<u>FY2012</u>
Current and other assets	\$	5,877,577	5,744,272
Capital assets		<u>11,530,405</u>	<u>11,910,107</u>
Total assets		<u>17,407,982</u>	<u>17,654,379</u>
Long-term liabilities		1,977,524	2,128,895
Other liabilities		<u>2,030,241</u>	<u>1,906,080</u>
Total liabilities		<u>4,007,765</u>	<u>4,034,975</u>
Net position:			
Net investment in capital assets		10,011,472	10,263,917
Restricted:			
For capital purposes		13,775	13,775
For debt service		108,219	108,871
For other purposes		259,816	163,522
Unrestricted		<u>3,006,935</u>	<u>3,069,319</u>
Total net position	\$	<u>13,400,217</u>	<u>13,619,404</u>

A significant portion of the School District's net position (75%) reflects its investment in capital assets, less any related debt to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The balance of unrestricted net position (\$3,006,935) may be used to meet the government's ongoing obligations to citizens and creditors.

Total assets decreased by approximately 1%, while total liabilities decreased by less than 1%. The School District did not have any large capital additions during the fiscal year and the decrease in capital assets is a result of the annual depreciation expense and minor disposals. In fiscal year 2013, the School District's total liabilities decreased mainly due to annual debt service payments.

NEW MIAMI LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited

B. Governmental Activities during fiscal year 2013

The following table presents a condensed summary of the School District's activities during fiscal year 2013 and 2012 and the resulting change in net position:

	<u>FY2013</u>	<u>FY2012</u>
Revenues:		
Program revenues:		
Charges for services and sales	\$ 94,152	117,136
Operating grants and contributions	1,341,057	1,302,847
Total program revenues	<u>1,435,209</u>	<u>1,419,983</u>
General revenues:		
Property and income taxes	1,510,325	1,486,338
Grants and entitlements	4,564,024	4,610,895
Investment earnings	2,182	3,677
Miscellaneous	81,187	159,431
Total general revenues	<u>6,157,718</u>	<u>6,260,341</u>
Total revenues	<u>7,592,927</u>	<u>7,680,324</u>
Expenses:		
Instruction	4,148,949	4,108,687
Support services:		
Pupil	378,351	340,976
Instructional staff	183,081	252,789
Board of Education	35,864	52,035
Administration	795,560	834,679
Fiscal	193,888	193,909
Business	13,008	35,639
Operation and maintenance of plant	852,340	790,550
Pupil transportation	483,350	465,318
Non-instructional services	149,495	144,244
Interest and fiscal charges	99,449	94,956
Food services	478,779	502,693
Total expenses	<u>7,812,114</u>	<u>7,816,475</u>
Change in net position	\$ <u>(219,187)</u>	<u>(136,151)</u>

NEW MIAMI LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited

Of the total governmental activities revenues of \$7,592,927, \$1,435,209 (19%) is from program revenue. This means that the School District relied on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, 25% (\$1,510,325) comes from property and income taxes and 74% (\$4,564,024) is from state funding. The School District's operations are reliant upon its property and income taxes and the State's foundation program.

In total, net position of the School District decreased by \$219,187, or approximately 2%. Total revenues only decreased approximately 1% during the year, while expenses were virtually flat.

Governmental Activities

The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 18% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$4,148,949 but program revenue contributed to fund 18% of those costs. Thus, general revenues of \$3,407,549 were used to support of remainder of the instruction costs.

Governmental Activities

		Total Cost of Services	Program Revenue	Revenues as a % of Total Costs	Net Cost of Services
Instruction	\$	4,148,949	741,400	18%	3,407,549
Support services		2,935,442	161,486	6%	2,773,956
Non-instructional services		149,495	53,410	36%	96,085
Food services		478,779	478,913	100%	(134)
Interest and fiscal charges		99,449	-	0%	99,449
Total	\$	<u>7,812,114</u>	<u>1,435,209</u>	<u>18%</u>	<u>6,376,905</u>

**NEW MIAMI LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS

Governmental funds

The School District's only major governmental fund was the General Fund.

Assets of the General Fund comprise \$4,984,393 (85%) of the total \$5,851,731 governmental funds' assets. Fund balance at June 30, 2013 was \$3,126,604, with a fund balance of \$3,096,122 assigned to the subsequent year's appropriations. The General Fund experienced a \$66,491 decrease in fund balance, due in part to revenues declining 2%, mostly in real estate and income taxes, and a 4% increase in expenditures. The School District received its final allocations of Education Jobs and Fiscal Stabilization monies in fiscal year 2012, which were used to pay for instruction and benefits. The General Fund had to fund these expenditures in fiscal year 2013.

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedule comparing the School District's original and final budgets and actual results is included in the required supplementary information. Overall, General Fund expenditures came in \$448,000 under the final budget due to conservative budgeting and reaching an agreement to keep contracted transportation flat.

Significant differences between the actual and final budgets exist due to the School District's budget methodology. The School District's budget is passed with expenditures and other uses equal to the estimated available resources. Thus, the School District "over budgets" expenditures and budgets for contingencies.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At June 30, 2013, the School District had invested in a broad range of capital assets, including land, buildings and equipment. During fiscal year 2013, the School District acquired equipment of approximately \$75,000, while also disposing of equipment with an original cost of approximately \$23,000. See Note 5 to the financial statements for more detail.

**Capital Assets at Year-End
(Net of Depreciation)**

		<u>FY2013</u>	<u>FY2012</u>
Land	\$	428,932	428,932
Buildings and improvements		10,705,604	10,980,057
Equipment and furniture		<u>395,869</u>	<u>501,118</u>
Total	\$	<u>11,530,405</u>	<u>11,910,107</u>

NEW MIAMI LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited

Debt

During the year ended June 30, 2013, the School District made its regularly scheduled payments for general obligation bonds and leases. The total amount outstanding on bonds and leases was \$1,518,930 as of June 30, 2013. See Notes 11 and 13 to the financial statements for more detail.

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's office at the New Miami Local School District, 600 Seven Mile Avenue, Hamilton, Ohio 45011.

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NEW MIAMI LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2013

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash	\$ 4,163,183
Receivables:	
Taxes	1,540,031
Accounts	14,996
Intergovernmental	121,396
Supplies inventory	9,259
Deferred charges	28,712
Nondepreciable capital assets	428,932
Depreciable capital assets, net	<u>11,101,473</u>
Total assets	<u>17,407,982</u>
Liabilities:	
Accounts payable	71,233
Accrued wages and benefits	675,062
Intergovernmental payable	118,261
Unearned revenue	1,161,903
Accrued interest payable	3,782
Noncurrent liabilities:	
Due within one year	150,734
Due within more than one year	<u>1,826,790</u>
Total liabilities	<u>4,007,765</u>
Net Position:	
Net investment in capital assets	10,011,472
Restricted for:	
Capital projects	13,775
Debt service	108,219
Other purposes	259,816
Unrestricted	<u>3,006,935</u>
Total net position	<u>\$ 13,400,217</u>

See accompanying notes to the basic financial statements.

NEW MIAMI LOCAL SCHOOL DISTRICT

Statement of Activities
Year Ended June 30, 2013

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 3,447,447	7,336	586,035	\$ (2,854,076)
Special education	657,755	-	148,029	(509,726)
Other	43,747	-	-	(43,747)
Support services:				
Pupil	378,351	-	2,980	(375,371)
Instructional staff	183,081	-	45,417	(137,664)
Board of Education	35,864	-	-	(35,864)
Administration	795,560	-	78,232	(717,328)
Fiscal	193,888	-	-	(193,888)
Business	13,008	-	-	(13,008)
Operation and maintenance of plant	852,340	-	34,857	(817,483)
Pupil transportation	483,350	-	-	(483,350)
Non-instructional services:				
Extracurricular activities	149,495	53,410	-	(96,085)
Food service	478,779	33,406	445,507	134
Interest on long-term debt	99,449	-	-	(99,449)
Total Governmental Activities	\$ 7,812,114	94,152	1,341,057	(6,376,905)

General Revenues:

Property taxes, levied for general purposes	906,794
Property taxes, levied for debt services	117,941
Property taxes, levied for capital maintenance	16,606
Income taxes	468,984
Grants and entitlements not restricted to specific programs	4,564,024
Investment earnings	2,182
Miscellaneous	81,187
Total general revenues	6,157,718
Change in net position	(219,187)
Net position beginning of year	13,619,404
Net position end of year	\$ 13,400,217

See accompanying notes to the basic financial statements.

NEW MIAMI LOCAL SCHOOL DISTRICT

Balance Sheet
 Governmental Funds
 June 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash	\$ 3,611,675	551,508	4,163,183
Receivables:			
Taxes	1,351,088	188,943	1,540,031
Accounts	14,527	469	14,996
Intergovernmental	2,899	118,497	121,396
Materials and supplies inventory	1,338	7,921	9,259
Interfund receivable	2,866	-	2,866
Total assets	<u>4,984,393</u>	<u>867,338</u>	<u>5,851,731</u>
Liabilities:			
Accounts payable	59,867	11,366	71,233
Accrued wages and benefits	545,112	129,950	675,062
Intergovernmental payable	111,499	6,762	118,261
Interfund payable	-	2,866	2,866
Compensated absences payable	-	850	850
Deferred revenue	1,141,311	229,307	1,370,618
Total liabilities	<u>1,857,789</u>	<u>381,101</u>	<u>2,238,890</u>
Fund Balances:			
Nonspendable	1,338	7,921	9,259
Restricted	-	537,852	537,852
Assigned	3,119,704	-	3,119,704
Unassigned	5,562	(59,536)	(53,974)
Total fund balances	<u>3,126,604</u>	<u>486,237</u>	<u>3,612,841</u>
Total liabilities and fund balances	<u>\$ 4,984,393</u>	<u>867,338</u>	<u>5,851,731</u>

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2013

Total Governmental Fund Balances \$ 3,612,841

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 11,530,405

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

General obligation bonds	1,224,885	
Premium on refunding bonds	89,490	
Deferred amount on refunding bonds	(60,775)	
Accreted interest on bonds	218,757	
Compensated absences	210,272	
Lease-purchase agreement	229,000	
Capital lease	65,045	
Accrued interest payable	<u>3,782</u>	
Total		(1,980,456)

Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds. 208,715

Bond issuance costs that are recorded as deferred charges and amortized over life of the bonds on the Statement of Net Position but recorded as an expenditure in the funds in the year of issuance. 28,712

Net Position of Governmental Activities \$ 13,400,217

NEW MIAMI LOCAL SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 1,390,106	145,018	1,535,124
Tuition and fees	7,336	-	7,336
Interest	2,182	-	2,182
Intergovernmental	4,558,907	1,316,239	5,875,146
Charges for services	-	32,826	32,826
Other local revenues	78,124	57,260	135,384
Total revenues	<u>6,036,655</u>	<u>1,551,343</u>	<u>7,587,998</u>
Expenditures:			
Current:			
Instruction:			
Regular	2,558,538	512,832	3,071,370
Special education	503,221	137,433	640,654
Other instruction	43,747	-	43,747
Support services:			
Pupil	358,782	6,697	365,479
Instructional staff	145,667	42,424	188,091
Board of Education	35,864	-	35,864
Administration	732,490	63,149	795,639
Fiscal	189,650	-	189,650
Business	13,008	-	13,008
Operation and maintenance of plant	843,039	2,500	845,539
Pupil transportation	483,350	-	483,350
Non-instructional services:			
Extracurricular activities	99,478	50,017	149,495
Food services	-	482,193	482,193
Debt Service:			
Principal	35,664	91,593	127,257
Interest and fiscal charges	2,533	127,995	130,528
Total expenditures	<u>6,045,031</u>	<u>1,517,195</u>	<u>7,562,226</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,376)</u>	<u>34,148</u>	<u>25,772</u>
Other financing sources (uses):			
Transfers in	-	58,115	58,115
Transfers out	(58,115)	-	(58,115)
Total other financing sources (uses):	<u>(58,115)</u>	<u>58,115</u>	<u>-</u>
Net change in fund balance	(66,491)	92,263	25,772
Fund balance, beginning of year	3,193,095	393,974	3,587,069
Fund balance, end of year	\$ <u>3,126,604</u>	<u>486,237</u>	<u>3,612,841</u>

See accompanying notes to the basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds	\$	25,772
<p>Amounts reported for governmental activities in the statement of activities are different because</p>		
<p>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.</p>		
Capital outlay		74,530
Depreciation expense		(453,445)
<p>Losses on the sale of capital assets are reported on the statement of activities while only the proceeds are reported in the governmental funds.</p>		
		(787)
<p>Repayment of bond, lease-purchase and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		127,257
<p>In the statement of activities, interest is accrued and accreted on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p>		
		31,079
<p>Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
		(28,729)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		<u>5,136</u>
 Change in Net Position of Governmental Activities	 \$	 <u><u>(219,187)</u></u>

NEW MIAMI LOCAL SCHOOL DISTRICT

Statement of Net Position

Fiduciary Funds

June 30, 2013

	Private Purpose Trusts	Agency Funds
ASSETS		
Equity in pooled cash	\$ 24,560	16,495
Total assets	<u>24,560</u>	<u>16,495</u>
LIABILITIES		
Accounts payable	9,747	-
Due to student groups	-	16,495
Total liabilities	<u>9,747</u>	<u>16,495</u>
NET POSITION		
Held in trust	\$ <u>14,813</u>	

See accompanying notes to the basic financial statements.

NEW MIAMI LOCAL SCHOOL DISTRICT

Statement of Changes in Net Position

Fiduciary Funds

Year Ended June 30, 2013

	<u>Private Purpose Trusts</u>
Additions:	
Contributions	\$ <u>2,105</u>
Total additions	<u>2,105</u>
Deductions:	
Community gifts, awards and scholarships	<u>11,453</u>
Total deductions	<u>11,453</u>
Change in net position	(9,348)
Net position, beginning of year	<u>24,161</u>
Net position, end of year	\$ <u><u>14,813</u></u>

See accompanying notes to the basic financial statements.

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The School District provides education for New Miami, City View Heights, Overpeck and Williamsdale. The School District was chartered in 1937 and currently operates one elementary school (K-6) and one junior-senior high school (7-12) with a total enrollment of approximately 770 students. The School District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The reporting entity is comprised of the primary government. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. This includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District is associated with three organizations; two of which are defined as a jointly governed organization and one is an insurance purchasing pool. These organizations include the Butler Technology and Career Development Schools, the Southwestern Ohio Computer Association, and the Butler Health Plan. These organizations are presented in Notes 15 and 16 to the basic financial statements.

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

B. Basis of Presentation

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District has no business-type activities.

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fund Financial Statements Fund financial statements report detailed information about the School District. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. 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 fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

C. Fund Accounting

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are grouped into the categories governmental and fiduciary.

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

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

Fiduciary funds report on net position and changes in net position. The School District's fiduciary funds consist of private-purpose trust funds and agency funds. The School District's private-purpose trust funds account for scholarship programs for students. Agency funds used by the School District to account for student activities are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made. The modified accrual basis of accounting is used by the governmental funds. On a modified accrual basis, revenues are recorded when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end. Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, income taxes, interest, tuition, student fees, and grants.

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

D. Basis of Accounting – *continued*

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable except for unmatured principal and interest on general long-term debt as well as expenditures related to compensated absences which are recognized when due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

Government-wide financial statements are prepared using the accrual basis of accounting. Also, fiduciary funds utilize accrual accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues - Exchange and Non-exchange transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the School District receives value without directly giving value in return, include property and income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes were levied.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned/Deferred Revenue Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes measurable as of June 30, 2013, which are intended to finance fiscal year 2014 operations, have been recorded as unearned revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

E. Cash

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash" on the balance sheet.

The Governmental Accounting Standards Board Statement No. 31 (GASB 31), "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", requires that investments be recorded at their fair value and that changes in the fair value be reported in the operating statement.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to agency funds, certain trust funds, and those other funds individually authorized by Board resolution. Interest earnings are allocated to these funds based on average monthly cash balance.

F. Inventory

All inventories are valued at cost determined on a first-in, first-out basis. Inventory in governmental funds are recorded as expenditures in the governmental fund types when used.

G. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. The School District defines capital assets as those with an individual cost of more than \$250 and an estimated useful life in excess of one year. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

G. Capital Assets – *continued*

All reported capital assets except land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	50 years
Building improvements	20 - 25 years
Equipment and furniture	7-20 years

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method.

The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that has matured, for example, as a result of employee resignations and retirements.

I. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources with the exception of compensated absences as noted above.

J. Interfund Transactions

On fund financials, receivables and payables resulting from short-term interfund loans are classified as "interfund receivable/payable." These amounts are eliminated in the governmental activities column of the statement of net position.

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

K. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact. The “not in a spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The School District does not currently have any committed fund balances.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

K. Fund Balance – *continued*

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

L. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 position is 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.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

M. Estimates

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

N. Fund Deficit

At June 30, 2013, the following funds have a deficit fund balance:

Other Governmental Funds:	
Food Service	\$ 32,030
Public School Preschool	1,026
Special Education	13,329
Title I	13,151

The deficit fund balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

2. DEPOSITS

State statutes classify 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board 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 deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies that 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 pass book accounts. Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies are permitted to 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 the federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. 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; and
6. The State Treasurer's investment pool (STAROhio).

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

2. DEPOSITS – *continued*

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and amended by GASB Statement No. 40 "Deposit and Investment Risk Disclosures".

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a custodial credit risk policy. At year-end, \$4,119,490 of the School District's bank balance of \$4,369,490 was exposed to custodial credit risk since it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

3. INCOME TAXES

Effective in 1990, the voters of the School District passed a 1% school income tax on wages earned by residents of the School District. The taxes are collected by the State Department of Taxation in the same manner as the state income tax. In the fiscal year ended June 30, 2013, the School District recorded income tax revenue of \$468,984 in the entity-wide financials and a receivable as of June 30, 2013 of \$193,049.

4. PROPERTY TAXES

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

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

4. PROPERTY TAXES – *continued*

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of the prior January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property taxes revenue received in calendar year 2013 represent collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012 and are collected in calendar year 2013 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Butler County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013 are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes, which became measurable as of June 30, 2013. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

The amount available as an advance at June 30, 2013, was \$54,728 in the General Fund, and \$6,444 in Other Governmental Funds. The assessed values upon which fiscal year 2013 taxes were collected are:

	<u>2012 Second Half Collections</u>		<u>2013 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 46,287,070	94.41%	45,875,270	94.53%
Public Utilities Personal	<u>2,738,140</u>	5.59%	<u>2,654,110</u>	5.47%
Total Assessed Value	\$ <u><u>49,025,210</u></u>	100.00%	<u><u>48,529,380</u></u>	100.00%

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance 7/1/12	Additions	Disposals	Balance 6/30/13
Governmental Activities				
Nondepreciable:				
Land	\$ 428,932	-	-	428,932
Depreciable:				
Buildings and improvements	13,722,653	-	-	13,722,653
Equipment and furniture	<u>1,847,267</u>	<u>74,530</u>	<u>(22,621)</u>	<u>1,899,176</u>
Subtotal	<u>15,569,920</u>	<u>74,530</u>	<u>(22,621)</u>	<u>15,621,829</u>
Totals at historical cost	<u>15,998,852</u>	<u>74,530</u>	<u>(22,621)</u>	<u>16,050,761</u>
Less accumulated depreciation:				
Buildings and improvements	2,742,596	274,453	-	3,017,049
Equipment and furniture	<u>1,346,149</u>	<u>178,992</u>	<u>(21,834)</u>	<u>1,503,307</u>
Total accumulated depreciation	<u>4,088,745</u>	<u>453,445</u>	<u>(21,834)</u>	<u>4,520,356</u>
Capital assets, net	\$ <u>11,910,107</u>	<u>(378,915)</u>	<u>(787)</u>	<u>11,530,405</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 444,698
Support services:	
Administration	512
Operation and maintenance of plant	6,439
Food services	<u>1,796</u>
Total depreciation expense	\$ <u>453,445</u>

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

6. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2013 consisted of the following interfund receivables/payables and transfers in/out:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General fund	\$ 2,866	-	-	58,115
Other governmental funds	-	2,866	58,115	-
	<u>\$ 2,866</u>	<u>2,866</u>	<u>58,115</u>	<u>58,115</u>

The interfund loans were made to provide operating capital. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

7. RISK MANAGEMENT

The School 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. During fiscal year 2013, the School District maintained comprehensive insurance coverage with private carriers for real property, building contents, vehicles and general liability coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There was no significant reduction in coverage from the prior year.

For fiscal year 2013, the School District participated in the Butler Health Plan, a group insurance purchasing pool, in order to provide dental, life, medical, and disability benefits to employees, their dependents and designated beneficiaries and to set aside funds for such purposes. The Plan provides insurance policies in whole or in part through one or more group insurance policies.

8. PENSION PLANS

School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per 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 can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

8. PENSION PLANS – *continued*

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by, the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate amount the four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10%. The remaining 0.90% of the 14% employer contribution rate was allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$83,000, \$77,000 and \$84,000, respectively, which equaled the required contributions each year.

State Teachers Retirement System

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

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan.

Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a bi-weekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan benefits are established under Chapter 3307 of the Ohio Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years.

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

8. PENSION PLANS – *continued*

The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchase credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service credit over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final years will be calculated at 2.5% instead of 2.2%.

Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan benefits are established under Sections 3307.80 to 3307.89 of the Ohio Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. 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.

Under the Combined Plan, member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants. The DB and Combined plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians’ fees, prescription drugs, and partial reimbursements of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

8. PENSION PLANS – *continued*

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouse and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage of up to \$2,000 can be purchased by participants in the DB, DC, or Combined Plans. Various other benefits are available to members' beneficiaries.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14%. Contribution rates are established by STRS Ohio, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions to STRS Ohio for the years ended June 30, 2013, 2012, and 2011 were approximately \$423,000, \$428,000, and \$438,000, respectively. For 2013, 87% has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

Social Security System

All employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2013 members of the Board of Education have elected social security. The School District's liability is 6.2% of wages paid.

9. POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by state statute.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for years ended June 30, 2013, 2012, and 2011. The 14% employer contribution rate is the maximum rate established under Ohio law. The School District's contributions to STRS Ohio allocated to post-employment health care for the years ended June 30, 2013, 2012, and 2011 were approximately \$30,000, \$31,000 and \$31,000, respectively. For 2013, 87% has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

9. POSTEMPLOYMENT BENEFITS – *continued*

SERS administers two postemployment benefit plans:

Medicare Part B Plan - The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. 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 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation was 0.74%. The School District contributions for the years ended June 30, 2013, 2012, and 2011 were approximately \$4,000, \$4,000, and \$5,000, respectively, which equaled the required contributions each year.

Health Care Plan - ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health care plan or program. SERS offers several types of health plans from various vendors, 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 ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2013, the health care allocation was 0.16%. 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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions assigned to health care for the years ended June 30, 2013, 2012, and 2011 were approximately \$1,000, \$3,000, and \$9,000, respectively, which equaled the required contributions for each year.

The SERS 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.

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

10. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave are derived from negotiated agreements and State laws. Classified employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. All employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to maximum of 200 days for classified employees and teachers, and 253 days for administrators. Upon retirement, classified employee can receive payment for 25% of accrued, but unused sick leave up to a maximum of 50 days; teachers and administrators can receive payment for 30% of accrued, but unused sick leave up to a maximum of 55 days.

11. LONG-TERM OBLIGATIONS

The changes in the School District's long-term liabilities during fiscal year 2013 were as follows:

	Principal Outstanding 7/1/12	Additions	Deletions	Principal Outstanding 6/30/13	Due Within One Year
Series 2000 improvement bonds	\$ 108,481	-	(38,593)	69,888	36,048
Series 2010 refunding bonds	1,174,997	-	(20,000)	1,154,997	25,000
Premium on refunding bonds	98,910	-	(9,420)	89,490	-
Deferred amount on refunding	(67,173)	-	6,398	(60,775)	-
Accreted interest on bonds	249,692	50,472	(81,407)	218,757	-
Lease-purchase agreements	262,000	-	(33,000)	229,000	34,000
Capital lease	100,709	-	(35,664)	65,045	36,748
Compensated absences	201,279	47,715	(37,872)	211,122	18,938
	<u>\$ 2,128,895</u>	<u>98,187</u>	<u>(249,558)</u>	<u>1,977,524</u>	<u>150,734</u>

On July 14, 2000, the School District issued voted Series 2000 general obligation school improvement bonds for the purpose of construction of a new building and improvements to the junior/senior high school building. The bonds were issued at interest rates ranging from 4.55% to 6% for a twenty-two year period with final maturity at December 1, 2022. On May 24, 2010, the School District issued Series 2010 school improvement refunding bonds to advance refund \$1,235,000 of the Series 2000 bonds. These bonds were issued at interest rates between 2.1% to 3.8% for a twelve and one-half year period with final maturity at December 1, 2022 and will be retired from the debt service fund.

On August 13, 2009, the School District entered into a lease-purchase agreement in the amount of \$124,000 for football bleachers through the Ohio Association of School Business Official's Leased Asset Program. The payments are made from the debt service fund and will mature in December 2018.

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

11. LONG-TERM OBLIGATIONS – *continued*

In March 2004, the School District entered into a lease-purchase agreement in the amount of \$306,000 for school improvements through the Ohio Association of School Business Official's Leased Asset Program. The payments are made from the debt service fund and will mature in December 2018.

All general obligation debt is supported by the full faith and credit of the School District. Compensated absences will be paid from the fund from which the employees' salaries are paid, typically the General Fund. The School District's voted legal debt margin was \$3,142,759 with an unvoted debt margin of \$48,529 at June 30, 2013.

Principal and interest requirements to retire Series 2000 and 2010 bonds at June 30, 2013 are:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$ 61,048	119,452	180,500
2015	58,840	121,135	179,975
2016	65,503	119,209	184,712
2017	54,494	125,218	179,712
2018	150,000	32,462	182,462
2019-2023	835,000	79,062	914,062
Total	\$ <u>1,224,885</u>	<u>596,538</u>	<u>1,821,423</u>

Principal and interest requirements to retire the lease-purchase agreements at June 30, 2013 are:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$ 34,000	8,935	42,935
2015	36,000	7,501	43,501
2016	37,000	5,974	42,974
2017	39,000	4,362	43,362
2018	40,000	2,673	42,673
2019	43,000	907	43,907
Total	\$ <u>229,000</u>	<u>30,352</u>	<u>259,352</u>

12. PRIOR YEAR DEFEASANCE OF DEBT

In prior years, the School District defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and the liability for the defeased bonds are not included on the School District's financial statements. On June 30, 2013, \$1,235,000 of bonds are considered defeased.

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

13. CAPITAL LEASES – LESSEE DISCLOSURE

On March 29, 2010, the District entered into a lease agreement for the use of five copiers. Assets acquired under these leases were \$177,150. The lease meets the criteria of a capital lease as defined by generally accepted accounting principles. In the case of the copier lease, the term is sixty months. Capital lease payments have been reflected as debt service expenditures. The following is a schedule of the future minimum lease payments for the capital leases, and the present value of the future minimum lease payments at June 30, 2013:

	Year Ending June 30	
	2014	\$ 38,197
	2015	<u>28,653</u>
Total Future Minimum Lease Payments		66,850
Less: Amount Representing Interest		<u>1,805</u>
Present Value of Future Minimum Lease Payments		<u>\$ 65,045</u>

14. FUND BALANCES

Fund balance is classified as nonspendable, restricted, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Other Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>			
Inventory	\$ 1,338	7,921	9,259
<i>Restricted for</i>			
Private Grants and Donations	-	19,810	19,810
Classroom Facilities Maintenance	-	160,661	160,661
Athletics	-	2,689	2,689
State Grant Programs	-	236	236
Federal Grant Programs	-	19,539	19,539
Debt Service Payments	-	321,142	321,142
Capital Improvements	-	13,775	13,775
<i>Total Restricted</i>	<u>-</u>	<u>537,852</u>	<u>537,852</u>
<i>Assigned to</i>			
Public School Support	23,582	-	23,582
Budget Resource	3,096,122	-	3,096,122
<i>Total Assigned</i>	<u>3,119,704</u>	<u>-</u>	<u>3,119,704</u>
<i>Unassigned (Deficit)</i>	<u>5,562</u>	<u>(59,536)</u>	<u>(53,974)</u>
<i>Total Fund Balance</i>	<u>\$ 3,126,604</u>	<u>486,237</u>	<u>3,612,841</u>

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

15. INSURANCE PURCHASING POOL

Butler Health Plan

The School District participates in the Butler Health Plan, an insurance purchasing pool, formed to provide affordable and desirable dental, life, medical, and other disability group insurance for member's employees, eligible dependents and designated beneficiaries. The Board of Directors consists of one representative from each of the participating members and is elected by the vote of a majority of the member school districts. Financial information can be obtained from Butler Health Plan at P. O. Box 526, Middletown, Ohio 45042.

16. JOINTLY GOVERNED ORGANIZATIONS

Butler Technology and Career Development Schools

The Butler Technology and Career Development Schools (Butler Tech), a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school districts' elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. Butler Tech was formed for the purpose of providing vocational education opportunities to the students of the member school districts which includes the students of the School District. The School District has no ongoing financial interest in nor responsibility for Butler Tech. To obtain financial information, write to Butler Tech, at 3603 Hamilton-Middletown, Hamilton, Ohio 45011.

Southwestern Ohio Computer Association

The Southwestern Ohio Computer Association (SWOCA) 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 districts. Each of the member schools of the three county consortiums supports SWOCA based upon per pupil charge dependent upon the software package utilized. SWOCA is governed by a board of directors consisting of the superintendents and treasurers of member school districts. The degree of control exercised by any participating School District is limited to its representation on the Board. To obtain financial information, write to SWOCA, at 3603 Hamilton-Middletown, Hamilton, Ohio 45011.

17. CONTINGENCIES

Litigation

The School District's attorney estimates that potential claims against the School District from legal proceedings would not materially affect the financial statements of the School District.

State and Federal Funding

The School 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 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, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

NEW MIAMI LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

18. REQUIRED SET-ASIDES

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

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

	<u>Capital</u> <u>Improvements</u>
Set-aside reserve balance as of June 30, 2012	\$ -
Current year set-aside requirement	126,848
Current year qualifying expenditures	(349,760)
Current year offsets	<u>(47,311)</u>
Total	\$ <u><u>(270,223)</u></u>
Balance carried forward to fiscal year 2014	\$ <u><u>-</u></u>

Excess qualified expenditures for capital improvements do not carry forward.

19. CHANGE IN ACCOUNTING PRINCIPLES

The School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62 incorporates Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants' (AICPA) accounting and financial reporting guidance issued on or before November 30, 1989 into GASB authoritative literature. GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position.

NEW MIAMI LOCAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund

Balance - Budget and Actual (Non-GAAP Budgetary Basis)

General Fund

Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes	\$ 1,388,000	1,356,093	1,356,093	-
Interest	4,000	2,198	2,179	(19)
Intergovernmental	4,695,750	4,557,342	4,565,839	8,497
Other local revenues	7,400	27,774	27,774	-
Total revenues	<u>6,095,150</u>	<u>5,943,407</u>	<u>5,951,885</u>	<u>8,478</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,588,503	2,663,804	2,578,882	84,922
Special education	524,996	558,396	489,214	69,182
Other instruction	37,300	43,580	43,550	30
Support services:				
Pupil	362,658	366,458	357,573	8,885
Instructional staff	249,420	249,420	151,399	98,021
Board of Education	53,625	53,625	36,588	17,037
Administration	752,454	759,304	721,326	37,978
Fiscal	218,370	218,370	191,659	26,711
Business	20,000	28,200	18,732	9,468
Operation and maintenance of plant	805,750	834,351	829,611	4,740
Pupil transportation	514,000	571,000	488,674	82,326
Non-instructional services:				
Extracurricular activities	107,250	107,250	98,483	8,767
Total expenditures	<u>6,234,326</u>	<u>6,453,758</u>	<u>6,005,691</u>	<u>448,067</u>
Excess of revenues over expenditures	(139,176)	(510,351)	(53,806)	456,545
Other financing sources (uses):				
Transfers out	(70,000)	(70,000)	(58,115)	11,885
Advances in	30,000	28,152	28,152	-
Advances out	(10,000)	(10,000)	(1,465)	8,535
Other uses	(3,445,076)	(3,094,037)	-	3,094,037
Other sources	15,289	37,273	37,273	-
Total other financing sources (uses):	<u>(3,479,787)</u>	<u>(3,108,612)</u>	<u>5,845</u>	<u>3,114,457</u>
Net change in fund balance	(3,618,963)	(3,618,963)	(47,961)	3,571,002
Fund balance, beginning of year	3,609,579	3,609,579	3,609,579	
Prior year encumbrances appropriated	9,384	9,384	9,384	
Fund balance, end of year	\$ -	-	<u>3,571,002</u>	

See accompanying notes to required supplementary information.

NEW MIAMI LOCAL SCHOOL DISTRICT

Notes to Required Supplementary Information
Year Ended June 30, 2013

Note A Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

Certain funds accounted for as separate funds internally with legally adopted budgets (budget basis) do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Encumbrances are treated as expenditures for all funds (budget basis) rather than as an expenditure when liquidated (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP statements and the budgetary basis schedule:

Net change in fund balance - GAAP Basis	\$	<u>(66,491)</u>
Increase / (decrease):		
Due to inclusion of Uniform School Supply Fund		(5,650)
Due to inclusion of Rotary Fund		16
Due to inclusion of Public School Support Fund		(3,389)
Due to revenues		(64,874)
Due to expenditures		39,437
Due to other sources (uses)		63,960
Due to encumbrances		<u>(10,970)</u>
Net change in fund balance - Budget Basis	\$	<u>(47,961)</u>

**NEW MIAMI LOCAL SCHOOL
BUTLER COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution)"						
National School Lunch Program	2013	10.555	0	\$22,536	0	\$22,536
Cash Assistance:						
National School Lunch Program	2013	10.555	\$280,740	0	\$280,740	0
National School Breakfast Program	2013	10.553	133,662	0	133,662	0
Total Child Nutrition Cluster			414,402	22,536	414,402	22,536
Total U.S. Department of Agriculture			414,402	22,536	414,402	22,536
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Special Education Cluster:						
Special Education Grants to States	2013	84.027	158,741	0	149,734	0
Special Education Grants to States	2012	84.027	0	0	3,238	0
Total Special Education Grants to States			158,741	0	152,972	0
Special Education - Preschool Grants	2013	84.173	2,980	0	2,980	0
Total Special Education Cluster			161,721	0	155,952	0
Title I Grants to Local Educational Agencies	2013	84.010	283,005	0	267,371	0
Title I Grants to Local Educational Agencies	2012	84.010	33,645	0	48,961	0
			316,650	0	316,332	0
Title II-A Improving Teacher Quality State Grants	2013	84.367	42,683	0	42,683	0
ARRA - Ohio Teachers Incentive Fund	2013	84.385	144,280	0	124,535	0
ARRA - Ohio Teachers Incentive Fund	2012	84.385	11,940	0	3,023	0
			156,220	0	127,558	0
Education Jobs	2012	84.410	3,562	0	6,165	0
Total U.S. Department of Education			680,836	0	648,690	0
Total Federal Awards Receipts and Expenditures			\$1,095,238	\$22,536	\$1,063,092	\$22,536

The accompanying notes are an integral part of this schedule.

**NEW MIAMI LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the New Miami Local School District's (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

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

New Miami Local School District
Butler County
600 Seven Mile Avenue
Hamilton, Ohio 45011

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of New Miami Local School District, Butler County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 13, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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 we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

March 13, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

New Miami Local School District
Butler County
600 Seven Mile Avenue
Hamilton, Ohio 45011

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the New Miami Local School District, Butler County, Ohio's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the New Miami Local School District's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the New Miami Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

March 13, 2014

**NEW MIAMI LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
YEAR ENDED JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Child Nutrition Cluster: CFDA #10.555: National School Lunch Program CFDA #10.553: National School Breakfast Program CFDA #84.385: Ohio Teachers Incentive Fund
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

New Miami Local School District
Butler County
600 Seven Mile Avenue
New Miami, Ohio 45011

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 [insert name of school district] (the District [replace with School for community schools]) 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 November 18, 2010 to include prohibiting harassment, intimidation, or bullying of any student "on a school vehicle" or by an "electronic act."

Ohio Rev. Code Section 3313.666 required the Board to amend its policy by November 4, 2012.

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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

Columbus, Ohio

March 13, 2014

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577
www.ohioauditor.gov

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Dave Yost • Auditor of State

NEW MIAMI LOCAL SCHOOL DISTRICT

BUTLER 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
APRIL 1, 2014**