



Mary Taylor, CPA
Auditor of State

**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	11
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities ..	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	15
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund.....	17
Statement of Fiduciary Net Assets - Fiduciary Fund.....	18
Notes to the Basic Financial Statements.....	19
Federal Awards Receipts and Expenditures Schedule	47
Notes to the Federal Awards Receipts and Expenditures Schedule.....	48
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	49
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	51
Schedule of Findings - OMB Circular A-133 §.505	53
Schedule of Prior Audit Findings and Questioned Costs - OMB Circular A-133 §.315(b).....	56
Independent Accountant's Report on Applying Agreed-Upon Procedures	57

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Martins Ferry City School District
Belmont County
5001 Ayers Limestone Road
Martins Ferry, Ohio 43935

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Martins Ferry City School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2009, 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 reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Martins Ferry City School District, Belmont County, Ohio, as of June 30, 2009, and the respective changes in financial position thereof and the budgetary comparison for the General Fund 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 5, 2010, 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.

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

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

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

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

Mary Taylor, CPA
Auditor of State

February 5, 2010

Martins Ferry City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The discussion and analysis of the Martins Ferry City 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, 2009. 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 2009 are as follows:

- In total, net assets decreased \$1,612,488.
- General revenues accounted for \$10,795,144 in revenue or 69 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions, accounted for \$4,858,782 or 31 percent of total revenues of \$15,653,926.
- Total assets decreased \$2,777,736. Current assets decreased by \$2,980,690 primarily due to a decrease in cash and investments and intergovernmental receivables related to the classroom facilities project. Capital assets increased \$202,954 due primarily to the final completion of assets associated for the building project which were offset by annual depreciation expense.
- The School District had \$17,266,414 in expenses related to governmental activities; only \$4,858,782 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues of \$10,795,144 were not adequate to provide for these programs.
- The School District's major funds are the General Fund, Debt Service Fund, and the Classroom Facilities Capital Projects Fund. The General Fund had \$11,807,515 in revenues and \$12,941,861 in expenditures, and the fund balance decreased \$1,134,346. The Classroom Facilities Fund had \$153,358 in revenues and \$1,318,577 in expenditures, and the fund balance decreased \$1,165,219. The Debt Service Fund had \$713,994 in revenues and \$652,929 in expenditures, and the fund balance increased \$61,065.

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 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 as the School District's most significant funds with all other non-major funds presented in total in one column.

Martins Ferry City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

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 2009?" 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.

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, all of the School District's activities are considered to be Governmental Activities.

- Governmental Activities – All of the School District's programs and services are reported here including instruction, support services, food service operations, 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 funds begins on page 8. Fund financial reports provide detailed information about the School District's major fund. The School District uses many funds to account for a multiple 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, Debt Service Fund, and the Classroom Facilities Capital Project 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.

Martins Ferry City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
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 2009 compared to 2008.

Table 1
Net Assets

	Governmental Activities		
	2009	2008	Net Change
Assets			
Current and Other Assets	\$4,429,250	\$7,409,940	(\$2,980,690)
Capital Assets	44,509,456	44,306,502	202,954
Total Assets	48,938,706	51,716,442	(2,777,736)
Liabilities			
Long-Term Liabilities	15,307,813	15,776,623	(468,810)
Other Liabilities	4,760,980	5,457,418	(696,438)
Total Liabilities	20,068,793	21,234,041	(1,165,248)
Net Assets			
Invested in Capital Assets, Net of Debt	30,612,655	30,089,672	522,983
Restricted	1,127,277	2,310,665	(1,183,388)
Unrestricted	(2,870,019)	(1,917,936)	(952,083)
Total Net Assets	\$28,869,913	\$30,482,401	(\$1,612,488)

Total assets decreased \$2,777,736. Current assets decreased by \$2,980,690 primarily due to a decrease in cash and investments and intergovernmental receivables related to the classroom facilities project. Capital assets increased \$202,954 due primarily to the final completion of assets associated for the building project which were offset by annual depreciation expense.

Total liabilities decreased \$1,165,248. The decrease is due primarily to the debt repayments made on the capital leases and the general obligation bonds that were issued for the local share of the classroom facilities project, along with a decrease in deferred revenue associated with property taxes receivable.

Table 2 shows the changes in net assets for fiscal year 2009 compared to fiscal year 2008.

Martins Ferry City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Table 2
Changes in Net Assets

	Governmental Activities		Net Change
	2009	2008	
Revenues			
Program Revenue			
Charges for Services and Sales	\$1,305,498	\$1,052,463	\$253,035
Operating Grants and Contributions	3,529,506	3,267,280	262,226
Capital Grants and Contributions	23,778	9,850	13,928
Total Program Revenue	4,858,782	4,329,593	529,189
General Revenue			
Property Taxes	2,975,826	3,237,752	(261,926)
Grants and Entitlements	7,797,971	7,122,084	675,887
Gifts and Donations	2,200	6,760	(4,560)
Investments	18,749	403,315	(384,566)
Gain on Sale of Capital Assets	0	82,571	(82,571)
Miscellaneous	398	1,386	(988)
Total General Revenue	10,795,144	10,853,868	(58,724)
Total Revenues	15,653,926	15,183,461	470,465
Program Expenses			
Instruction:			
Regular	6,720,015	7,451,274	(731,259)
Special	2,008,298	2,146,489	(138,191)
Vocational	332,558	352,524	(19,966)
Adult/Continuing	216	0	216
Student Intervention Services	147,583	0	147,583
Support Services:			
Pupil	624,136	650,104	(25,968)
Instructional Staff	818,117	879,431	(61,314)
Board of Education	55,831	74,600	(18,769)
Administration	1,317,624	1,213,217	104,407
Fiscal	341,707	354,500	(12,793)
Operation and Maintenance of Plant	2,098,061	1,434,521	663,540
Pupil Transportation	734,922	806,765	(71,843)
Central	75,435	82,462	(7,027)
Operation of Non-Instructional Services	112,219	170,953	(58,734)
Food Service Operations	865,021	719,369	145,652
Extracurricular Activities	347,468	387,009	(39,541)
Intergovernmental	0	159,791	(159,791)
Interest and Fiscal Charges	667,203	623,995	43,208
Total Expenses	17,266,414	17,507,004	(240,590)
Change in Net Assets	(1,612,488)	(2,323,543)	711,055
Net Assets Beginning of Year	30,482,401	32,805,944	(2,323,543)
Net Assets End of Year	\$28,869,913	\$30,482,401	(\$1,612,488)

In 2009, the School District realized increases in charges for services, operating grants and contributions, and capital grants and contributions from fiscal year 2008. The increase in charges for services increased primarily due to increased tuition and fees being collected. Investment earnings decreased significantly during fiscal year 2009 due to decreased balances available to invest following completion of the facilities project.

Martins Ferry City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

There was a significant decrease in property taxes received due to the state's reduction of Personal Property Taxes for businesses in the state of Ohio.

Total expenses for the School District decreased \$240,590 primarily due to compensated absences, and the reduction of 12 classified positions in November 2008. The increase was offset primarily by an increase in operation and maintenance of the plant due to the higher cost of operating the new facilities.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services for fiscal year 2009 compared to fiscal year 2008. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Instruction:				
Regular	\$6,720,015	\$7,451,274	\$4,987,341	\$5,994,138
Special	2,008,298	2,146,489	681,009	786,203
Vocational	332,558	352,524	217,136	274,659
Adult/Continuing	216	0	(44)	0
Student Intervention Services	147,583	0	111,086	0
Support Services:				
Pupil	624,136	650,104	616,179	644,510
Instructional Staff	818,117	879,431	433,051	370,439
Board of Education	55,831	74,600	55,831	74,600
Administration	1,317,624	1,213,217	1,284,685	1,167,473
Fiscal	341,707	354,500	147,865	353,601
Operation and Maintenance of Plant	2,098,061	1,434,521	2,054,740	1,434,521
Pupil Transportation	734,922	806,765	711,144	796,915
Central	75,435	82,462	58,244	63,377
Operation of Non-Instructional Services	112,219	170,953	1,395	28,494
Food Service Operations	865,021	719,369	135,832	118,487
Extracurricular Activities	347,468	387,009	244,935	286,208
Intergovernmental	0	159,791	0	159,791
Interest and Fiscal Charges	667,203	623,995	667,203	623,995
Total Expenses	<u>\$17,266,414</u>	<u>\$17,507,004</u>	<u>\$12,407,632</u>	<u>\$13,177,411</u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent, as 72 percent of total expenses are supported through taxes and other general revenues.

Martins Ferry City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The School District Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. Total governmental funds had \$15,816,701 in revenues and \$18,006,437 in expenditures. Overall, including other financing sources, the Governmental Funds' balances decreased \$2,128,249. Of the overall decrease, \$1,165,219 was in the Classroom Facilities Fund where the construction project is being accounted for, and \$1,134,346 was in the General Fund.

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 2009 the School District amended its general fund estimated revenues, and the budgetary statement reflects both the original and final revenue amounts. There was a significant increase in estimated property taxes between the original and the final budget due to original estimates being overly conservative.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009 the School District had \$44,509,456 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. See Note 10 for more detailed information of the School District's capital assets.

Debt

At June 30, 2009, the School District has \$10,236,349 in outstanding general obligation bonds that were issued for the local share of the classroom facilities project, as well as \$4,110,622 in outstanding capital leases related to the stadium construction project, school facilities construction project locally funded initiatives, copier lease, purchase of the bus garage, and land associated with the building project. See Note 17 for more detailed information related to the School District's debt.

Economic Factors

The School District began fiscal year 2009 with a positive General Fund unencumbered cash balance in the amount of \$493,027. The School District faced several financial problems during this fiscal year. The School District was obligated to pay for two earthen slips at the School District campus. The cost for these two slips during fiscal year 2009 was \$810,000. This expense resulted in a deficit projected General Fund balance. The School District reacted to this by laying off 12 aides in November of 2008. This action, however, was not enough to alleviate the School District from ending fiscal year 2009 with a General Fund with an unencumbered deficit cash balance in the amount of \$351,877.

The School District anticipates little growth in revenue for the upcoming year as the state struggles to adequately fund education for the upcoming school year. The School District will anticipate little growth for the 2009-2010 school year and has projected an ending cash basis deficit in the amount of \$400,000 as of June 30, 2010.

Martins Ferry City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The School District has eliminated the JROTC program for the upcoming school year this action will result in a saving of \$100,000 for the coming school year. The School District is participating in the American Recovery Reinvestment Act for the coming fiscal year. This participation includes the Title I Program and IDEA Title VI-B programs. The Title I programs have allowed the district to maintain employment of the kindergarten aides and employ 2 new intervention specialist at Ayers Elementary School. The IDEA program has allowed the district to recall 7 aides and employ 6 special education teachers.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Albert Skulich, Treasurer/CFO at Martins Ferry City School District, 5001 Ayers Limestone Rd, Martins Ferry, Ohio 43935.

This page intentionally left blank.

Martins Ferry City School District

Statement of Net Assets

June 30, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$976,422
Intergovernmental Receivable	157,687
Materials and Supplies Inventory	20,835
Prepaid Items	7,537
Property Taxes Receivable	3,089,811
Cash and Cash Equivalents with Escrow Agents	28,137
Deferred Charges	148,821
Non-Depreciable Capital Assets	2,436,556
Depreciable Capital Assets, Net	<u>42,072,900</u>
Total Assets	<u>48,938,706</u>
Liabilities	
Accounts Payable	21,493
Accrued Wages and Benefits Payable	1,354,728
Intergovernmental Payable	450,794
Contracts Payable	300,834
Accrued Interest Payable	39,391
Vacation Benefits Payable	59,056
Matured Severance Payable	55,414
Retainage Payable	28,137
Deferred Revenue	2,433,813
Retirement Incentive Payable	17,320
Long-Term Liabilities:	
Due Within One Year	368,714
Due In More Than One Year	<u>14,939,099</u>
Total Liabilities	<u>20,068,793</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	30,612,655
Restricted for:	
Debt Service	458,132
Capital Projects	280,801
Classroom Facilities Maintenance	246,753
Bus Purchase	23,778
State Programs	75,262
Federal Programs	839
Other Purposes	41,712
Unrestricted (Deficit)	<u>(2,870,019)</u>
Total Net Assets	<u><u>\$28,869,913</u></u>

See accompanying notes to the basic financial statements

Martins Ferry City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$6,720,015	\$906,667	\$826,007	\$0	(\$4,987,341)
Special	2,008,298	0	1,327,289	0	(681,009)
Vocational	332,558	0	115,422	0	(217,136)
Adult/Continuing	216	0	260	0	44
Student Intervention Services	147,583	0	36,497	0	(111,086)
Support Services:					
Pupil	624,136	0	7,957	0	(616,179)
Instructional Staff	818,117	0	385,066	0	(433,051)
Board of Education	55,831	0	0	0	(55,831)
Administration	1,317,624	0	32,939	0	(1,284,685)
Fiscal	341,707	0	193,842	0	(147,865)
Operation and Maintenance of Plant	2,098,061	0	43,321	0	(2,054,740)
Pupil Transportation	734,922	0	0	23,778	(711,144)
Central	75,435	0	17,191	0	(58,244)
Operation of Non-Instructional Service	112,219	0	110,824	0	(1,395)
Food Service Operations	865,021	296,298	432,891	0	(135,832)
Extracurricular Activities	347,468	102,533	0	0	(244,935)
Interest and Fiscal Charges	667,203	0	0	0	(667,203)
<i>Total Governmental Activities</i>	<u>\$17,266,414</u>	<u>\$1,305,498</u>	<u>\$3,529,506</u>	<u>\$23,778</u>	<u>(12,407,632)</u>

General Revenues

Property Taxes Levied for General Purposes	2,271,999
Property Taxes Levied for Capital Outlay	85,211
Property Taxes Levied for Debt Service	564,709
Property Taxes Levied for Building Maintenance	53,907
Grants and Entitlements not Restricted to Specific Programs	7,797,971
Gifts and Donations	2,200
Investment Earnings	18,749
Miscellaneous	398
<i>Total General Revenues</i>	<u>10,795,144</u>
Change in Net Assets	(1,612,488)
<i>Net Assets Beginning of Year</i>	<u>30,482,401</u>
<i>Net Assets End of Year</i>	<u>\$28,869,913</u>

See accompanying notes to the basic financial statements

Martins Ferry City School District

Balance Sheet

Governmental Funds

June 30, 2009

	General	Debt Service	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$0	\$276,334	\$280,801	\$419,287	\$976,422
Restricted Assets:					
Cash and Cash Equivalents with Escrow Agents	0	0	28,137	0	28,137
Receivables:					
Property Taxes	2,357,508	597,137	0	135,166	3,089,811
Intergovernmental	0	0	0	157,687	157,687
Interfund	0	391,045	0	0	391,045
Prepaid Items	7,034	0	0	503	7,537
Materials and Supplies Inventory	800	0	0	20,035	20,835
<i>Total Assets</i>	<u>\$2,365,342</u>	<u>\$1,264,516</u>	<u>\$308,938</u>	<u>\$732,678</u>	<u>\$4,671,474</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$20,660	\$0	\$0	\$833	\$21,493
Contracts Payable	300,834	0	0	0	300,834
Accrued Wages and Benefits	1,195,111	0	0	159,617	1,354,728
Interfund Payable	326,606	0	0	64,439	391,045
Intergovernmental Payable	381,914	0	0	68,880	450,794
Matured Severance Payable	55,414	0	0	0	55,414
Retirement Incentive Payable	17,320	0	0	0	17,320
Retainage Payable	0	0	28,137	0	28,137
Deferred Revenue	2,213,300	558,137	0	182,610	2,954,047
<i>Total Liabilities</i>	<u>4,511,159</u>	<u>558,137</u>	<u>28,137</u>	<u>476,379</u>	<u>5,573,812</u>
Fund Balances (Deficit)					
Reserved for Encumbrances	22,131	0	67,106	183,293	272,530
Reserved for Property Taxes	144,208	39,000	0	9,010	192,218
Reserved for Bus Purchases	23,778	0	0	0	23,778
Unreserved, Undesignated, Reported in:					
General Fund	(2,335,934)	0	0	0	(2,335,934)
Special Revenue Funds	0	0	0	128,435	128,435
Debt Service Fund	0	667,379	0	0	667,379
Capital Projects Funds	0	0	213,695	(64,439)	149,256
<i>Total Fund Balances (Deficit)</i>	<u>(2,145,817)</u>	<u>706,379</u>	<u>280,801</u>	<u>256,299</u>	<u>(902,338)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,365,342</u>	<u>\$1,264,516</u>	<u>\$308,938</u>	<u>\$732,678</u>	<u>\$4,671,474</u>

See accompanying notes to the basic financial statements

Martins Ferry City School District
*Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2009*

Total Governmental Fund Balances (\$902,338)

*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. 44,509,456

Other long-term assets are not available to pay for current-
period expenditures and therefore are deferred in the funds:

Grants	56,454
Property Taxes	<u>463,780</u>

Total 520,234

Unamortized issuance costs represent deferred charges which
do not provide current financial resources and, therefore, are
not reported in the funds. 148,821

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

General Obligation Bonds	9,935,000
Bond Premium	301,349
Compensated Absences	960,842
Vacation Benefits Payable	59,056
Accrued Interest Payable	39,391
Capital Leases	<u>4,110,622</u>

Total (15,406,260)

Net Assets of Governmental Activities \$28,869,913

See accompanying notes to the basic financial statements

Martins Ferry City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Debt Service	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$2,285,740	\$563,183	\$0	\$139,690	\$2,988,613
Intergovernmental	8,611,692	145,251	143,320	2,600,980	11,501,243
Interest	3,018	5,560	10,038	133	18,749
Tuition and Fees	902,105	0	0	0	902,105
Extracurricular Activities	0	0	0	102,533	102,533
Contributions and Donations	0	0	0	2,200	2,200
Charges for Services	4,562	0	0	296,298	300,860
Miscellaneous	398	0	0	0	398
<i>Total Revenues</i>	<u>11,807,515</u>	<u>713,994</u>	<u>153,358</u>	<u>3,141,834</u>	<u>15,816,701</u>
Expenditures					
Current:					
Instruction:					
Regular	5,469,561	0	0	742,431	6,211,992
Special	1,254,311	0	0	657,811	1,912,122
Vocational	301,231	0	0	0	301,231
Adult/Continuing	0	0	0	216	216
Student Intervention Services	107,218	0	0	30,274	137,492
Support Services:					
Pupil	604,471	0	0	10,000	614,471
Instructional Staff	376,424	0	0	379,584	756,008
Board of Education	55,831	0	0	0	55,831
Administration	1,084,335	0	0	40,813	1,125,148
Fiscal	308,470	16,371	1,653	4,139	330,633
Operation and Maintenance of Plant	1,310,619	0	0	675	1,311,294
Pupil Transportation	638,105	0	0	0	638,105
Central	62,745	0	0	14,858	77,603
Operation of Non-Instructional Services	0	0	0	100,738	100,738
Food Service Operations	0	0	0	745,769	745,769
Extracurricular Activities	226,850	0	0	99,915	326,765
Capital Outlay	918,154	0	1,010,064	125,639	2,053,857
Intergovernmental	0	0	306,860	0	306,860
Debt Service:					
Principal Retirement	136,847	155,000	0	34,448	326,295
Interest and Fiscal Charges	86,689	481,558	0	105,760	674,007
<i>Total Expenditures</i>	<u>12,941,861</u>	<u>652,929</u>	<u>1,318,577</u>	<u>3,093,070</u>	<u>18,006,437</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,134,346)</u>	<u>61,065</u>	<u>(1,165,219)</u>	<u>48,764</u>	<u>(2,189,736)</u>
Other Financing Sources					
Sale of Capital Assets	0	0	0	61,487	61,487
<i>Net Change in Fund Balances</i>	(1,134,346)	61,065	(1,165,219)	110,251	(2,128,249)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(1,011,471)</u>	<u>645,314</u>	<u>1,446,020</u>	<u>146,048</u>	<u>1,225,911</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$2,145,817)</u>	<u>\$706,379</u>	<u>\$280,801</u>	<u>\$256,299</u>	<u>(\$902,338)</u>

See accompanying notes to the basic financial statements

Martins Ferry City School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2009*

Net Change in Fund Balances - Total Governmental Funds (\$2,128,249)

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 capital asset additions exceeded depreciation in the current period.

Capital Assets Additions	1,492,479	
Depreciation Expense	(1,471,556)	
Total	20,923	20,923

Capital Assets removed from the capital asset account on the statement of net assets results in a gain on disposal of capital assets on the statement of activities. (27,969)

Capital Assets donated to the District which did not result in capital outlay in the Governmental Funds. 210,000

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

Property Taxes	(12,787)	
Grants	(149,988)	
Total	(162,775)	(162,775)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General Obligation Bonds	155,000	
Capital Leases	171,295	
Total	326,295	326,295

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. The amortization of premiums are reported on the statement of activities.

Accrued Interest	382	
Premium	12,688	
Total	13,070	13,070

Issuance costs are reported as an expenditure when paid in governmental funds, but are amortized on the statement of activities. (6,266)

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.

Vacation Benefits Payable	12,656	
Compensated Absences	129,827	
Total	142,483	142,483

Change in Net Assets of Governmental Activities (\$1,612,488)

See accompanying notes to the basic financial statements

Martins Ferry City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$1,105,000	\$2,580,000	\$2,264,803	(\$315,197)
Intergovernmental	8,533,000	8,533,000	8,638,043	105,043
Interest	50,000	50,000	4,935	(45,065)
Tuition and Fees	743,000	743,000	902,105	159,105
Charges for Services	7,000	7,000	4,562	(2,438)
Miscellaneous	2,000	2,000	398	(1,602)
<i>Total Revenues</i>	<u>10,440,000</u>	<u>11,915,000</u>	<u>11,814,846</u>	<u>(100,154)</u>
Expenditures				
Current:				
Instruction:				
Regular	5,431,400	5,401,700	5,440,754	(39,054)
Special	1,358,500	1,260,600	1,259,572	1,028
Vocational	309,900	316,000	315,904	96
Student Intervention Services	100,000	86,800	86,589	211
Support Services:				
Pupil	589,300	618,200	611,512	6,688
Instructional Staff	321,500	360,200	359,511	689
Board of Education	57,400	57,200	56,973	227
Administration	1,141,100	1,151,800	1,151,658	142
Fiscal	290,700	294,000	293,929	71
Operation and Maintenance of Plant	1,173,700	1,265,500	1,264,111	1,389
Pupil Transportation	623,700	593,200	592,374	826
Central	63,100	62,000	61,880	120
Extracurricular Activities	251,200	227,200	226,827	373
Capital Outlay	610,000	639,000	870,502	(231,502)
Debt Service:				
Principal Retirement	28,000	34,100	51,552	(17,452)
Interest and Fiscal Charges	52,000	40,000	39,552	448
<i>Total Expenditures</i>	<u>12,401,500</u>	<u>12,407,500</u>	<u>12,683,200</u>	<u>(275,700)</u>
Excess of Revenues Under Expenditures	(1,961,500)	(492,500)	(868,354)	(375,854)
<i>Fund Balance Beginning of Year</i>	493,027	493,027	493,027	0
Prior Year Encumbrances Appropriated	23,450	23,450	23,450	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$1,445,023)</u>	<u>\$23,977</u>	<u>(\$351,877)</u>	<u>(\$375,854)</u>

See accompanying notes to the basic financial statements

Martins Ferry City School District
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2009

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$16,248</u>
<i>Total Assets</i>	<u><u>\$16,248</u></u>
Liabilities	
Due to Students	<u>\$16,248</u>
<i>Total Liabilities</i>	<u><u>\$16,248</u></u>

See accompanying notes to the basic financial statements

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Martins Ferry City 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 1853 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 12 square miles. It is located in Belmont County and includes all the city of Martins Ferry and portions of Pease and Colerain Townships. It is staffed by 58 non-certified employees, 116 certified full-time teaching personnel and 8 administrative employees, who provide services to 1,506 students and other community members. The School District currently operates 2 instructional/support buildings, 1 administrative building, and 1 bus garage facility.

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 of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities.

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. No separate governmental units meet the criteria for inclusion as a component unit.

The following activities are included within the reporting entity:

Parochial Schools – Within the School District boundaries, St. Mary’s Central Elementary School is operated through the Steubenville Catholic Diocese; Martins Ferry Christian School is operated as a private school. Current State legislation provides funding to these parochial schools. These monies are received and distributed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. The activity of these State monies by the School Districts is reflected in a special revenue fund for financial reporting purposes.

The School District participates in the Belmont-Harrison Vocational School District, the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), Educational Regional Service System Region 12 (ERSS), the Coalition of Rural and Appalachian Schools (CORAS) which are jointly governed organizations, the Martins Ferry Public Library a related organization, the Ohio Association of School Business Officials Workers’ Compensation Group Rating Program (GRP) and the Ohio School Plan (OSP), which are defined as an insurance purchasing pool. These organizations are presented in Notes 18, 19, and 20.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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 the 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support 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 governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are two categories of funds: governmental and fiduciary.

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

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

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

Classroom Facilities Fund The Classroom Facilities Capital Projects Fund is used to account for the local and state share of a school facilities project through the Ohio School Facilities Commission. The local share of the project is funded through a bond levy.

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

Fiduciary Fund Types 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. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

C. 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 the 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.

D. 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. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the 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.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes are recognized in the fiscal year for which the taxes are levied (see Note 7). 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 year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange 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, interest, tuition, grants, fees and rentals.

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, 2009, but which were levied to finance fiscal year 2010 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. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. 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. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Following Ohio statues, the Board of Education has, by resolution, specified the fund to receive an allocation of interest earnings. All interest revenue is credited to the General Fund during fiscal year 2009 and amounted to \$3,018 which is assigned from other School District funds.

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 presented on the financial statements as cash and cash equivalents.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The District reports the change in fair value of investments. The calculation of realized gains/losses is independent of the calculation of the change in the fair value of investments. The realized gains/losses of the current period include unrealized amounts from prior periods.

The General Fund and Permanent Improvement Capital Projects Fund made disbursements in excess of their equity interest in the cash management pool. The amount of these excesses are reported as interfund payables to the Debt Service Fund which is reported as a major governmental fund.

F. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the Classroom Facilities Capital Projects major fund are for amounts withheld on construction contracts until the successful completion of the contract. The School District did not have enough cash in the General Fund at fiscal year end to fully restrict bus purchase allowance requirements. Therefore, no assets were restricted.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption and purchased food/commodities held for resale.

I. Capital Assets

The only capital assets of the School District are general capital assets. These assets result from expenditures in the governmental funds and 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. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition 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 currently only capitalizes land, land improvements, buildings and improvements, construction in progress, furniture and equipment and vehicles. 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.

All reported capital assets except land and construction in progress 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:

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Description	Estimated Lives
Land	N/A
Construction in Progress	N/A
Land Improvements	5 - 50 Years
Buildings and Improvements	20 - 50 Years
Furniture and Equipment	5-20 Years
Vehicles	5 - 8 Years

J. 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 on the statement of net assets.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for vacation eligible employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District’s past experience of making termination payments.

The entire sick leave benefit liability is reported on the government-wide financial statements.

On the government fund financial statements, sick leave benefits 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 severance payable” in the fund from which the employee will be paid.

L. 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 judgments, and compensated absences, 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 during the current year.

M. Bond Premiums and Issuance Costs

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond issuance costs and bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are recorded as deferred charges and amortized over the term of the related debt.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

On the governmental fund financial statements, governmental fund types recognize issuance costs and bond premiums in the current period. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another 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/expenses to the funds that initially paid for them are not presented on the financial statements.

O. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, and bus purchases.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for bus purchases is for state funds required to be utilized for the purchase of school buses.

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include local resources restricted to expenditures for specific purposes. Of the total restricted net assets, none has resulted from enabling legislation.

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

R. Estimates

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

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

S. Budgetary Data

All funds, other than agency funds, 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's 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 for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer is given the authority to further allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

The certificate of estimated resources may be amended during the 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 statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate in effect when the final appropriations were passed by the Board.

The appropriation resolution is subject to amendment by the Board throughout the 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 years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2009, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the statement excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure care and nuclear power plant decommissioning. The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 52 requires endowments, including permanent funds, to report land and other real estate investments at fair value, and to report the changes in fair value as investment income. The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. The implementation of this statement did not result in any change to the financial statements.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. The implementation of this statement did not result in any change to the financial statements.

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 generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

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

	Net Change in Fund Balance	General
GAAP Basis		(\$1,134,346)
Revenue Accruals		7,331
Expenditure Accruals		283,932
Encumbrances		(25,271)
Budget Basis		(\$868,354)

NOTE 5 – ACCOUNTABILITY AND COMPLIANCE

A. Fund Deficits

At June 30, 2009, the following funds had deficit fund balances:

	<u>Deficit Fund Balance</u>
General Fund	\$2,145,817
Permanent Improvement Capital Projects Fund	57,681
Food Service Special Revenue Fund	40,078

The deficits in the General Fund and Permanent Improvement Capital Projects Fund are due to actual cash deficits in the funds, accrued liabilities, as well as a failure to adequately fund these programs. The cash deficits are reported as payables to other funds.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The deficit in the Food Service Special Revenue Fund was created by the application of generally accepted accounting principles as well as failure to adequately fund this program. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Legal Compliance

At June 30, 2009, the following funds reflected expenditures which exceeded appropriations at the legal level of control, contrary to section 5705.41(B), Revised Code:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$12,407,500	\$12,683,200	(\$275,700)
Permanent Improvement	182,000	260,506	(78,506)
Lunchroom	761,000	768,783	(7,783)
Classroom Facilities	335,000	1,924,235	(1,589,235)

The School District will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

The General Fund and the Permanent Improvement Capital Projects Fund had deficit cash balance contrary to Section 5705.10, Revised Code, in the amounts of \$326,599 and \$64,440, respectively.

NOTE 6 - CASH AND CASH EQUIVALENTS

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

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

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

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
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) above;
7. The State Treasurer's investment pool (STAROhio);
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,050,155 of the School District's bank balance of \$1,300,155 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by FDIC.

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

NOTE 7 - 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.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

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

Tangible personal property tax revenue received during calendar 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Belmont 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, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance at June 30, 2009, was \$144,208 in the General Fund, \$39,000 in the Debt Service Fund, \$2,252 in the Classroom Maintenance Fund, and \$6,758 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2008, was \$123,271 in the General Fund, \$31,620 in the Debt Service Fund, \$1,902 in the Classroom Maintenance Fund, and \$5,701 in the Permanent Improvement Fund.

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

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$104,371,250	90.0%	\$104,995,310	94.8%
Public Utility Personal	5,624,480	4.9%	5,790,600	5.2%
General Business Property	5,912,190	5.1%	0	0.0%
	<u>\$115,907,920</u>	<u>100.0%</u>	<u>\$110,785,910</u>	<u>100.0%</u>
Tax Rate per \$1,000 of assessed valuation		\$43.09		\$43.09

NOTE 8 - RECEIVABLES

Receivables at June 30, 2009, 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 year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$463,780 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amounts</u>
Food Service	\$51,373
Early Childhood Education	2,059
Title I	75,950
Titel II-A	26,997
Title II-D	885
Title V	423
Total Intergovernmental Receivables	<u>\$157,687</u>

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 9 - INTERFUND BALANCES

Interfund balances at June 30, 2009, consist of the following interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
	<u>Debts Service Fund</u>
General Fund	\$326,606
Other Nonmajor Governmental Funds	64,439
Total	<u>\$391,045</u>

Actual cash deficit balances in the General Fund and the Permanent Improvement Capital Projects Fund were covered by cash from the Debt Service Fund.

NOTE 10 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance 6/30/08	Additions	Deletions	Balance 6/30/09
Nondepreciable Capital Assets:				
Land	\$1,663,973	\$772,583 (1)	\$0	\$2,436,556
Total Nondepreciable Capital Assets	<u>1,663,973</u>	<u>772,583</u>	<u>0</u>	<u>2,436,556</u>
Depreciable Capital Assets:				
Land Improvements	3,434,060	600,084	(68,047)	3,966,097
Buildings and Improvements	38,949,450	301,257	(663,557)	38,587,150
Furniture and Equipment	2,329,983	28,555	(14,636)	2,343,902
Vehicles	972,869	0	0	972,869
Total Depreciable Capital Assets	<u>45,686,362</u>	<u>929,896</u>	<u>(746,240)</u>	<u>45,870,018</u>
Accumulated Depreciation:				
Land Improvements	(188,579)	(197,311)	67,667	(318,223)
Buildings and Improvements	(1,521,444)	(926,967)	639,473	(1,808,938)
Furniture and Equipment	(697,132)	(282,592)	11,131	(968,593)
Vehicles	(636,678)	(64,686)	0	(701,364)
Total Accumulated Depreciation	<u>(3,043,833)</u>	<u>(1,471,556)</u>	<u>718,271</u>	<u>(3,797,118)</u>
Total Depreciable Capital Assets, Net	<u>42,642,529</u>	<u>(541,660)</u>	<u>(27,969)</u>	<u>42,072,900</u>
Governmental Capital Assets, Net	<u>\$44,306,502</u>	<u>\$230,923</u>	<u>(\$27,969)</u>	<u>\$44,509,456</u>

(1) Of the total asset additions of \$1,702,479, \$210,000 represents the contribution of donated land from the City of Martins Ferry.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$608,630
Special	119,609
Vocational	33,458
Support Services:	
Pupil	17,941
Instructional Staff	59,804
Administration	145,745
Fiscal	11,961
Operation and Maintenance of Plant	155,799
Pupil Transportation	105,757
Food Service Operations	116,612
Operation of Non-Instructional Services	11,481
Extracurricular Activities	84,759
Total Depreciation Expense	\$1,471,556

NOTE 11- 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 2009 the School District contracted with the Selective Insurance Company of South Carolina, Westfield Insurance Company and Cincinnati Insurance for property and fleet insurance and inland marine coverage. Coverage's provided are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$39,528,310
Boiler and Machinery - (\$500 deductible)	100,000
Flood Insurance - Building and Contents (\$5,000 deductible)	212,200
Automotive Liability	3,000,000
Uninsured Motorists	1,000,000

During fiscal year 2009, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium amount to the OSP (see Note 20). The types and amounts of coverage provided by the Ohio School Plan are as follows:

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

General Liability:	
Each Occurance	\$3,000,000
Aggregate Limit	5,000,000
Products-Completed Operations Aggregate Limit	3,000,000
Personal and Advertising Injury Limit - Each Occurance	3,000,000
Fire Damage Limit - Any One Event	500,000
Employers Liability:	
Each Occurance	3,000,000
Disease - Each Employee	3,000,000
Violence:	
Each Occurance	1,000,000
Aggregate Limit	1,000,000

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

The School District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). 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 district 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 its GRP tier rather than its individual rate. Participation in the GRP is limited to School Districts that can meet the GRP's selection criteria. The firm of Sheakley UniService, Inc. provides administration, cost control, and actuarial services to the GRP.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - 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 School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$157,172, \$175,485, and \$161,721 respectively; 41.30 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

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

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$853,408, \$862,718, and \$826,852 respectively; 78.23 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$287 made by the School District and \$3,514 made by the plan members.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2009, no members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

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

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

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$71,929, \$80,079, and \$64,688 respectively; 41.30 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$12,968, \$12,644, and \$10,997 respectively; 41.30 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$62,169, \$63,386, and \$57,428 respectively; 78.23 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NOTE 14 - OTHER 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. Current policy permits vacation leave to be accumulated up to one year. 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. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave up to maximum of 48 days for all employees.

B. Health/Life Insurance

The School District provides medical, health, and prescription card coverage for all eligible employees through the Health Plan and Health Assurance. The Health Plan is at a premium rate of \$1,361.38 for a family plan and \$544.55 for a single plan. The Health Assurance is at a premium rate of \$1,549.00 for a family plan and \$619.48 for a single plan. The Board pays 95 percent of the premiums for either of these health insurance options for all employees who work a 35 to 40 hours per week. Employees who work less than a 35 hour work week, receive a benefit where, the Board's share of the premium is calculated on a declining scale. The School District also provides dental and life insurance and accidental death and dismemberment insurance to all employees through Coresource which is 100 percent Board paid at a premium of \$6.25. Life insurance is provided in the amount of \$50,000 for superintendent, \$40,000 for the treasurer, \$25,000 for certified and administrative employees and \$20,000 for the classified employees. Dental is at a premium of \$60.46 for either the family or single plan. Vision insurance is provided through Vision Benefits of America and the Board pays 100 percent of the \$9.50 premium for those on the single plan only.

C. Retirement Incentive

Per the provision in the agreement between the Martins Ferry City School District Board of Education and the Martins Ferry Education Association, the Martins Ferry City School District Board of Education will provide a retirement incentive of \$1,000 times each year of Martins Ferry City School service (not to exceed \$13,000) to any teaching employee who is eligible for full retirement under any of Ohio's public employee retirement systems, provided the conditions stated in the agreement on file with the School District are met. The District had \$17,320 outstanding in retirement incentives payable that are scheduled to be repaid during fiscal year 2010 through 2012.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 2005, the School District entered into a capital lease to finance the construction of a new grandstand facility at the stadium. The lease arrangements are through the OASBO Expanded Asset Pooled Financing Program with the Columbus Regional Airport Authority as the lesser. During fiscal year 2008, the School District entered into two additional capital leases through the OASBO Expanded Asset Pooled Financing Program with the Columbus Regional Airport Authority to finance additional project costs associated with the classroom facilities project. During fiscal year 2008, the School District also entered into a capital lease for Xerox copiers.

The leases meet 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. In the future when capital lease payments are made, they will be reflected as debt service expenditures in the basic financial statements for the governmental funds.

The assets acquired by the leases have been capitalized in government wide statements governmental activities as land, buildings and improvements, and furniture, fixtures and equipment in the amount of \$4,813,028, which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government wide statements governmental activities for the total value of the lease. Governmental activities assets are reflected net of accumulated depreciation, \$4,389,886. Principal payments in fiscal year 2009 totaled \$171,295 in the governmental funds.

Future minimum lease payments through 2037 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total</u>
2010	\$177,948	\$185,430	\$363,378
2011	187,306	177,926	365,232
2012	196,800	169,952	366,752
2013	170,918	161,859	332,777
2014	142,979	155,451	298,430
2015-2019	851,078	674,059	1,525,137
2020-2024	793,498	476,577	1,270,075
2025-2029	870,979	283,374	1,154,353
2030-2034	611,859	84,184	696,043
2035-2037	107,257	5,145	112,402
Total	<u>\$4,110,622</u>	<u>\$2,373,957</u>	<u>\$6,484,579</u>

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 16 – CONSTRUCTION COMMITMENT

As of June 30, 2009, the School District had contractual purchase commitments for the school facilities project. The amounts are as follows:

Contractor	Fund	Purchased Commitments	Paid as of June 30, 2009	Remaining on Contracts
<u>CAPITALIZED CONTRACTS:</u>				
<u>High School/Middle School:</u>				
Colianni Construction - B-Structure	OSFC (010)	\$9,473,088	\$9,473,088	\$0
RF Scurlock Excavating - B-Structure	OSFC (010)	3,092,013	3,092,013	0
Cattrell Companies, Inc. - B- HVAC	OSFC (010)	4,465,000	4,465,000	0
Erb Electric -B-Electric/Plumbing	OSFC (010)	2,720,153	2,720,153	0
W.G. Tomko - B-Electric/Plumbing	OSFC (010)	940,846	940,846	0
Dalmation Fire, Inc. - B-Electric/Plumbing	OSFC (010)	289,949	289,949	0
Commercial Appliance - B- Structure	OSFC (010)	279,492	279,492	0
Farnham Equipment - Furnishings	OSFC (010)	563,700	563,700	0
Flag Floors - B-Structure	OSFC (010)	316,111	316,111	0
Continental Furnishings - Furnishings	OSFC (010)	834,651	834,651	0
RAME - B- Roofing	OSFC (010)	538,850	538,850	0
<u>Elementary School:</u>				
Colianni Construction - B-Structure	OSFC (010)	4,232,894	4,232,894	0
Saup/Hartley - B- Roofing	OSFC (010)	302,810	302,810	0
DeGol - B-Structure	OSFC (010)	179,199	179,199	0
Farnham Equipment - Furnishings	OSFC (010)	273,809	273,809	0
BrySCO Foodservice - B-Structure	OSFC (010)	195,372	195,372	0
S.A. Comunale Co. - B-Electric/Plumbing	OSFC (010)	144,620	144,620	0
Peterman Plumbing -B-Electric/Plumbing	OSFC (010)	545,424	545,424	0
Davidson Electric	OSFC (010)	1,008,215	1,008,215	0
Microman, Inc. - B - Structure	OSFC (010)	86,826	86,826	0
Stanley Security Solutions - B - Structure	OSFC (010)	578,381	578,381	0
Stanley Security Solutions - B - Structure	OSFC (010)	257,000	257,000	0
Stanley Security Solutions - B - Structure	OSFC (010)	90,340	90,340	0
Stanley Security Solutions - B - Structure	OSFC (010)	339,500	339,500	0
<u>Combined:</u>				
MKC Associates - B - Structure	OFSC (010)	1,905,627	1,905,627	0
PCS - Construction Manager - B-Structure	OFSC (010)	2,079,134	2,079,134	0
Lash Paving - Land Improvements	OFSC (010)	1,078,466	1,078,466	0
Service Supply - Land Improvements	OFSC (010)	129,000	129,000	0
Miscellaneous - Permitting/Legal-B-Structure	OFSC (010)	737,577	737,577	0
Columbia Gas - Land Improvements	LFI (004)	120,317	120,317	0

(Continued)

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Contractor	Fund	Purchased Commitments	Amounts Paid as of June 30, 2009	Amounts Remaining on Contracts
<u>CAPITALIZED CONTRACTS (Cont.):</u>				
<u>Non-Capitalized Contracts:</u>				
James White Construction - Utilities	LFI (004)	\$565,395	\$565,395	\$0
Mid-Atlantic Storage - Utilities	OFSC (010)	314,763	314,763	0
Karris Painting	LFI (004)	22,570	22,570	0
Raze	LFI (004)	228,385	228,385	0
Dave Sugar Co.	LFI (004)	516,883	516,883	0
Miscellaneous - Permitting/Legal, Etc.	LFI (004)	4,471	4,471	0
<u>LFI:</u>				
Benchmark Construction - B-Structure	LFI (004)	728,467	728,467	0
Erb Electric - B-Electrical	LFI (004)	68,962	68,962	0
Metal Masters	LFI (004)	90,819	90,819	0
Peterman - B-Electric/Plumbing	LFI (004)	83,932	83,932	0
MKC Associates - B - Structure	LFI (004)	123,755	123,755	0
Lash Paving - Land Improvements	LFI (004)	751,358	751,358	0
Esterlee Fencing - Land Improvements	LFI (004)	150,150	150,150	0
VascoSports Inc. - Land Improvements	LFI (004)	326,389	326,389	0
Colainni Construction	LFI (004)	496,899	496,899	0
DF&G System - Furnishings	LFI (004)	10,020	10,020	0
Daktronics - Furnishings	LFI (004)	40,738	40,738	0
RST Excavating - Land Improvements	LFI (004)	63,358	63,358	0
Cesario's - Land Improvements	LFI (004)	66,528	66,528	0
Ferry Hardware - B - Structure	LFI (004)	19,764	19,764	0
Columbia Gas/AEP - B-Structure	LFI (004)	65,101	65,101	0
Ferdas - Land Improvements	LFI (004)	40,024	40,024	0
MF Water Dept - B-Structure	LFI (004)	5,200	5,200	0
PSI Ground Testing - B-Structure	LFI (004)	22,500	22,500	0
WG Tomko - B-Structure	LFI (004)	17,184	17,184	0
Belmont Aggregate- Land Improvements	LFI (004)	45,000	45,000	0
Miscellaneous - B-Structure	LFI (004)	244,223	244,223	0

(Continued)

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Contractor	Fund	Purchased Commitments	Paid as of June 30, 2009	Remaining on Contracts
<u>CAPITALIZED CONTRACTS (Cont.):</u>				
<u>General Fund:</u>				
Colainni Construction - Land Improvements	General Fund (001)	\$951,717	\$650,884	\$300,833
ACA Engineering - Land Improvements	General Fund (001)	11,492	11,492	0
Lash Paving - Land Improvements	General Fund (001)	150,000	150,000	0
ACA Engineering - Land Improvements	General Fund (001)	15,172	15,172	0
Colainni Construction - Land Improvements	General Fund (001)	150,000	150,000	0
Cesario's - Land Improvements	General Fund (001)	48,413	48,413	0
Tri-State Turf - Land Improvements	General Fund (001)	40,683	40,683	0
RF Scurlock - Land Improvements	General Fund (001)	40,033	40,033	0
Flag Floors - B Structure	General Fund (001)	37,931	37,931	0
Belmont Petroluem -Equipment/Furnishings	General Fund (001)	10,167	10,167	0
<u>Food Service:</u>				
Business Data - Furnishings	Food Service (006)	19,418	19,418	0
Total		<u>\$44,386,228</u>	<u>\$44,085,395</u>	<u>\$300,833</u>

NOTE 17 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2009 were as follows:

	Principal Outstanding 6/30/08	Additions	Deductions	Principal Outstanding 6/30/09	Amounts Due In One Year
<i>2005 School Construction and Improvement General Obligation Bonds</i>					
Serial Bonds, \$4,940,000 @ 3.0%-4.55%	\$4,510,000	\$0	\$155,000	\$4,355,000	\$155,000
Term Bonds, \$5,580,000 @ 5.0%	5,580,000	0	0	5,580,000	0
Premium, \$355,273	314,037	0	12,688	301,349	0
Total Bonds and Loans	<u>10,404,037</u>	<u>0</u>	<u>167,688</u>	<u>10,236,349</u>	<u>155,000</u>
Capital Leases	4,281,917	0	171,295	4,110,622	177,948
Compensated Absences	1,090,669	528,859	658,686	960,842	35,766
Total General Long-Term Obligations	<u>\$15,776,623</u>	<u>\$528,859</u>	<u>\$997,669</u>	<u>\$15,307,813</u>	<u>\$368,714</u>

The capital leases will be repaid from the Permanent Improvement Capital Projects Fund and General Fund. Compensated absences will be paid from the General Fund and Food Service Special Revenue Fund.

2005 School Construction and Improvement General Obligation Bonds - On March 31, 2005, the School District issued \$10,520,000 in voted general obligation bonds which included serial and term bonds to pay the local share of the school construction under the State of Ohio Classroom Facilities Assistance Program (approximately 86% of the total of the bonds), as well as a portion of the project that will not be covered under the Classroom Facilities Assistance Program that is the Local Fund Initiative (approximately 14% of the total of the bonds). The issuance of the bonds included a \$355,273 premium and \$175,452 in bond issuance costs that will be amortized over the life of the issue. The bonds were issued for a twenty-eight year period with a final maturity at December 1, 2032.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

In connection with the passage of the bond issue, the School District earmarked a half-mill of the existing permanent improvement levy for the maintenance of the new building.

The 2005 bond issue consists of serial and term bonds. The term bonds that mature December 1, 2017 are subject to mandatory sinking fund redemption at a price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2016	<u><u>\$265,000</u></u>

The remaining principal amount of such bonds \$280,000 will be paid at stated maturity on December 1, 2017.

The term bonds that mature December 1, 2019 are subject to mandatory sinking fund redemption at a price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2018	<u><u>\$295,000</u></u>

The remaining principal amount of such bonds \$340,000 will be paid at stated maturity on December 1, 2019.

The term bonds that mature December 1, 2021 are subject to mandatory sinking fund redemption at a price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2020	<u><u>\$355,000</u></u>

The remaining principal amount of such bonds \$375,000 will be paid at stated maturity on December 1, 2021.

The term bonds that mature December 1, 2032 are subject to mandatory sinking fund redemption at a price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Date</u>	<u>to be Redeemed</u>
2028	\$650,000
2029	680,000
2030	720,000
2031	790,000

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The remaining principal amount of such bonds \$830,000 will be paid at stated maturity on December 1, 2032.

Bonds maturing on or after December 1, 2015 are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any date on or after June 30, 2015, at 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

When partial redemption is authorized, the Bonds or portions thereof will be selected by lot within a maturity in such manner as the Bond Registrar may determine, provided, however, that the portion of any such Bond so selected will be in the amount of \$5,000 or any integral multiple thereof.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2009 are as follows:

Fiscal Year Ending June 30, 2008	Principal	Interest	Total
2010	\$155,000	\$476,824	\$631,824
2011	180,000	471,347	651,347
2012	180,000	465,202	645,202
2013	185,000	458,676	643,676
2014	210,000	451,100	661,100
2015-2019	1,275,000	2,103,500	3,378,500
2020-2024	1,945,000	1,708,875	3,653,875
2025-2029	2,785,000	1,124,125	3,909,125
2030-2033	3,020,000	315,000	3,335,000
Total	<u>\$9,935,000</u>	<u>\$7,574,649</u>	<u>\$17,509,649</u>

The School District's overall legal debt margin was \$351,359, with an unvoted debt margin of \$110,226, at June 30, 2009. Although the School District's overall legal debt margin was \$351,359 at June 30, 2009 it was higher at the point of debt issuance due to the revision of the calculation per House Bill 530, which became effective March 30, 2006. The legislation provided for the exclusion of valuations of tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, or personal property owned or leased by a railroad company and used in railroad operations in the legal debt margin calculation. The School District issued the general obligation bonds prior to the revised legislation.

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

The Belmont-Harrison Vocational School District - The Belmont-Harrison Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating schools' boards of education, which possesses its own budgeting and taxing authority. During fiscal year 2009, the School District made no contributions to the Vocational School District. To obtain financial information write to the Belmont-Harrison Vocational School, Mark Lucas, who serves as Treasurer, at Fox Shannon Road, St. Clairsville, Ohio 43950.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Ohio Mid Eastern Regional Educational Service Agency - The Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State Statutes. OME-RESA participants consist of school districts and county educational service centers. OME-RESA provides financial accounting services, educational management information, and cooperative purchase services to member districts. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a governing board which is selected by the member districts. Each district has one vote in all matters, and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the governing board. OME-RESA has no outstanding debt. During fiscal year 2009, the total amount paid to OME-RESA from the School District was \$89,568 for cooperative gas purchasing services and \$41,508 for financial accounting services, educational management information, and internet access. The Jefferson County Educational Service Center serves as the fiscal agent and receives funding from the State Department of Education. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Educational Regional Service System Region 12 (ERSS) – The School District participates in the Educational Regional Service System Region 12, a jointly governed organization consisting of educational entities within Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble and Tuscarawas counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council.

Coalition of Rural and Appalachian Schools (CORAS) - The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Council provides various in-service for school district administrative personnel; gathers of 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 on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District's membership fee was \$300 for fiscal year 2009.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 19 – RELATED ORGANIZATIONS

The Martins Ferry Public Library is a district political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Martins Ferry City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operating subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Martins Ferry Public Library, Mary Ella Potter, Clerk/Treasurer, at 20 James Wright Place, Martins Ferry, Ohio 43935.

NOTE 20 – INSURANCE PURCHASING POOL

Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP) – The School District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. 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. Participants in the GRP are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the state based on the rate for its GRP tier rather than its individual rate. Participation in the GRP is limited to School Districts that can meet the GRP's selection criteria. The firm of Sheakley UniService, Inc., provides administration, cost control, and actuarial services to the GRP.

Ohio School Plan (OSP) – The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of Directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

NOTE 21 - 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 and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

Pursuant to State statute, the Board of Education expended all of the amounts previously set-aside for the budget stabilization.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside Reserve Balance as of June 30, 2008	\$0	\$0
Current Year Set-aside Requirement	241,310	241,310
Current Year Offsets	0	(138,293)
Qualifying Disbursements	<u>(244,932)</u>	<u>(482,919)</u>
Totals	<u>(\$3,622)</u>	<u>(\$379,902)</u>
Allowable Carry Forward for Fiscal Year 2008	(\$258,457)	(\$10,539,054)
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$262,079)</u>	<u>(\$10,539,054)</u>
Set-aside Reserve Balance as of June 30, 2009	<u>\$0</u>	<u>\$0</u>

The School District has qualifying disbursements for the textbooks set-aside from the current and prior fiscal years that may be used to reduce the set-aside requirement of future years. The School District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, that may not be carried forward to future years. The District also had current year and prior year capital expenditures from debt proceeds in connection with a school facilities project that may be carried forward to offset future set-aside requirements.

NOTE 22 - 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

B. Litigation

The School District is currently not party to any pending litigation.

NOTE 23 - SUBSEQUENT EVENTS

The School District has been approved for \$1,273,186 of Federal Stimulus dollars as part of The American Recovery and Reinvestment Act of 2009. The Miscellaneous Federal Grants of which \$369,309 was for Title I, and \$407,877 for IDEA-B. \$496,000 is for Budget Stabilization that will be paid through the School Foundation Program. The allocations will be available to fund fiscal year 2010 programs.

**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY**

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed-Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2008/2009	10.555	\$27,838	\$27,838
Cash Assistance:				
School Breakfast Program	2008/2009	10.553	149,223	149,223
National School Lunch Program	2008/2009	10.555	246,008	246,008
Cash Assistance Subtotal			<u>395,231</u>	<u>395,231</u>
Total Child Nutrition Cluster			<u>423,069</u>	<u>423,069</u>
Total U.S. Department of Agriculture			423,069	423,069
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed-Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2008	84.010	70,507	61,644
	2009		450,317	443,891
Total Title I Grants to Local Educational Agencies			<u>520,824</u>	<u>505,535</u>
Special Education-Grants to States	2008	84.027	63,857	67,995
	2009		331,491	331,253
Total Special Education-Grants to States			<u>395,348</u>	<u>399,248</u>
Safe and Drug-Free Schools and Communities-State Grants	2008	84.186	8,209	545
	2009		8,209	8,209
Total Safe and Drug-Free Schools and Communities-State Grants			<u>8,209</u>	<u>8,754</u>
State Grants for Innovative Programs	2009	84.298	954	845
Education Technology State Grants	2009	84.318	4,056	3,562
Improving Teacher Quality State Grants	2008	84.367	7,347	17,073
	2009		122,501	120,368
Total Improving Teacher Quality State Grants			<u>129,848</u>	<u>137,441</u>
Total U.S. Department of Education			<u>1,059,239</u>	<u>1,055,385</u>
Total Federal Awards Receipts and Expenditures			<u>\$1,482,308</u>	<u>\$1,478,454</u>

The Notes to the Federal Awards Receipts and Expenditures Schedule is an integral part of the Schedule.

**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION PROGRAM

Program regulations do not require the School District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The School District reports commodities consumed on the Schedule at the fair value.



Mary Taylor, CPA

Auditor of State

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

Martins Ferry City School District
Belmont County
5001 Ayers Limestone Road
Martins Ferry, Ohio 43935

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Martins Ferry City School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 5, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions 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 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 financial statement misstatement.

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 statement 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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the School District's management in a separate letter dated February 5, 2010.

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2009-001 and 2009-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated February 5, 2010.

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

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

Mary Taylor, CPA
Auditor of State

February 5, 2010



Mary Taylor, CPA

Auditor of State

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

Martins Ferry City School District
Belmont County
5001 Ayers Limestone Road
Martins Ferry, Ohio 43935

To the Board of Education:

Compliance

We have audited the compliance of the Martins Ferry City School District, Belmont County, Ohio (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 apply to each of its major federal programs for the year ended June 30, 2009. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on the 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the 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 apply to each of its major federal programs for the year ended June 30, 2009.

In a separate letter to the School District's management dated February 5, 2010, we reported another matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

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

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

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

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

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



Mary Taylor, CPA
Auditor of State

February 5, 2010

**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS
--

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster CFDA #'s 10.553 and 10.555 Title I Grants to Local Educational Agencies CFDA # 84.010
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY**

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

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

FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been properly appropriated.

At June 30, 2009, the following funds reflected expenditures which exceeded appropriations at the legal level of control:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$12,407,500	\$12,683,200	(\$275,700)
Permanent Improvement	182,000	260,506	(78,506)
Lunchroom	761,000	768,783	(7,783)
Classroom Facilities	335,000	1,924,235	(1,589,235)

The School District's failure to limit expenditures to the amounts appropriated could result in deficit spending.

We recommend the Board of Education and the Treasurer monitor all fund expenditures to ensure expenditures remain within their respective budgeted amounts. The Treasurer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Treasurer may request the Board to approve increased expenditure levels by increasing appropriations and amending estimated resources, if available and necessary.

FINDING NUMBER 2009-002

Noncompliance Citation

Ohio Rev. Code Section 5705.10(H) states that money paid into any fund shall be used only for the purposes for which such fund is established. As a result, a deficit fund balance indicates that money from one fund was used to cover the expenses of another fund.

The following funds reflected negative cash fund balances at year end as noted:

<u>Fund</u>	<u>At 6/30/09</u>
General	(\$326,599)
Permanent Improvement	(64,440)

Ohio Rev. Code Section 3315.20 provides an allowable exception for school districts. A school district may have a deficit in any special fund of the school district, but only if all of the following conditions are satisfied:

- o The school district has a request for payment pending with the state sufficient to cover the amount of the deficit [R.C. § 3315.20(A)];
- o There is a reasonable likelihood that the payment will be made [R.C. § 3315.20(A)];

**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY**

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

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

FINDING NUMBER 2009-002 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.10(H) (Continued)

- The unspent and unencumbered balance in the school district's general fund is greater than the aggregate of deficit amounts in all of the school district's special funds. [R.C. § 3315.20(B)].

The Permanent Improvement Fund would qualify as a special fund; however, when applying the exceptions of Ohio Rev. Code Section 3315.20, the School District could not satisfy the conditions necessary to allow a deficit.

We recommend the Treasurer monitor fund balances to properly ensure that monies from one fund are not utilized to pay the obligations of another fund. To cover temporary cash flow shortages, the School District may be able to advance money from other funds. The School District can refer to Auditor of State Bulletin 97-003 to determine if an advance of funds to prevent a deficit cash balance would be appropriate.

Officials Response: We did not receive a response from Officials to the findings reported above.

3. FINDINGS FOR FEDERAL AWARDS

None.

**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .315(b)
JUNE 30, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2008-001	Ohio Rev. Code Section 5705.39 for appropriations exceeding estimated revenue.	Yes	N/A.
2008-002	Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations.	No	Not Corrected; Repeated as Finding No. 2009-001.
2008-003	2 CFR Part 225 for lack of time and effort logs and single-funding certificates resulting in questioned costs/significant deficiencies.	No	Partially Corrected; There were no questioned costs or significant deficiencies; however, we noted that single-funding certifications were not always being prepared. This matter is noted in the management letter.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Martins Ferry City School District
Belmont County
5001 Ayers Limestone Road
Martins Ferry, Ohio 43935

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on May 12, 2003, with revisions passed on December 12, 2005, and November 16, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States; and
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

This report is intended solely for the information and use of the Board of Education and is not intended to be and should not be used by anyone other than this specified party.



Mary Taylor, CPA
Auditor of State

February 5, 2010



Mary Taylor, CPA
Auditor of State

MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 2, 2010