



***MINFORD  
LOCAL SCHOOL DISTRICT***

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**SCIOTO COUNTY**

**SINGLE AUDIT**

**For the Fiscal Year Ended June 30, 2009**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Minford Local School District, Scioto County, prepared by J.L. Uhrig and Associates, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 13, 2010

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*For the Fiscal Year Ended June 30, 2009*

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## Independent Auditor's Report

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2009 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

Board of Education  
Minford Local School District  
Independent Auditor's Report

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

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards expenditures required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

December 15, 2009



**Minford Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

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The discussion and analysis of the Minford Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 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:

- Net assets of governmental activities increased \$66,030.
- General revenues accounted for \$10,672,015 in revenue or 66% of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions, accounted for \$5,436,760 or 34% of total revenues of \$16,108,775.
- The School District had \$16,042,745 in expenses related to governmental activities; only \$5,436,760 of these expenses were offset by program specific charges for services and sales, grants, and contributions.
- All governmental funds had total revenues and other financing sources of \$15,861,253 and expenditures of \$15,625,894.

### **USING THIS ANNUAL FINANCIAL REPORT**

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

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

#### ***Reporting the School District as a Whole***

##### *Statement of Net Assets and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 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.

**Minford Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

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

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

***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

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

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

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

**Minford Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

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**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
<b>Assets</b>		
Current and Other Assets	\$ 4,214,730	\$ 3,837,521
Capital Assets, Net	28,890,513	29,780,859
<b>Total Assets</b>	<b>33,105,243</b>	<b>33,618,380</b>
<b>Liabilities</b>		
Long-term Liabilities	4,081,854	4,554,806
Current and Other Liabilities	3,133,125	3,239,340
<b>Total Liabilities</b>	<b>7,214,979</b>	<b>7,794,146</b>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	25,814,308	26,414,238
Restricted	1,295,221	1,064,695
Unrestricted (Deficit)	(1,219,265)	(1,654,699)
<b>Total Net Assets</b>	<b>\$ 25,890,264</b>	<b>\$ 25,824,234</b>

Current and other assets increased \$377,209 primarily due to an increase in equity in pooled cash and cash equivalents due to increases in operating grants and contributions. Capital assets decreased \$890,346 primarily due to depreciation expense in excess of additions.

Long term liabilities decreased \$472,952 primarily due to bond and capital lease payments as well as a reduction in compensated absences payable. Current and other liabilities decreased \$106,215 primarily due to a decrease in deferred revenue which resulted from more timely collections on taxes and intergovernmental receivables during the available period.

Total net assets of the School District as a whole increased \$66,030 primarily due to the factors discussed above.

**Minford Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

Table 2 shows the changes in net assets for the fiscal years ended June 30, 2009 and 2008.

Table 2  
Changes in Net Assets

	Governmental Activities	
	2009	2008
<b>Revenues</b>		
Program Revenues		
Charges for Services and Sales	\$ 2,126,925	\$ 2,087,793
Operating Grants and Contributions	3,309,835	2,943,973
Total Program Revenues	<u>5,436,760</u>	<u>5,031,766</u>
General Revenues		
Property Taxes	1,990,689	1,810,819
Grants and Entitlements not Restricted to Specific Programs	8,512,721	8,210,088
Investment Earnings	8,923	33,112
Gifts and Donations not Restricted to Specific Programs	15,316	23,908
Gain on Sale of Capital Assets	8,495	4,044
Miscellaneous	135,871	103,500
Total General Revenues	<u>10,672,015</u>	<u>10,185,471</u>
Total Revenues	<u>16,108,775</u>	<u>15,217,237</u>
<b>Program Expenses</b>		
Instruction:		
Regular	7,825,668	7,599,698
Special	1,206,712	1,051,601
Vocational	237,194	245,087
Other	46,365	22,439
Support Services:		
Pupils	371,238	491,927
Instructional Staff	757,724	720,036
Board of Education	69,499	44,803
Administration	1,573,480	1,328,954
Fiscal	285,621	279,172
Operation and Maintenance of Plant	1,308,821	1,235,000
Pupil Transportation	1,062,003	983,485
Central	3,198	2,847
Operation of Non-Instructional Services	700,391	684,655
Extracurricular Activities	434,836	446,906
Interest and Fiscal Charges	159,995	172,861
Total Expenses	<u>16,042,745</u>	<u>15,309,471</u>
Increase (Decrease) in Net Assets	66,030	(92,234)
Net Assets, Beginning of Year	25,824,234	25,916,468
Net Assets, End of Year	<u>\$ 25,890,264</u>	<u>\$ 25,824,234</u>

Unrestricted grants and entitlements comprised 53 percent of revenue for governmental activities during 2009 and represent the largest source of revenue. Operating grants and contributions and charges for services and sales comprised 21 percent and 13 percent, respectively, of revenue. Property taxes comprised 12 percent of revenue. Operating grants and contributions increased \$365,862 primarily due to higher federal grant awards and state funding for special education and transportation. Property taxes increased \$179,870 primarily due to increased collections on delinquencies. Grants and entitlements not restricted to specific programs increased \$302,633 due to increased foundation settlements from the State and increased tangible personal property reimbursements.

**Minford Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

As indicated by governmental program expenses, instruction is emphasized. Regular and special instruction comprised 49 percent and 8 percent, respectively, of governmental program expenses. Administration, operation and maintenance of plant, and pupil transportation support services also represent significant allocations of governmental expenses, comprising 10 percent, 8 percent, and 7 percent, respectively. Regular and special instruction and administration increased \$225,970, \$155,111, and \$244,526, respectively, due mainly to an increase in salaries and benefits expenses and related accruals. Pupils support services decreased \$120,689 due mainly to the reallocation of certain types of expenses to other functions.

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

Table 3  
 Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2009	2009	2008	2008
Program Expenses				
Instruction:				
Regular	\$7,825,668	\$6,237,340	\$7,599,698	\$6,140,421
Special	1,206,712	(1,438)	1,051,601	16,570
Vocational	237,194	202,941	245,087	212,246
Other	46,365	32,987	22,439	16,386
Support Services:				
Pupils	371,238	244,444	491,927	329,815
Instructional Staff	757,724	507,233	720,036	426,097
Board of Education	69,499	59,463	44,803	38,692
Administration	1,573,480	1,467,070	1,328,954	1,128,852
Fiscal	285,621	241,981	279,172	238,983
Operation and Maintenance of Plant	1,308,821	1,059,631	1,235,000	989,886
Pupil Transportation	1,062,003	307,734	983,485	277,358
Central	3,198	2,736	2,847	2,459
Operation of Non-Instructional Services	700,391	(85,206)	684,655	117,176
Extracurricular Activities	434,836	180,977	446,906	213,131
Interest and Fiscal Charges	159,995	148,092	172,861	129,633
Total	<u>\$16,042,745</u>	<u>\$10,605,985</u>	<u>\$15,309,471</u>	<u>\$10,277,705</u>

**THE SCHOOL DISTRICT FUNDS**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The School District has two major funds: the General Fund and the Bond Retirement Fund. The General Fund had \$13,070,790 in revenues and other financing sources and \$12,923,802 in expenditures. Revenues increased \$274,681 due mainly to an increase in intergovernmental revenues as a result of increased foundation and tangible personal property reimbursement remittances. Expenditures increased \$396,164 due mainly to an increase in salaries and benefits expenditures. The General Fund's balance increased \$146,988. The Bond Retirement Fund had \$247,873 in revenues and \$168,954 in expenditures. Revenues and expenditures were reasonably consistent between years. The Bond Retirement Fund's balance increased \$78,919.

**Minford Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

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**General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2009, the School District amended its General Fund budget.

For the General Fund, final budget basis revenue and other sources was \$13,025,980, above original estimates of \$12,589,436. This increase was due to higher intergovernmental revenues than originally anticipated. For the General Fund, final budget basis expenditures and other sources were \$13,092,148, above original estimates of \$12,833,195. This increase was due to salaries and benefits being higher than originally anticipated. Actual revenues and other financing sources and expenditures and other financing uses were reasonably consistent with final amended budgeted figures.

The School District's ending unobligated General Fund balance was \$305,020.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2009, the School District had \$28,890,513 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. For additional information on capital assets, see Note 7 to the basic financial statements. Table 4 shows fiscal year 2009 balances compared to 2008.

Table 4  
 Capital Assets  
 (Net of Depreciation)

	Governmental Activities	
	2009	2008
Land and Land Improvements	\$ 872,052	\$ 989,249
Buildings and Improvements	26,363,583	26,974,047
Furniture and Equipment	1,385,070	1,548,461
Vehicles	269,808	269,102
Totals	\$ 28,890,513	\$ 29,780,859

**Debt**

At June 30, 2009, the School District had general obligation bonds outstanding of \$1,455,000. The bonds were issued for school construction. The School District also had capital leases outstanding of \$1,621,205. These leases were entered into for the construction of a new athletic complex. For additional information on debt, see Note 11 to the basic financial statements.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Eleanor Karshner, Treasurer at Minford Local School District, P.O. Box 204, Minford, Ohio 45653.

**Minford Local School District**  
*Statement of Net Assets*  
*June 30, 2009*

	Governmental Activities
<b>ASSETS:</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 1,588,310
Restricted Cash and Cash Equivalents	201,584
Intergovernmental Receivable	194,008
Taxes Receivable	2,230,828
Noncurrent Assets:	
Non-Depreciable Capital Assets	674,603
Depreciable Capital Assets, net	28,215,910
<b>Total Assets</b>	<b>33,105,243</b>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	101,427
Accrued Wages and Benefits	880,974
Intergovernmental Payable	326,280
Accrued Interest Payable	6,036
Matured Compensated Absences Payable	38,759
Deferred Revenue	1,779,649
Noncurrent Liabilities:	
Due Within One Year	393,183
Due in More Than One Year	3,688,671
<b>Total Liabilities</b>	<b>7,214,979</b>
<b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt	25,814,308
Restricted for Debt Service	779,437
Restricted for Capital Outlay	218,672
Restricted for Other Purposes	297,112
Unrestricted (Deficit)	(1,219,265)
<b>Total Net Assets</b>	<b>\$ 25,890,264</b>

See accompanying notes to the basic financial statements.  
See accountant's compilation report.

**Minford Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2009

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$ 7,825,668	\$ 880,646	\$ 707,682	\$ (6,237,340)
Special	1,206,712	91,450	1,116,700	1,438
Vocational	237,194	34,253	-	(202,941)
Other	46,365	5,335	8,043	(32,987)
<b>Support Services:</b>				
Pupils	371,238	38,714	88,080	(244,444)
Instructional Staff	757,724	79,983	170,508	(507,233)
Board of Education	69,499	10,036	-	(59,463)
Administration	1,573,480	77,054	29,356	(1,467,070)
Fiscal	285,621	39,743	3,897	(241,981)
Operation and Maintenance of Plant	1,308,821	175,495	73,695	(1,059,631)
Pupil Transportation	1,062,003	142,019	612,250	(307,734)
Central	3,198	462	-	(2,736)
Operation of Non-Instructional Services	700,391	289,417	496,180	85,206
Extracurricular Activities	434,836	250,415	3,444	(180,977)
Interest and Fiscal Charges	159,995	11,903	-	(148,092)
<i>Total Governmental Activities</i>	<u>\$ 16,042,745</u>	<u>\$ 2,126,925</u>	<u>\$ 3,309,835</u>	<u>\$ (10,605,985)</u>
<b>General Revenues:</b>				
<b>Property Taxes Levied for:</b>				
				1,743,835
				32,383
				214,471
				8,512,721
				15,316
				8,923
				8,495
				135,871
				<u>10,672,015</u>
				66,030
				<u>25,824,234</u>
				<u>\$ 25,890,264</u>

See accompanying notes to the basic financial statements.  
See accountants' compilation report.



**Minford Local School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2009*

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 217,098	\$ 727,245	\$ 643,967	\$ 1,588,310
Restricted Cash and Cash Equivalents	201,584	-	-	201,584
Intergovernmental Receivable	-	-	194,008	194,008
Taxes Receivable	1,959,233	266,943	4,652	2,230,828
<i>Total Assets</i>	<u>\$ 2,377,915</u>	<u>\$ 994,188</u>	<u>\$ 842,627</u>	<u>\$ 4,214,730</u>
<b>LIABILITIES:</b>				
Accounts Payable	\$ -	\$ -	\$ 101,427	\$ 101,427
Accrued Wages and Benefits	715,351	-	165,623	880,974
Intergovernmental Payable	281,252	-	45,028	326,280
Matured Compensated Absences Payable	34,646	-	4,113	38,759
Deferred Revenue	1,822,443	248,194	133,507	2,204,144
<i>Total Liabilities</i>	2,853,692	248,194	449,698	3,551,584
<b>FUND BALANCES:</b>				
<i>Reserved:</i>				
Reserved for Encumbrances	95,486	-	129,937	225,423
Reserved for Property Taxes	136,790	18,749	2,438	157,977
Reserved for Textbooks and Instructional Materials	201,584	-	-	201,584
<i>Unreserved, Undesignated, Reported in:</i>				
General Fund	(909,637)	-	-	(909,637)
Special Revenue Funds	-	-	41,882	41,882
Debt Service Funds	-	727,245	-	727,245
Capital Projects Funds	-	-	218,672	218,672
<i>Total Fund Balances</i>	<u>(475,777)</u>	<u>745,994</u>	<u>392,929</u>	<u>663,146</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,377,915</u>	<u>\$ 994,188</u>	<u>\$ 842,627</u>	<u>\$ 4,214,730</u>

See accompanying notes to the basic financial statements.  
See accountant's compilation report.

**Minford Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities*  
 June 30, 2009

Total Governmental Fund Balances		\$ 663,146
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.		28,890,513
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	293,202	
Intergovernmental	<u>131,293</u>	
Total		424,495
Interest payable is not recorded in the governmental funds, but is recorded in the statement of net assets.		(6,036)
Long-term liabilities, including bonds, capital lease obligations, and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(1,005,649)	
Capital Lease Obligations	(1,621,205)	
General Obligation Bonds	<u>(1,455,000)</u>	
Total		<u>(4,081,854)</u>
Net Assets of Governmental Activities		<u><u>\$ 25,890,264</u></u>

See accompanying notes to the basic financial statements.  
 See accountant's compilation report.

**Minford Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2009*

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Property Taxes	\$ 1,541,626	\$ 209,496	\$ 31,789	\$ 1,782,911
Intergovernmental	9,521,200	38,377	2,220,305	11,779,882
Interest	7,786	-	1,137	8,923
Tuition and Fees	1,656,123	-	-	1,656,123
Rent	935	-	-	935
Extracurricular Activities	188,438	-	-	188,438
Gifts and Donations	15,316	-	2,930	18,246
Customer Sales and Services	-	-	281,429	281,429
Miscellaneous	135,871	-	-	135,871
<i>Total Revenues</i>	<u>13,067,295</u>	<u>247,873</u>	<u>2,537,590</u>	<u>15,852,758</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	6,206,707	-	835,491	7,042,198
Special	660,224	-	578,254	1,238,478
Vocational	249,932	-	-	249,932
Other	36,945	-	9,420	46,365
<b>Support Services:</b>				
Pupils	284,215	-	83,293	367,508
Instructional Staff	553,232	-	202,371	755,603
Board of Education	69,499	-	-	69,499
Administration	1,560,068	-	31,458	1,591,526
Fiscal	277,552	5,843	4,564	287,959
Operation and Maintenance of Plant	1,210,827	-	86,308	1,297,135
Pupil Transportation	983,675	-	22,773	1,006,448
Central	3,198	-	-	3,198
Operation of Non-Instructional Services	55,273	-	584,032	639,305
Extracurricular Activities	429,177	-	602	429,779
Capital Outlay	55,435	-	94,572	150,007
<b>Debt Service:</b>				
Principal	205,416	85,000	-	290,416
Interest	82,427	78,111	-	160,538
<i>Total Expenditures</i>	<u>12,923,802</u>	<u>168,954</u>	<u>2,533,138</u>	<u>15,625,894</u>
<i>Excess of Revenues Over Expenditures</i>	<u>143,493</u>	<u>78,919</u>	<u>4,452</u>	<u>226,864</u>
<b>OTHER FINANCING SOURCES:</b>				
Proceeds from Sale of Capital Assets	3,495	-	5,000	8,495
<i>Total Other Financing Sources</i>	<u>3,495</u>	<u>-</u>	<u>5,000</u>	<u>8,495</u>
<i>Net Change in Fund Balances</i>	146,988	78,919	9,452	235,359
<i>Fund Balances at Beginning of Year</i>	<u>(622,765)</u>	<u>667,075</u>	<u>383,477</u>	<u>427,787</u>
<i>Fund Balances at End of Year</i>	<u>\$ (475,777)</u>	<u>\$ 745,994</u>	<u>\$ 392,929</u>	<u>\$ 663,146</u>

See accompanying notes to the basic financial statements.  
See accountant's compilation report.

**Minford Local School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2009*

Net Change in Fund Balances - Total Governmental Funds \$ 235,359

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

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

Capital Asset Additions	116,205	
Current Year Depreciation	(1,006,551)	
Total		(890,346)

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

Proceeds from Sale of Capital Assets	(8,495)	
Gain on Sale of Capital Assets	8,495	
Total		-

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

Taxes	207,778	
Intergovernmental	39,744	
Total		247,522

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

85,000

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

205,416

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

Decrease in Compensated Absences	182,536	
Decrease in Interest Payable	543	
Total		183,079

Net Change in Net Assets of Governmental Activities

\$ 66,030

See accompanying notes to the basic financial statements.  
See accountant's compilation report.

**Minford Local School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget And Actual*  
*(Budgetary Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Total Revenues and Other Sources	\$ 12,589,436	\$ 13,025,980	\$ 13,025,984	\$ 4
Total Expenditures and Other Uses	12,833,195	13,092,148	13,092,148	-
Net Change in Fund Balance	(243,759)	(66,168)	(66,164)	4
Fund Balance, July 1	291,579	291,579	291,579	-
Prior Year Encumbrances Appropriated	79,605	79,605	79,605	-
Fund Balance, June 30	<u>\$ 127,425</u>	<u>\$ 305,016</u>	<u>\$ 305,020</u>	<u>\$ 4</u>

See accompanying notes to the basic financial statements.  
See accountant's compilation report.

**Minford Local School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*June 30, 2009*

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ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 27,937</u>
LIABILITIES:	
Undistributed Monies	<u>\$ 27,937</u>

See accompanying notes to the basic financial statements.  
See accountant's compilation report.

**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was established in 1924 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 98 square miles. It is located in Scioto County, and includes the Village of Minford and the Townships of Madison and Harrison. It is staffed by 52 non-certificated employees and 104 certificated full-time teaching personnel who provide services to 1,550 students and other community members. The School District currently operates 2 instructional buildings.

*Reporting Entity:*

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Minford Local School District, this includes general operations, food service, and student related activities of the School District.

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

The following organizations which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these organizations nor are they fiscally dependent on the School District:

- \* Boosters Clubs
- \* Parent - Teacher Organizations

The School District is associated with five organizations, three of which are defined as jointly governed organizations, one as an insurance purchasing pool, and one as a public entity shared risk pool. These organizations are the South Central Ohio Computer Association, the Scioto County Career Technical Center, the Coalition of Rural and Appalachian Schools, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Scioto County Regional Council of Governments. These organizations are presented in Notes 12, 13, and 14 to the basic financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**A. Basis Of Presentation - Fund Accounting**

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

*Government-wide Financial Statements:*

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

The statement of net assets presents the financial condition of governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

*Fund Financial Statements:*

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

**B. Fund Accounting**

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

**Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental 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 purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

**General Fund**

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



**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Bond Retirement Fund**

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

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

**Fiduciary Funds**

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

**Measurement Focus**

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

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

**Basis of Accounting**

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

**Revenues – Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of year-end.

**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

**Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 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 the governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**C. Budgetary Process**

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement are based on estimates made when the first permanent appropriation was adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2009.

**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

**Encumbrances**

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

**D. Cash and Cash Equivalents**

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2009 amounted to \$7,786 and \$1,137 for the other non-major governmental funds.

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

The School District had no investments in fiscal year 2009.

The School District has recorded restricted cash in the basic financial statements for set asides for textbooks and instructional materials. This cash is recorded in the basic financial statements as "restricted cash and cash equivalents". For more information on these set-asides, see Note 15.

**E. Capital Assets and Depreciation**

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

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

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The School District does not capitalize interest for capital asset purchases.

**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

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

**F. Compensated Absences**

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

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

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

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

**G. Accrued Liabilities and Long-Term Obligations**

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

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

**H. Fund Balance Reserves**

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

**I. Estimates**

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

**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**J. Net Assets**

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

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

Of the School District's \$1,295,221 in restricted net assets, none is restricted by enabling legislation.

**K. Interfund Transactions**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements. Interfund transfers between governmental activities are eliminated in the statement of activities. The School District had no interfund transfers during fiscal year 2009.

**L. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables/Payables." These amounts are eliminated in the governmental activities column of the statement of net assets. The School District had no outstanding interfund receivables or payables as of June 30, 2009.

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget and actual (budgetary basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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

**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING** (continued)

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

Net Change in Fund Balance	
GAAP Basis	\$ 146,988
Revenue Accruals	(44,806)
Expenditure Accruals	(54,684)
Encumbrances	<u>(113,662)</u>
Budget Basis	<u><u>\$ (66,164)</u></u>

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;

**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 4 - DEPOSITS AND INVESTMENTS** (continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
9. Linked deposits as authorized by ordinance adopted pursuant to section 135.80 of the Revised Code;
10. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and
11. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which both the obligations are eligible for purchase by the federal reserve system and the obligations mature no later than one hundred eighty days after purchase.

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

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

***Deposits:*** Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, 2009, the School District's bank balance of \$1,993,062 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above.

**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar year 2009 for real and public utility property taxes represents collections of calendar year 2008 taxes. Property tax payments received during calendar year 2009 for tangible personal property (other than public utility property) is for calendar year 2009 taxes.

2009 real property taxes are levied after April 1, 2009, on the assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2008 public utility property taxes became a lien December 31, 2008, are levied after April 1, 2009 and are collected in 2010 with real property taxes.

2009 tangible personal property taxes are levied after April 1, 2009, on the value as of December 31, 2008. Collections are made in 2010. Tangible personal property assessments are six and one-quarter percent of true value.

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

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

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

The assessed values upon which 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	\$ 79,808,480	92.99%	\$ 80,637,050	94.20%
Public Utility	4,801,810	5.59%	4,966,820	5.80%
Tangible Personal Property	1,215,487	1.42%	-	0.00%
Total Assessed Value	<u>\$ 85,825,777</u>	<u>100.00%</u>	<u>\$ 85,603,870</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 28.46		\$ 28.46	



**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 5 - PROPERTY TAXES** (continued)

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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 represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became 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 available as an advance at June 30 was levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance is recognized as revenue.

The amount available as an advance at June 30, 2009, was \$136,790 in the General Fund, \$2,438 in the Classroom Facilities Maintenance Nonmajor Special Revenue Fund, and \$18,749 in the Bond Retirement Fund, and is presented as reserved for property taxes on the balance sheet.

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2009, consisted of property taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Non-Major Special Revenue Funds:	
Public School Preschool	\$ 89,658
Title I	45,704
Title II-A	40,155
Miscellaneous Federal Grants	16,226
Title VI	2,265
Total Non-Major Special Revenue Funds	<u><u>\$ 194,008</u></u>

**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

**NOTE 7 - CAPITAL ASSETS**

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

	Ending Balance 6/30/2008	Additions	Deletions	Ending Balance 6/30/2009
Capital Assets, Not Being Depreciated				
Land	\$ 674,603	\$ -	\$ -	\$ 674,603
Total Capital Assets, Not Being Depreciated	674,603	-	-	674,603
Capital Assets, Being Depreciated				
Land Improvements	946,587	31,942	-	978,529
Buildings and Improvements	31,163,383	-	-	31,163,383
Furniture and Equipment	2,479,605	27,263	-	2,506,868
Vehicles	1,207,061	57,000	(109,174)	1,154,887
Textbooks	976,247	-	-	976,247
Total Capital Assets, Being Depreciated	36,772,883	116,205	(109,174)	36,779,914
Less Accumulated Depreciation				
Land Improvements	(631,941)	(149,139)	-	(781,080)
Buildings and Improvements	(4,189,336)	(610,464)	-	(4,799,800)
Furniture and Equipment	(931,144)	(190,654)	-	(1,121,798)
Vehicles	(937,959)	(56,294)	109,174	(885,079)
Textbooks	(976,247)	-	-	(976,247)
Total Accumulated Depreciation	(7,666,627)	(1,006,551)	109,174	(8,564,004)
Total Capital Assets, Being Depreciated, Net	29,106,256	(890,346)	-	28,215,910
Governmental Activities Capital Assets, Net	<u>\$ 29,780,859</u>	<u>\$ (890,346)</u>	<u>\$ -</u>	<u>\$ 28,890,513</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 864,792
Support Services:	
Operation of Non-Instructional Services	63,974
Instructional Staff	4,173
Administration	5,518
Operation and Maintenance of Plant	7,253
Pupil Transportation	55,784
Extracurricular	5,057
Total Depreciation	<u>\$1,006,551</u>

**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 8- 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 Ohio School Plan for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Ohio School Plan are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$44,028,950
Property In Open (\$2,500 deductible)	1,000,000
Inland Marine Coverage (\$1,000 deductible)	100,000
Boiler and Machinery (\$2,500 deductible)	44,028,950
Consequential Damage (\$2,500)	44,028,950
Crime Insurance (\$1,000 deductible)	50,000
Data Processing (\$1,000 deductible)	50,000
Mechanical, Electrical and Pressure equipment (\$2,500 deductible)	44,028,950
Automobile Liability (\$0 deductible)	2,000,000
Uninsured Motorists	1,000,000
General Liability	
Per occurrence	2,000,000
Total per year	4,000,000

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

For fiscal year 2009, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 13). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Shakeley Uniservice provides administrative, cost control and actuarial services to the GRP.

The School District is a member of the Scioto County Regional Council of Governments, a public entity shared risk pool (Note 14), consisting of school districts within the County offering medical and dental insurance to their employees. Monthly premiums are paid to the South Central Ohio Educational Service Center as fiscal agent, who in turn pays the claims on the School District's behalf. The Council is responsible for the management and operations of the program. Upon termination from the Council, for any reason, the Council shall have no obligation under the plan beyond paying the difference between the claims incurred (even though later filed) and expenses of the Plan due up to the date of termination plus extended benefits, if any, provided under the Plan. Such claims and expenses shall be paid from the funds of the Council.

**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 9 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS**

**A. Defined Benefit Pension Plans**

School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, at [www.ohsers.org](http://www.ohsers.org), under *Forms and Publications*.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's contributions to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$189,125, \$195,912, and \$208,523, respectively; 37% has been contributed for fiscal year 2009 and 100% for the fiscal years 2008 and 2007.

State Teachers Retirement System

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

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

**Plan Options** – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**DB Plan Benefits** – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 9 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS** (continued)

**DC Plan Benefits** – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

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

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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

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

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. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$716,398, \$792,398, and \$824,895, respectively; 84% has been contributed for the fiscal year 2009 and 100% for fiscal years 2008 and 2007.

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

**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 9 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS** (continued)

**Social Security System**

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

**B. Postemployment Benefits**

State Teachers Retirement System

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

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

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

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2009, 2008 and 2007. For the School District, these amounts equaled \$55,860, \$62,372, and \$61,868 for fiscal years 2009, 2008, and 2007, respectively.

School Employees Retirement System

Postemployment Benefits

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

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2009, 2008, and 2007, the actuarially required allocations were 0.75 percent, 0.66 percent, and 0.68 percent, respectively. For the School District, contributions for the fiscal years ended June 30, 2009, 2008, and 2007 were \$13,958, \$12,507, and \$12,478, respectively, which equaled the required contributions for those years.

**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 9 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS** (continued)

**Health Care Plan**

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2009, 2008, and 2007, the health care allocations were 4.16 percent, 4.18 percent, and 3.32 percent, respectively. For the School District, the amounts contributed to fund health care benefits, including the surcharge, during the 2009, 2008, and 2007 fiscal years equaled \$112,221, \$99,311, and \$94,398, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2009, the minimum compensation level was established at \$35,800.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending upon the plan selected, qualified years of service, Medicare eligibility, and retirement status.

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

**NOTE 10 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days.

**B. Insurance Benefits**

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

**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

**NOTE 10 - EMPLOYEE BENEFITS** (continued)

C. Deferred Compensation

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

**NOTE 11 - LONG-TERM OBLIGATIONS**

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

	Principal Outstanding 6/30/2008	Additions	Deductions	Principal Outstanding 6/30/2009	Due Within One Year
1998 School Facilities Construction and Improvement Bonds - 5.09%	\$ 1,540,000	\$ -	\$ 85,000	\$ 1,455,000	\$ 90,000
Capital Lease Obligations	1,826,621	-	205,416	1,621,205	215,260
Compensated Absences	1,188,185	1,005,649	1,188,185	1,005,649	87,923
<b>Total General Long-Term Obligations</b>	<b>\$ 4,554,806</b>	<b>\$ 1,005,649</b>	<b>\$ 1,478,601</b>	<b>\$ 4,081,854</b>	<b>\$ 393,183</b>

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

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

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

The School District's overall legal debt margin was \$4,633,143 with an unvoted debt margin of \$85,604 at June 30, 2009.



**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

**NOTE 11 - LONG-TERM OBLIGATIONS** (continued)

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

Fiscal year Ending June 30,	Principal	Interest	Total
2010	\$ 90,000	\$ 74,108	\$ 164,108
2011	95,000	69,829	164,829
2012	100,000	64,670	164,670
2013	105,000	58,623	163,623
2014	110,000	52,280	162,280
2015-2019	650,000	162,768	812,768
2020-2021	305,000	15,750	320,750
Total	<u>\$ 1,455,000</u>	<u>\$ 498,028</u>	<u>\$ 1,953,028</u>

**Capital Lease Obligations**

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

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

For the leased assets related to the governmental funds, capital assets acquired by the lease have been capitalized in the government-wide financial statements in an amount equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government-wide financial statements. The School District's future minimum lease payments under capital lease obligations for governmental activities as of June 30, 2009 are as follows:

Fiscal Year	Governmental Activities Capital Leases
2010	\$ 287,707
2011	287,564
2012	287,548
2013	287,258
2014	287,093
2015-2016	454,213
Total Minimum Lease Payments:	<u>1,891,383</u>
Less: Amount Representing Interest	<u>(270,178)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,621,205</u>

**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS**

*South Central Ohio Computer Association* - The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is a jointly governed organization among public school districts within the boundaries of Pickaway, Jackson, Vinton, Gallia, Highland, Adams, Pike, Scioto, Brown, Ross and Lawrence Counties. The organization was formed with the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the eleven participating counties and one representative from the fiscal agent. All revenues are generated from State funding and an annual fee of \$4.00 per student charged to participating districts. The School District paid \$50,661 for services provided during fiscal year 2009. To obtain financial information write to the Pike County Career Technology Center, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

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

*Coalition of Rural and Appalachian Schools* - The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Council. The School District paid \$405 to the Coalition for services provided during the year.

**NOTE 13 - INSURANCE PURCHASING POOL**

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

**NOTE 14 - PUBLIC ENTITY SHARED RISK POOL**

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

**Minford Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 15 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 2008	\$ 305,931	\$ -	\$ 305,931
Current year set-aside requirement	249,503	249,503	499,006
Prior year carry over	-	(3,165,812)	(3,165,812)
Current year offsets	-	(25,293)	(25,293)
Qualifying disbursements	<u>(353,850)</u>	<u>(249,503)</u>	<u>(603,353)</u>
Set-aside balance carried forward to future years	<u>\$ 201,584</u>	<u>\$ (3,191,105)</u>	<u>\$ (2,989,521)</u>

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

**NOTE 16 – ACCOUNTABILITY**

**Accountability - Fund Balance Deficits**

At June 30, 2009, the General Fund had a fund balance deficit of \$475,777. The Food Service and Title VI-B Special Revenue Funds had fund balance deficits of \$42,320 and \$18,900, respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTE 17 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The School District is not party to legal proceedings.

**MINFORD LOCAL SCHOOL DISTRICT**

Schedule of Federal Awards Expenditures  
For the Fiscal Year Ended June 30, 2009

Federal Grantor / Pass Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Expenditures	Non-Cash Expenditures
<b><u>U.S. Department of Agriculture</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	05-PU-2009	10.553	\$239,170	\$0	\$238,170	\$0
School Lunch Program	LL-P4 2009	10.555	76,427	26,340	76,427	26,340
<i>Total Nutrition Cluster</i>			<u>315,597</u>	<u>26,340</u>	<u>314,597</u>	<u>26,340</u>
<b>Total U.S. Department of Agriculture</b>			315,597	26,340	314,597	26,340
<b><u>U.S. Department of Education</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1-S1 2009	84.010	511,542	0	504,175	0
Special Education - Grants to States (IDEA Part B)	6B-SD 2009	84.027	280,464	0	280,420	0
Safe and Drug-Free Schools and Communities	DR-S1-09	84.186	6,753	0	6,753	0
Innovative Educational Program Strategies	C2-S1 2009	84.298	3,331	0	2,278	0
Title II-D Technology	TJ-S1 2009	84.318	3,046	0	3,046	0
Improving Teacher Quality Grants	TR-S1 2009	84.367	88,483	0	92,780	0
Rural Education	RU-S1 2009	84.358	39,764	0	28,305	0
<b>Total U.S. Department of Education</b>			<u>933,383</u>	<u>0</u>	<u>917,757</u>	<u>0</u>
<b>Total Federal Financial Assistance</b>			<u>\$1,248,980</u>	<u>\$26,340</u>	<u>\$1,232,354</u>	<u>\$26,340</u>

**Note 1 - Noncash Federal Financial Assistance**

During the year ended June 30, 2009, the District received commodities inventory. Program regulations do not require the Government to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received. Donated commodities are used first and the ending inventory consists of purchased commodities. At June 30, 2009 the District had no significant commodities inventory.

**Note 2 - Significant Accounting Policies**

The District prepares its Schedule of Federal Awards Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

**Independent Accountant's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards**

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Minford Local School District (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control over Financial Reporting**

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

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

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

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.

### **Compliance and Other Matters**

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

We noted certain noncompliance and other matters that we have reported to the management of the District in a separate letter dated December 15, 2009.

We intend this report solely for the information and use of the audit committee, the Board of Education, management, federal awarding agencies and pass-through entities. It is not intend it to be and should not be used by anyone other than these specified parties.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

December 15, 2009

**Independent Accountant's Report on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal Control  
over Compliance in Accordance with OMB Circular A-133**

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

**Compliance**

We have audited the compliance of Minford Local School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that apply to its major federal programs for the year ended June 30, 2009. The summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

**Internal Control over Compliance**

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

Minford Local School District  
Independent Accountant's Report on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal Control Over  
Compliance in Accordance with OMB Circular A-133

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 entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

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

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

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

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

December 15, 2009



**MINFORD LOCAL SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2009

**A. SUMMARY OF AUDITOR'S RESULTS**

<b>1. Type of Financial Statement Opinion</b>	Unqualified
<b>2. Were there any material significant deficiency reported at the financial statement level (GAGAS)?</b>	No
<b>3. Were there any other significant internal control deficiency reported at the financial statement level (GAGAS)?</b>	No
<b>4. Was there any material noncompliance reported at the financial statement level (GAGAS)?</b>	No
<b>5. Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>6. Were there any other significant internal control deficiency reported for major federal programs?</b>	No
<b>7. Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>8. Are there any reportable findings under § .510?</b>	No
<b>9. Major Programs (list):</b>	CFDA #84.010 Title I
<b>10. Dollar Threshold: Type A/B Programs</b>	Type A: >\$300,000 Type B: All Other Programs
<b>11. Low Risk Auditee?</b>	Yes

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

There were no findings related to the financial statements required to be reported in accordance with GAGAS.

**C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There are no findings and questioned costs for federal awards.

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## Independent Accountant's Report on Applying Agreed-Upon Procedures

Minford Local School District  
Scioto County  
P. O. Box 204  
Minford, Ohio 45653

To the Board of Education:

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

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Minford Local 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 October 18, 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 the district administration semi-annually 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 Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

3. We read the policy, noting it did not include the following requirements from Ohio Rev. Code Section 3313.666(B):

(1) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

(2) A procedure for documenting any prohibited incident that is reported;

(3) A procedure for responding to an investigating any reported incident;

(4) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

(5) A disciplinary procedure fro 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;

We noted, at the date of this report, the District is in the process of revising their anti-harassment policy to include the 10 requirements of Ohio Rev. Code Section 3313.666(B).

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 management and is not intended to be and should not be used by anyone other than these specified parties.

*J. L. Uhrig and Associates, Inc.*

J.L. UHRIG AND ASSOCIATES, INC.

December 15, 2009



**Mary Taylor, CPA**  
Auditor of State

**MINFORD LOCAL SCHOOL DISTRICT**

**SCIOTO COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 26, 2010**