

Minford Local School District
Scioto County, Ohio

Single Audit

July 1, 2007 through June 30, 2008
Fiscal Years Audited Under GAGAS: 2008



Balestra, Harr & Scherer, CPAs, Inc.

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639



Mary Taylor, CPA
Auditor of State

Members of the Board
Minford Local School District
P. O. Box 204
Minford, Ohio 45653

We have reviewed the *Independent Auditor's Report* of the Minford Local School District, Scioto County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 30, 2009

This Page is Intentionally Left Blank.

MINFORD LOCAL SCHOOL DISTRICT
Table of Contents

TITLE	PAGE
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government – Wide Financial Statements:	
Statement of Net Assets.....	9
Statement of Activities.....	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	11
Reconciliation of Total Governmental Fund Balances To Net Assets of Governmental Activities.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	14
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund.....	15
Statement of Fiduciary Net Assets – Agency Fund.....	16
Notes to the Basic Financial Statements.....	17
Schedule of Federal Awards Receipts and Expenditures.....	39
Notes to the Schedule of Federal Awards Receipts and Expenditures.....	40
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with <i>Government Auditing Standards</i>	41
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.....	43
Schedule of Findings – OMB Circular A-133 § 505.....	45

BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Members of the Board
Minford Local School District
P.O. Box 204
Minford, Ohio 45653

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Minford Local School District (the School District), Scioto County, as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2008, and the respective changes in financial position thereof, and the respective budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

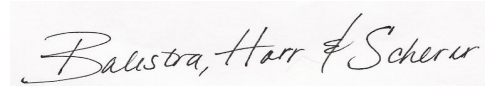
In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2009 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The schedule of federal awards receipts and expenditures is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of federal awards receipts and expenditures has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Members of the Board
Minford Local School District
Independent Auditor's Report
Page 2

As described in Note 3 to the basic financial statements, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures – an amendment of GASB statements No. 25 and No. 27*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions*.



Balestra, Harr & Scherer, CPAs, Inc.
February 27, 2009

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The discussion and analysis of the Minford Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2008 are as follows:

Net assets of governmental activities decreased \$92,234.

- General revenues accounted for \$10,185,471 in revenue or 67% of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions, accounted for \$5,031,766 or 33% of total revenues of \$15,217,237.

The School District had \$15,309,471 in expenses related to governmental activities; only \$5,031,766 of these expenses were offset by program specific charges for services and sales, grants, and contributions.

- All governmental funds had total revenues and other financing sources of \$15,343,137 and expenditures and other financing uses of \$14,850,189.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Minford Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

- In the Statement of Net Assets and the Statement of Activities, most of the School District's programs and services are reported as governmental activities including instruction, support services, operation of non instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 7. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Bond Retirement Fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The School District's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2008 compared to 2007.

Table 1
Net Assets

	Governmental Activities	
	2008	2007
Assets		
Current and Other Assets	\$ 3,837,521	\$ 3,412,171
Capital Assets	<u>29,780,859</u>	<u>30,640,162</u>
Total Assets	<u>33,618,380</u>	<u>34,052,333</u>
Liabilities		
Long-term Liabilities	4,554,806	4,916,142
Current and Other Liabilities	<u>3,239,340</u>	<u>3,219,723</u>
Total Liabilities	<u>7,794,146</u>	<u>8,135,865</u>
Net Assets		
Invested in Capital Assets, Net of Debt	26,414,238	26,997,518
Restricted	1,064,695	972,834
Unrestricted	<u>(1,654,699)</u>	<u>(2,053,884)</u>
Total Net Assets	<u>\$ 25,824,234</u>	<u>\$ 25,916,468</u>

Current and other assets increased \$425,350 primarily due to an increase in equity in pooled cash and cash equivalents due to increases in charges for services and sales due to increased open enrollment revenues and decreases in expenses for instruction.

Long term liabilities decreased \$361,336 primarily due to bond and capital lease payments as well as a reduction in compensated absences payable. Capital assets decreased \$859,303 primarily due to depreciation expense during 2008 which was partially offset by capital asset additions.

Total net assets of the District as a whole decreased \$92,234 primarily due to the factors discussed above.

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Table 2 shows the changes in net assets for the fiscal years ended June 30, 2008 and June 30, 2007.

Table 2
Changes in Net Assets

	Governmental Activities	
	2008	2007
Revenues		
Program Revenues		
Charges for Services and Sales	\$ 2,087,793	\$ 1,762,590
Operating Grants and Contributions	2,943,973	3,102,357
Total Program Revenues	<u>5,031,766</u>	<u>4,864,947</u>
General Revenues		
Property Taxes	1,810,819	1,488,884
Grants and Entitlements	8,210,088	8,302,922
Investment Earnings	33,112	68,475
Gifts and Donations	23,908	68,521
Gain on Sale of Capital Assets	4,044	6,990
Miscellaneous	103,500	130,781
Total General Revenues	<u>10,185,471</u>	<u>10,066,573</u>
Total Revenues	<u>15,217,237</u>	<u>14,931,520</u>
Program Expenses		
Instruction:		
Regular	7,599,698	7,587,488
Special	1,051,601	1,042,358
Vocational	245,087	239,161
Other	22,439	322,732
Support Services:		
Pupils	491,927	453,600
Instructional Staff	720,036	760,115
Board of Education	44,803	47,088
Administration	1,328,954	1,442,797
Fiscal	279,172	288,843
Operation and Maintenance of Plant	1,235,000	1,210,723
Pupil Transportation	983,485	942,356
Central	2,847	4,604
Operation of Non-Instructional Services	684,655	640,706
Extracurricular Activities	446,906	470,344
Interest and Fiscal Charges	172,861	186,978
Total Expenses	<u>15,309,471</u>	<u>15,639,893</u>
Decrease in Net Assets	(92,234)	(708,373)
Net Assets, Beginning of Year	<u>25,916,468</u>	<u>26,624,841</u>
Net Assets, End of Year	<u>\$ 25,824,234</u>	<u>\$ 25,916,468</u>

Unrestricted grants and entitlements comprised 54 percent of revenue for governmental activities during 2008 and represent the largest source of revenue. The increase in charges for services and sales is due to increased open enrollment revenues in 2008. The increase in property taxes is due to a one-time adjustment made to property taxes in 2007 which reduced property taxes for 2007, but did not impact 2008.

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The Statement of Activities shows the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported primarily by tax revenue and unrestricted state entitlements.

Table 3

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2008	2008	2007	2007
Program Expenses				
Instruction:				
Regular	\$7,599,698	\$6,140,421	\$7,587,488	\$6,222,978
Special	1,051,601	16,570	1,042,358	5,388
Vocational	245,087	212,246	239,161	214,326
Other	22,439	16,386	322,732	204,227
Support Services:				
Pupils	491,927	329,815	453,600	333,661
Instructional Staff	720,036	426,097	760,115	490,316
Board of Education	44,803	38,692	47,088	42,101
Administration	1,328,954	1,128,852	1,442,797	1,264,129
Fiscal	279,172	238,983	288,843	249,579
Operation and Maintenance of Plant	1,235,000	989,886	1,210,723	981,683
Pupil Transportation	983,485	277,358	942,356	307,471
Central	2,847	2,459	4,604	4,116
Operation of Non-Instructional Services	684,655	117,176	640,706	79,369
Extracurricular Activities	446,906	213,131	470,344	225,574
Interest and Fiscal Charges	172,861	129,633	186,978	150,028
Total	\$15,309,471	\$10,277,705	\$15,639,893	\$10,774,946

THE SCHOOL DISTRICT FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The School District has two major funds; the General Fund and the Bond Retirement Fund. The General Fund had \$12,827,334 in revenues and other financing sources and \$12,534,465 in expenditures and other financing uses. The General Fund's balance increased \$292,869. The Bond Retirement Fund had \$238,564 in revenues and \$167,453 in expenditures. The Bond Retirement Fund's balance increased \$71,111.

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2008, the School District amended its General Fund budget.

For the General Fund, final budget basis revenue and other sources was \$12,577,771, below original estimates of \$13,238,174. This decrease was due to revenues being less than originally anticipated. For the General Fund, final budget basis expenditures and other sources were \$12,645,843, above original estimates of \$12,810,464. This decrease was due to support services - administration being slightly less than originally anticipated.

The School District's ending unobligated General Fund balance was \$291,579.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2008, the School District had \$29,780,859 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. For additional information on capital assets, see Note 8 to the basic financial statements. Table 4 shows fiscal year 2008 balances compared to 2007.

Table 4
 Capital Assets
 (Net of Depreciation)

	Governmental Activities	
	2008	2007
Land and Land Improvements	\$ 989,249	\$ 1,123,362
Buildings and Improvements	26,974,047	27,432,117
Furniture and Equipment	1,548,461	1,744,252
Vehicles	269,102	340,431
Totals	\$ 29,780,859	\$ 30,640,162

Debt

At June 30, 2008, the School District had general obligation bonds outstanding of \$1,540,000. The bonds were issued for school construction. For additional information on debt, see Note 12 to the basic financial statements.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, 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 any questions about this report or need additional financial information, contact Eleanor Karshner, Treasurer at Minford Local School District, P.O. Box 204, Minford, Ohio 45653.

MINFORD LOCAL SCHOOL DISTRICT
Statement of Net Assets
June 30, 2008

	Governmental Activities
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 1,265,721
Restricted Cash and Cash Equivalents	305,931
Intergovernmental Receivable	138,156
Taxes Receivable	2,127,713
Noncurrent Assets:	
Non-Depreciable Capital Assets	674,603
Depreciable Capital Assets, net	29,106,256
Total Assets	33,618,380
LIABILITIES:	
Current Liabilities:	
Accounts Payable	48,957
Accrued Wages and Benefits	831,409
Intergovernmental Payable	314,357
Accrued Interest Payable	6,579
Matured Compensated Absences Payable	97,981
Deferred Revenue	1,940,057
Noncurrent Liabilities:	
Due Within One Year	343,462
Due in More Than One Year	4,211,344
Total Liabilities	7,794,146
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	26,414,238
Restricted for Debt Service	695,543
Restricted for Capital Outlay	206,088
Restricted for Other Purposes	163,064
Unrestricted	(1,654,699)
Total Net Assets	\$ 25,824,234

See accompanying notes to the basic financial statements.

MINFORD LOCAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Program Revenues			<i>Net (Expense) Revenue and Changes in Net Assets</i>
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	
Governmental Activities:				
Instruction:				
Regular	\$ 7,599,698	\$ 915,803	\$ 543,474	\$ (6,140,421)
Special	1,051,601	137,540	897,491	(16,570)
Vocational	245,087	32,841	-	(212,246)
Other	22,439	3,015	3,038	(16,386)
Support Services:				
Pupils	491,927	65,661	96,451	(329,815)
Instructional Staff	720,036	94,677	199,262	(426,097)
Board of Education	44,803	6,111	-	(38,692)
Administration	1,328,954	180,205	19,897	(1,128,852)
Fiscal	279,172	37,299	2,890	(238,983)
Operation and Maintenance of Plant	1,235,000	166,279	78,835	(989,886)
Pupil Transportation	983,485	124,245	581,882	(277,358)
Central	2,847	388	-	(2,459)
Operation of Non-Instructional Services	684,655	77,379	490,100	(117,176)
Extracurricular Activities	446,906	233,775	-	(213,131)
Interest and Fiscal Charges	172,861	12,575	30,653	(129,633)
<i>Total Governmental Activities</i>	<u>\$ 15,309,471</u>	<u>\$ 2,087,793</u>	<u>\$ 2,943,973</u>	<u>\$ (10,277,705)</u>
General Revenues:				
Property Taxes Levied for:				
General Purposes				1,569,035
Special Purposes				21,857
Debt Service				219,927
Grants and Entitlements not Restricted to Specific Programs				8,210,088
Gifts and Donations not Restricted to Specific Programs				23,908
Investment Earnings				33,112
Gain on Sale of Capital Assets				4,044
Miscellaneous				103,500
<i>Total General Revenues</i>				<u>10,185,471</u>
Change in Net Assets				(92,234)
<i>Net Assets at Beginning of Year</i>				<u>25,916,468</u>
<i>Net Assets at End of Year</i>				<u>\$ 25,824,234</u>

See accompanying notes to the basic financial statements.

MINFORD LOCAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 61,057	\$ 654,792	\$ 549,872	\$ 1,265,721
Restricted Cash and Cash Equivalents	305,931	-	-	305,931
Interfund Receivable	6,557	-	-	6,557
Intergovernmental Receivable	-	-	138,156	138,156
Taxes Receivable	1,846,085	248,468	33,160	2,127,713
<i>Total Assets</i>	<u>2,219,630</u>	<u>903,260</u>	<u>721,188</u>	<u>3,844,078</u>
LIABILITIES:				
Accounts Payable	35,091	-	13,866	48,957
Accrued Wages and Benefits	697,434	-	133,975	831,409
Interfund Payable	-	-	6,557	6,557
Intergovernmental Payable	271,784	-	42,573	314,357
Matured Compensated Absences Payable	81,626	-	16,355	97,981
Deferred Revenue	1,756,460	236,185	124,385	2,117,030
<i>Total Liabilities</i>	2,842,395	236,185	337,711	3,416,291
FUND BALANCES:				
<i>Reserved:</i>				
Reserved for Encumbrances	55,747	-	144,812	200,559
Reserved for Property Taxes	89,625	12,283	1,598	103,506
Reserved for Textbooks and Instructional Materials	305,931	-	-	305,931
<i>Unreserved, Undesignated, Reported in:</i>				
General Fund	(1,074,068)	-	-	(1,074,068)
Special Revenue Funds	-	-	50,935	50,935
Debt Service Funds	-	654,792	-	654,792
Capital Projects Funds	-	-	186,132	186,132
<i>Total Fund Balances</i>	<u>(622,765)</u>	<u>667,075</u>	<u>383,477</u>	<u>427,787</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,219,630</u>	<u>\$ 903,260</u>	<u>\$ 721,188</u>	<u>\$ 3,844,078</u>

See accompanying notes to the basic financial statements.

MINFORD LOCAL SCHOOL DISTRICT
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2008

Total Governmental Fund Balances		\$ 427,787
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		29,780,859
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	84,150	
Intergovernmental	92,823	
Total		176,973
Interest payable is not recorded in the governmental funds, but is recorded in the statement of net assets.		(6,579)
Long-Term Liabilities, including bonds, capital lease obligations, and the long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(1,188,185)	
Capital Lease Obligations	(1,826,621)	
General Obligation Bonds	(1,540,000)	
Total		(4,554,806)
Net Assets of Governmental Activities		<u>\$ 25,824,234</u>

See accompanying notes to the basic financial statements.

MINFORD LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Property Taxes	\$ 1,542,804	\$ 205,811	\$ 19,887	\$ 1,768,502
Intergovernmental	9,277,433	32,753	1,974,590	11,284,776
Interest	24,831	-	8,281	33,112
Tuition and Fees	1,649,540	-	-	1,649,540
Rent	3,602	-	-	3,602
Extracurricular Activities	174,298	-	-	174,298
Gifts and Donations	20,208	-	3,700	23,908
Customer Sales and Services	-	-	263,954	263,954
Miscellaneous	99,898	-	-	99,898
<i>Total Revenues</i>	<u>12,792,614</u>	<u>238,564</u>	<u>2,270,412</u>	<u>15,301,590</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	6,181,056	-	626,987	6,808,043
Special	594,441	-	459,881	1,054,322
Vocational	241,369	-	-	241,369
Other	18,920	-	3,519	22,439
Support Services:				
Pupils	379,538	-	111,732	491,270
Instructional Staff	503,953	-	234,255	738,208
Board of Education	44,803	-	-	44,803
Administration	1,325,024	-	26,694	1,351,718
Fiscal	266,809	5,608	915	273,332
Operation and Maintenance of Plant	1,137,211	-	91,325	1,228,536
Pupil Transportation	896,381	-	18,000	914,381
Central	2,847	-	-	2,847
Operation of Non-Instructional Services	52,769	-	569,100	621,869
Extracurricular Activities	436,086	-	5,763	441,849
Capital Outlay	158,210	-	100	158,310
Debt Service:				
Principal	196,023	80,000	-	276,023
Interest	92,198	81,845	-	174,043
<i>Total Expenditures</i>	<u>12,527,638</u>	<u>167,453</u>	<u>2,148,271</u>	<u>14,843,362</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>264,976</u>	<u>71,111</u>	<u>122,141</u>	<u>458,228</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	-	-	6,827	6,827
Proceeds from Sale of Capital Assets	34,720	-	-	34,720
Transfers Out	(6,827)	-	-	(6,827)
<i>Total Other Financing Sources and Uses</i>	<u>27,893</u>	<u>-</u>	<u>6,827</u>	<u>34,720</u>
<i>Net Change in Fund Balances</i>	292,869	71,111	128,968	492,948
<i>Fund Balances at Beginning of Year</i>	<u>(915,634)</u>	<u>595,964</u>	<u>254,509</u>	<u>(65,161)</u>
<i>Fund Balances at End of Year</i>	<u>\$ (622,765)</u>	<u>\$ 667,075</u>	<u>\$ 383,477</u>	<u>\$ 427,787</u>

See accompanying notes to the basic financial statements.

MINFORD LOCAL SCHOOL DISTRICT
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008*

Net Change in Fund Balances - Total Governmental Funds \$ 492,948

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

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Asset Additions	196,937	
Current Year Depreciation	(1,025,564)	
Total		(828,627)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. Those are the amounts of the gain on the disposal of fixed assets and the proceeds from the disposal of the assets.

Proceeds from Sale of Capital Assets	(34,720)	
Gain on Sale of Capital Assets	4,044	
Total		(30,676)

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

Taxes	42,317	
Intergovernmental	(130,714)	
Total		(88,397)

Repayment of bond principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.

196,023

Repayment of capital leases obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.

80,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Decrease in Compensated Absences	85,313	
Decrease in Interest Payable	1,182	
Total		86,495

Net Change in Net Assets of Governmental Activities \$ (92,234)

See accompanying notes to the basic financial statements.

MINFORD LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget And Actual
(Budgetary Basis)
General Fund
For The Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Total Revenues and Other Sources	\$ 13,238,174	\$ 12,577,771	\$ 12,759,739	\$ 181,968
Total Expenditures and Other Uses	12,810,464	12,645,843	12,644,160	1,683
Net Change in Fund Balance	427,710	(68,072)	115,579	183,651
Fund Balance, July 1	(60,341)	(60,341)	(60,341)	-
Prior Year Encumbrances Appropriated	236,341	236,341	236,341	-
Fund Balance, June 30	<u>\$ 603,710</u>	<u>\$ 107,928</u>	<u>\$ 291,579</u>	<u>\$ 183,651</u>

See accompanying notes to the basic financial statements.

MINFORD LOCAL SCHOOL DISTRICT
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2008

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 25,488</u>
Liabilities	
Undistributed Monies	<u>25,488</u>
Total Liabilities	<u>\$ 25,488</u>

See accompanying notes to the basic financial statements.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1924 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 98 square miles. It is located in Scioto County, and includes the Village of Minford and the Townships of Madison and Harrison. It is staffed by 57 non-certificated employees, 102 certificated full-time teaching personnel and 8 administrative employees who provide services to 1,503 students and other community members. The School District currently operates 2 instructional buildings.

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Minford Local 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 following organizations which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these organizations nor are they fiscally dependent on the School District:

- * Boosters Clubs
- * Parent - Teacher Organizations

The School District is associated with five organizations, three of which are defined as jointly governed organizations, one as an insurance purchasing pool, and one as a public entity shared risk pool. These organizations are the South Central Ohio Computer Association (SCOCA), the Scioto County Joint Vocational School, the Coalition of Rural and Appalachian Schools, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Scioto County Regional Council of Governments. These organizations are presented in Notes 14, 15, and 16 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Minford Local School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 most significant of the School District's accounting policies are described below.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis Of Presentation - Fund Accounting

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements:

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include 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. 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:

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

B. Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose 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 are the School District's major governmental funds:

General Fund

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Bond Retirement Fund

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. The School District's only fiduciary funds are agency funds which are used to maintain financial activity of the District's Student Activities. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for fiduciary funds. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of year-end.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6). 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 expenditures 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.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: property taxes available as an advance, tuition, grants, and fees.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. 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 (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

C. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board' authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement are based on estimates made when the first permanent appropriation was adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2008.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

Encumbrances

Encumbrance accounting is utilized by the School District for all funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. On the fund financial statements encumbrances outstanding at fiscal year-end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds. A reserve for encumbrance is not reported on the government-wide financial statements.

D. Cash and Cash Equivalents

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2008 amounted to \$24,831 and \$8,281 for the other non-major governmental funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

The School District had no investments in fiscal year 2008.

The District has recorded restricted cash in the basic financial statements for set asides for textbooks and instructional equipment. This cash is recorded in the basic financial statements as "restricted cash and cash equivalents".

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets and Depreciation

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. 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. The District does not capitalize interest for capital asset purchases.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10-25 years
Buildings and Improvements	20-25 years
Furniture and Equipment	10-15 years
Vehicles	10-15 years
Textbooks	5-10 years

F. Compensated Absences

Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. The liability includes the employees who are currently eligible to receive severance benefits and those the School District has identified as probable of receiving payment in the future.

The accrual amount is based upon accumulated sick leave and accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the School District's severance policy.

The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities, that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term loans, and capital leases are recognized as a liability on the government-wide financial statements when due.

H. Fund Balance Reserves

The School District records reservations for portions of fund balance which are legally segregated for a specific future use or which are not available for appropriation. Unreserved undesignated fund balance represents that portion of fund balance reflected for Governmental Funds, which is available for use within the specific purpose of those funds. Fund balance reserves are established for encumbrances, property taxes, and textbooks and instructional materials.

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net assets restricted for other purposes represent balances in special revenue funds for grants whose use is restricted by grant agreements.

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

Of the District's \$1,064,695 restricted net assets, none is restricted by enabling legislation.

K. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements. Interfund transfers between governmental activities are eliminated in the statement of activities.

L. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables/Payables." These amounts are eliminated in the Governmental Activities column of the Statement of Net Assets.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

Change in Accounting Principles

For the fiscal year 2008, the School District implemented GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, GASB Statement No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 48 establishes criteria that governments use to ascertain whether transactions should be regarded as sales or collateralized borrowings, and disclosure requirements for future revenues that are pledged or sold. GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The application of these new standards had no effect on the basic financial statements, nor did their implementation require a restatement of prior year balances.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (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 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis); and
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

Net Change in Fund Balance	
GAAP Basis	\$ 292,869
Revenue Accruals	(65,907)
Expenditure Accruals	(35,974)
Encumbrances	<u>(75,409)</u>
Budget Basis	<u><u>\$ 115,579</u></u>

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

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

1. United States treasury notes, bills, bonds, or other obligations of or security issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, its political subdivisions, or other units or agencies of this State or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the District lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the District's total average portfolio; and
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the District's total average portfolio.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

Investments 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits: 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. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency of instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, 2008, the School District's bank balance of \$1,688,134 was either covered by FDIC or collateralized by the financial institution's public entity deposit pools in the manner described above.

NOTE 6 - 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 tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2008 for real and public utility property taxes represents collections of calendar 2007 taxes. Property tax payments received during calendar 2008 for tangible personal property (other than public utility property) is for calendar 2008 taxes.

2008 real property taxes are levied after April 1, 2008, on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2007 public utility property taxes became a lien December 31, 2007, are levied after April 1, 2008 and are collected in 2009 with real property taxes .

2008 tangible personal property taxes are levied after April 1, 2008, on the value as of December 31, 2007. Collections are made in 2009. Tangible personal property assessments are twenty-five percent of true value.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 6 - PROPERTY TAXES (continued)

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

Ohio House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed at the level of calendar year 2004 assessed values for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 71,353,920	91.00%	\$ 79,808,480	92.99%
Public Utility	6,077,680	7.75%	4,801,810	5.59%
Tangible Personal Property	978,033	1.25%	1,215,487	1.42%
Total Assessed Value	\$ 78,409,633	100.00%	\$ 85,825,777	100.00%
Tax rate per \$1,000 of assessed valuation	\$ 28.46		\$ 28.46	

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 was levied 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 is recognized as revenue.

The amount available as an advance at June 30, 2008, was \$89,625 in the General Fund, \$1,598 in the Classroom Facilities Maintenance Nonmajor Special Revenue Fund, and \$12,283 in the Bond Retirement Fund, and is presented as Reserved for Property Taxes on the Balance Sheet.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008, consisted of property taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Non-Major Special Revenue Funds:	
Public School Preschool	\$ 69,818
Title I	40,166
Title II-D	13,588
Miscellaneous Federal Grants	12,479
Title VI	2,105
Total Non-Major Special Revenue Funds	\$ 138,156

NOTE 8 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2008, was as follows:

	Ending Balance 6/30/2007	Additions	Deletions	Ending Balance 6/30/2008
Capital Assets, Not Being Depreciated				
Land	\$ 674,603	\$ -	\$ -	\$ 674,603
Total Capital Assets, Not Being Depreciated	674,603	-	-	674,603
Capital Assets, Being Depreciated				
Land Improvements	946,587	-	-	946,587
Buildings and Improvements	30,995,326	168,057	-	31,163,383
Furniture and Equipment	2,558,100	28,880	(107,375)	2,479,605
Vehicles	1,281,454	-	(74,393)	1,207,061
Textbooks	976,247	-	-	976,247
Total Capital Assets, Being Depreciated	36,757,714	196,937	(181,768)	36,772,883
Less Accumulated Depreciation				
Land Improvements	(497,828)	(134,113)	-	(631,941)
Buildings and Improvements	(3,563,209)	(626,127)	-	(4,189,336)
Furniture and Equipment	(813,848)	(193,995)	76,699	(931,144)
Vehicles	(941,023)	(71,329)	74,393	(937,959)
Textbooks	(976,247)	-	-	(976,247)
Total Accumulated Depreciation	(6,792,155)	(1,025,564)	151,092	(7,666,627)
Total Capital Assets, Being Depreciated, Net	29,965,559	(828,627)	(30,676)	29,106,256
Governmental Activities Capital Assets, Net	\$ 30,640,162	\$ (828,627)	\$ (30,676)	\$ 29,780,859

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 8 - CAPITAL ASSETS (continued)

Depreciation expense was charged to government functions as follows:

Instruction:	
Regular	\$ 864,476
Vocational	4,294
Support Services:	
Operation of Non-Instructional Services	63,975
Instructional Staff	4,173
Administration	5,518
Operation and Maintenance of Plant	7,253
Pupil Transportation	70,818
Extracurricular	5,057
Total Depreciation	\$1,025,564

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the School District contracted with Ohio School Plan for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Ohio School Plan are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$41,346,553
Property In Open (\$2,500 deductible)	\$1,000,000
Inland Marine Coverage (\$1,000 deductible)	100,000
Boiler and Machinery (\$2,500 deductible)	41,346,553
Consequential Damage (\$2,500)	41,346,553
Crime Insurance (\$1,000 deductible)	50,000
Data Processing (\$1,000 deductible)	50,000
Mechanical, Electrical and Pressure equipment (\$2,500 deductible)	41,346,553
Automobile Liability (\$0 deductible)	2,000,000
Uninsured Motorists	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	3,000,000

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

For fiscal year 2008, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 9 - RISK MANAGEMENT (continued)

The School District is a member of the Scioto County Regional Council of Governments, a public entity shared risk pool (Note 16), consisting of school districts within the County offering medical and dental insurance to their employees. Monthly premiums are paid to the South Central Ohio Educational Service Center as fiscal agent, who in turn pays the claims on the School District's behalf. The Council is responsible for the management and operations of the program. Upon termination from the Council, for any reason, the Council shall have no obligation under the plan beyond paying the difference between the claims incurred (even though later filed) and expenses of the Plan due up to the date of termination plus extended benefits, if any, provided under the Plan. Such claims and expenses shall be paid from the funds of the Council.

NOTE 10 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

A. Defined Benefit 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 by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, at www.ohsers.org, under *Forms and Publications*.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent 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 School District's contributions to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$195,912, \$208,523, and \$192,962, respectively; 43% has been contributed for fiscal year 2008 and 100% for the fiscal years 2007 and 2006.

State Teachers Retirement System

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options – 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 percent 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 biweekly 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.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 10 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS
(continued)

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the 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. 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 purchased 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 over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 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 – Benefits are established under Sections 3307.80 to 3307.89 of the 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.

Combined Plan Benefits – 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 reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years’ credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. 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 up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members’ beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

**NOTE 10 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS
(continued)**

For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$792,398, \$824,895, and \$967,097, respectively; 84% has been contributed for the fiscal year 2008 and 100% for the fiscal year 2007 and 2006.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2008, no members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

B. Postemployment Benefits

State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan; and a combined plan, which is a hybrid of the defined benefit and defined contribution plan.

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 Section 3307 of the 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.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2008, 2007 and 2006. For the School District, these amounts equaled \$62,372, \$61,868, and \$74,389 for fiscal years 2008, 2007, and 2006, respectively.

School Employees Retirement System

Postemployment Benefits

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 10 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS
(continued)

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 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 2008 was \$96.40; 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 years 2008, 2007, and 2006, the actuarially required allocations were 0.66 percent, 0.68 percent, and 0.78 percent, respectively. For the School District, contributions for the fiscal years ended June 30, 2008, 2007, and 2006 were \$12,507, \$12,478, and \$13,759, respectively, which equaled the required contributions for those years.

Health Care Plan

Ohio Revised Code 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 plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, 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 Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2008, 2007, and 2006, the health care allocations were 4.18 percent, 3.32 percent, and 3.42 percent, respectively. The actuarially required contribution (ARC), as of the December 31, 2006 annual valuation (the latest available), was 11.50 percent of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. For the School District, the amounts contributed to fund health care benefits, including the surcharge, during the 2008, 2007, and 2006 fiscal years equaled \$99,311, \$94,398, and \$92,855, respectively.

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 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2008, the minimum compensation level was established at \$35,800.

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 upon the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS website at www.ohsers.org under *Forms and Publications*.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty 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. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Sun Life Financial.

C. Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 12 - LONG-TERM OBLIGATIONS

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

	Principal Outstanding 6/30/2007	Additions	Deductions	Principal Outstanding 6/30/2008	Due Within One Year
1998 School Facilities Construction and Improvement Bonds - 5.09%	\$ 1,620,000	\$ -	\$ 80,000	\$ 1,540,000	\$ 85,000
Capital Lease Obligations	2,022,644	-	196,023	1,826,621	205,416
Compensated Absences	1,273,498	1,188,185	1,273,498	1,188,185	53,046
Total General Long-Term Obligations	<u>\$ 4,916,142</u>	<u>\$ 1,188,185</u>	<u>\$ 1,549,521</u>	<u>\$ 4,554,806</u>	<u>\$ 343,462</u>

School Facilities Construction and Improvement Bonds - On July 16, 1998, Minford Local School District issued bonds in the amount of \$2,195,000 as a result of the School District being approved for a \$33,485,311 school facilities loan through the State Department of Education for the construction of a new high school, middle school, and for additions and renovations to the current primary school. The School District issued the general obligation bonds to provide a partial cash match for the school facilities loans. As a requirement of the loans, the School District was required to pass a 4.15 mill levy. The 4.15 mill levy, of which, .5 mill was to be used for the retirement of the loan, with the balance of 3.65 mills is to be used for the retirement of the 1998 bond issue, will be in effect for the twenty-three years. The bonds were issued for a 23-year period with final maturity during fiscal year 2021. The bonds will be retired from the debt service fund.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 12 - LONG-TERM OBLIGATIONS (continued)

Minford Local School District has been notified by the Ohio School Facilities Commission that they would not be responsible for repaying the \$33,485,311 classroom facilities loan to the State because the School District's adjusted valuation per pupil (currently 600 out of 611 schools) was less than the state-wide median adjusted valuation per pupil. In lieu of the repayment, the School District must set aside the funds that would have been used for repayment for facilities maintenance. As part of this process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the School District's adjusted valuation per pupil increases above the statewide median adjusted valuation during the twenty-three year period, the School District may become responsible for repayment of a portion of the State's contribution.

Compensated absences will be paid from the fund from which the employees' salaries are paid with the General Fund being the most significant fund.

The School District's overall legal debt margin was \$4,357,699 with an unvoted debt margin of \$85,826 at June 30, 2008.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2008, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2009	\$ 85,000	\$ 78,111	\$ 163,111
2010	90,000	74,108	164,108
2011	95,000	69,829	164,829
2012	100,000	64,670	164,670
2013	105,000	58,623	163,623
2014-2018	615,000	195,922	810,922
Thereafter	450,000	34,875	484,875
Total	<u>\$ 1,540,000</u>	<u>\$ 576,138</u>	<u>\$ 2,116,138</u>

Capital Lease Obligations

During a previous year, the School District entered into a lease purchase agreement with U.S. Bank National Association for a new athletic complex. The amount of the agreement was \$2,300,000 with an annual interest rate of 4.69%. Monthly payments vary and are due on the 23rd day of the month, each month beginning March 23, 2006 and continuing for 119 months with the final payment due on January 23, 2016. Lease payments will be made out of the General fund.

The terms of the agreement provide that the School District will own the athletic complex at the end of the lease term. The lease met all the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The Capital lease payments for the lease related to the General Fund have been classified as debt service in the General Fund in the fund financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 12 - LONG-TERM OBLIGATIONS (continued)

For the leased assets related to the Governmental Funds, capital assets acquired by the lease have been capitalized in the Government-Wide Financial Statements in an amount equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the Government-Wide Financial Statements. The District's future minimum lease payments under capital lease obligations for Governmental Activities as of June 30, 2008 are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities Capital Leases</u>
2009	\$ 287,843
2010	287,707
2011	287,564
2012	287,548
2013	287,258
2014-2016	<u>741,306</u>
Total Minimum Lease Payments:	2,179,226
Less: Amount Representing Interest	<u>(352,605)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 1,826,621</u></u>

NOTE 13 - INTERFUND ACTIVITY

Interfund Payables/Receivables

As of June 30, 2008, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Fund:		
General Fund	\$ 6,557	\$ -
Capital Projects Fund, Non-Major:		
Capital Projects	<u>-</u>	<u>2,359</u>
Total Non-Major Capital Projects Fund	<u>-</u>	<u>2,359</u>
Special Revenue Funds, Non-Major:		
Title VI		831
Miscellaneous Federal Grants	<u>-</u>	<u>3,367</u>
Total Non-Major Special Revenue Funds	<u>-</u>	<u>4,198</u>
Totals	<u><u>\$ 6,557</u></u>	<u><u>\$ 6,557</u></u>

During the year, the School District's General Fund made advances to other funds in anticipation of intergovernmental grant revenue.

Interfund Transfers

As of June 30, 2008, transfers were as follows:

	<u>Transfer To</u>	<u>Transfer From</u>
Major Fund:		
General Fund	\$ -	\$ 6,827
Non-Major Fund:		
Food Service	<u>6,827</u>	<u>-</u>
Total All Funds	<u><u>\$ 6,827</u></u>	<u><u>\$ 6,827</u></u>

Transfers were made from the General Fund to the Non-Major Special Revenue Fund to cover unforeseen expenses.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association - The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Adams, Brown, Highland, Lawrence, Pike, Ross, Vinton, and Scioto Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the eight participating counties, two representatives of the school treasurers plus the fiscal agent. The School District paid \$39,020 for services provided by SCOCA during this fiscal year. Financial information can be obtained from the fiscal agent, the Pike County Career and Technical Center, Tonya Cooper, who serves as Treasurer, at P.O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

Scioto County Joint Vocational School - The Scioto County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of five representatives from the City and County Boards within Scioto County, each of which possesses its own budgeting and taxing authority. To obtain financial information write to the Scioto County Joint Vocational School, Brett Butler, who serves as Treasurer, at 951 Vern Riffe Drive, Lucasville, Ohio 45648.

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Council. The School District paid \$330 to the Coalition for services provided during the year.

NOTE 15 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 16 - PUBLIC ENTITY SHARED RISK POOL

Scioto County Regional Council of Governments - The School District is a member of the Scioto County Regional Council of Governments, a public entity shared risk pool. Several Scioto County school districts have entered into an agreement with the South Central Ohio Educational Service Center to form the Scioto County Regional Council of Governments. The overall objectives of the council are to formulate and administer a program of health insurance for the benefit of the council members' employees and their dependents, to obtain lower costs for health coverage, and to secure cost control by implementing a program of comprehensive loss control. The Council's business and affairs are managed by a Board of Directors, consisting of the superintendents from each of the participating school districts. The School District pays premiums based on what the Council estimates will cover the costs of all claims for which the Council is obligated. If the School District's claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. The Council views its activities in the aggregate, rather than on an individual entity basis. To obtain financial information, write to the fiscal agent, South Central Ohio Educational Service Center at Fourth and Court Streets, Portsmouth, Ohio 45662.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 17 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	<u>Textbooks</u>	<u>Capital Acquisition*</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 2007	\$ -	\$ -	\$ -
Current year set-aside requirement	247,346	247,346	494,692
Current year offsets & prior year carry over	91,869	(3,413,158)	(3,321,289)
Qualifying disbursements	<u>(33,284)</u>	<u>-</u>	<u>(33,284)</u>
Set-aside balance carried forward to future years	<u>305,931</u>	<u>(3,165,812)</u>	<u>(2,859,881)</u>
Set-aside reserve balance as of June 30, 2008	<u>\$ 305,931</u>	<u>\$ -</u>	<u>\$ 305,931</u>

*The beginning set-aside reserve balance was restated for the capital acquisition reserve to properly show offsets for securities issued for capital improvements.

The School District had offset and qualifying disbursements during the year that reduced the set-aside amounts below zero in the Capital Acquisition Reserve. The extra amount may be carried forward and used to reduce the set-aside requirements of future years.

NOTE 18 – ACCOUNTABILITY

Accountability - Fund Balance Deficits

At June 30, 2008, the General Fund had a fund balance deficit of \$622,765. The Food Service, the Title VI-B, and the Title II-D Special Revenue Funds had fund balance deficits of \$48,814, \$27,414 and \$688, respectively which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 19 - CONTINGENCIES

A. Grants

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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

B. Litigation

The School District is not party to legal proceedings.

MINFORD LOCAL SCHOOL DISTRICT
Schedule of Federal Awards Receipts and Expenditures
For Year Ended June 30, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through the ODE Nutrition Cluster:</i>						
School Breakfast Program	05PU	10.553	\$ 76,571		\$ 76,571	
National School Lunch Program	LL-P4	10.555	247,370		247,370	-
Total Passed through the ODE Nutrition Cluster			323,941	-	323,941	-
Food Distribution Program	N/A	10.550	\$ -	\$ 69,307	\$ -	\$ 69,307
Total United States Department of Agriculture			323,941	69,307	323,941	69,307
United States Department of Education						
Title I Grants to Local Educational Agencies	C1-S1	84.010	418,645		398,091	-
Special Education - Grants to States	6B-SF	84.027	356,174		371,738	-
State Grants for Innovative Programs	C2-S1	84.298	1,718		2,548	-
Safe and Drug Free Schools and Communities-State Grants	DR-S1	84.186	8,365		8,365	-
Improving Teacher Quality State Grants	TR-S1	84.367	96,710		97,454	-
Rural Education	N/A	84.358	28,383		31,750	-
Education Technology State Grants	TJ-S1	84.318	4,042		4,042	-
Total United States Department of Education			914,037	-	913,988	-
Total Federal Financial Assistance			\$ 1,237,978	\$ 69,307	\$ 1,237,929	\$ 69,307

N/A - Not Available

See accompanying notes to the schedule of federal awards receipts and expenditures.

MINFORD LOCAL SCHOOL DISTRICT
Notes to Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2008

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the activity of the School District's federal award program. The Schedule has been prepared on the cash basis of accounting.

NOTE B -FOOD DISTRIBUTIONS

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

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

BALESTRA, HARR & SCHERER, CPAs, INC.
528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board
Minford Local School District
P.O. Box 204
Minford, Ohio 45653

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Minford Local School District (the School District) as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 27, 2009 in which we noted that the School District implemented GASB Statements No. 50 and No. 45. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

Members of the Board

Minford Local School District

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Page 2

Compliance and Other Matters

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

We noted certain other matters and non compliance that was reported to the School District in a separate report dated February 27, 2009.

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



Balestra, Harr & Scherer, CPAs, Inc.

February 27, 2009

BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

Telephone (740) 289-4131

Fax (740) 289-3639

www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

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

Members of the Board
Minford Local School District
P.O. Box 204
Minford, Ohio 45653

Compliance

We have audited the compliance of the Minford Local School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

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


Internal Control Over Compliance (Continued)

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the School District's internal control.

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

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



Balestra, Harr & Scherer, CPAs, Inc.

February 27, 2009

MINFORD LOCAL SCHOOL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

1. SUMMARY OF AUDITOR' S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal control conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Program' s Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education- CFDA #84.027 and Nutrition Cluster CFDA #10.553 and #10.555.
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

MINFORD LOCAL SCHOOL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)

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

Finding Number	None
----------------	------

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	None
CFDA Title and Number	
Federal Award Number/Year	
Federal Agency	
Pass-Through Agency	



Mary Taylor, CPA
Auditor of State

MINFORD LOCAL SCHOOL DISTRICT
SCIOTO 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 9, 2009