



MINFORD LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

SINGLE AUDIT

For the Fiscal Year Ended June 30, 2015

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Dave Yost • Auditor of State

Board of Education
Minford Local School District
PO 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, 2014 through June 30, 2015. 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.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

February 23, 2016

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MINFORD LOCAL SCHOOL DISTRICT

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Independent Auditor's Report

Board of Education
Minford Local School District
PO Box 204
Minford, Ohio 45653

Report on the Financial Statements

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 (District), Scioto County as of and for the year ended June 30, 2015, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Minford Local School District, Scioto County, Ohio as of June 30, 2015, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 and Note 20 to the financial statements, during the year ended June 30, 2015, the School District adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No.68*, and as a result restated their June 30, 2014 net position of the governmental activities. We did not modify our opinion regarding this matter.

Other Matters

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis on pages 4-11 and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquires of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquires, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any assurance.

Supplemental and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2015, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

December 15, 2015

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

The discussion and analysis of the Minford Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. 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 2015 are as follows:

- Net position of governmental activities decreased \$165,060.
- General revenues accounted for \$11,518,830 in revenue or 70 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions, accounted for \$4,866,713 or 30 percent of total revenues of \$16,385,543.
- The School District had \$16,550,603 in expenses related to governmental activities; only \$4,866,713 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 \$16,835,124 and expenditures and other financing uses of \$16,857,922.

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 Position 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 Position 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 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, liabilities and deferred inflows/outflows of resources 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, 2015
Unaudited

These two statements report the School District's net position and changes in net position. This change in net position 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 Position 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 10. 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 Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. 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, 2015
Unaudited

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2015 compared to 2014.

Table 1
Net Position

	Governmental Activities	
	2015	2014*
Assets		
Current and Other Assets	\$ 4,725,897	\$ 4,879,446
Capital Assets, Net	23,802,729	24,356,191
Total Assets	<u>28,528,626</u>	<u>29,235,637</u>
Deferred Outflows of Resources		
Pensions	1,257,767	1,024,826
Unamortized Deferred Amount on Refunding	16,303	19,268
Total Deferred Outflows of Resources	<u>1,274,070</u>	<u>1,044,094</u>
Liabilities		
Current and Other Liabilities	1,196,368	1,240,482
Long-Term Liabilities:		
Due Within One Year	442,811	526,616
Due in More than One Year:		
Net Pension Liabilities	16,314,804	19,385,558
Other Amounts	2,083,549	2,266,981
Total Liabilities	<u>20,037,532</u>	<u>23,419,637</u>
Deferred Inflows of Resources		
Pensions	3,055,278	-
Property Taxes not Levied to Finance Current Year Operations	1,848,949	1,834,097
Total Deferred Inflows of Resources	<u>4,904,227</u>	<u>1,834,097</u>
Net Position		
Net Investment in Capital Assets	22,404,758	22,517,567
Restricted	1,061,428	1,080,227
Unrestricted (Deficit)	<u>(18,605,249)</u>	<u>(18,571,797)</u>
Total Net Position	<u>\$ 4,860,937</u>	<u>\$ 5,025,997</u>

* As Restated, See Note 20.

During 2015, the School District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Under the new standards required by GASB 68, the net pension liability equals the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68 and GASB 71, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$23,386,729 to \$5,025,997.

Total net position of the School District as a whole decreased in the amount of \$165,060. Current and other assets decreased primarily due to a decrease in cash on hand, intergovernmental receivables, and taxes receivable as of year end. Current and other liabilities decreased primarily due to decreases in accounts payable and intergovernmental payable. Deferred inflows of resources increased due to changes in the net pension liability due to differences between projected and actual investment earnings on pension plan investments which are deferred and amortized over a five year period. Capital assets decreased due primarily to current year depreciation and deletions, which were partially offset by additions. Long term liabilities other amounts decreased primarily due to the School District making current year debt payments.

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Table 2 shows the changes in net position for the fiscal years ended June 30, 2015 and 2014.

	Governmental Activities	
	2015	2014
Revenues		
Program Revenues		
Charges for Services and Sales	\$ 2,604,296	\$ 2,418,171
Operating Grants and Contributions	2,262,417	2,372,724
Total Program Revenues	<u>4,866,713</u>	<u>4,790,895</u>
General Revenues		
Property Taxes	1,881,996	1,899,998
Grants and Entitlements not Restricted to Specific Programs	9,416,327	9,185,514
Investment Earnings	332	-
Gifts and Donations not Restricted to Specific Programs	5,350	15,708
Miscellaneous	214,825	174,391
Total General Revenues	<u>11,518,830</u>	<u>11,275,611</u>
Total Revenues	<u>16,385,543</u>	<u>16,066,506</u>
Program Expenses		
Instruction:		
Regular	8,492,254	8,407,733
Special	1,207,942	1,877,285
Vocational	86,315	94,268
Support Services:		
Pupils	450,673	447,664
Instructional Staff	426,141	410,666
Board of Education	52,578	54,508
Administration	2,150,008	1,173,270
Fiscal	256,932	251,736
Business	2,095	2,095
Operation and Maintenance of Plant	1,327,017	1,417,086
Pupil Transportation	1,022,033	1,038,371
Central	29,411	32,143
Operation of Non-Instructional Services	558,966	603,583
Extracurricular Activities	417,935	443,610
Interest and Fiscal Charges	70,303	88,139
Total Expenses	<u>16,550,603</u>	<u>16,342,157</u>
Decrease in Net Position	(165,060)	(275,651)
Net Position, Beginning of Year - As Restated, See Note 20	5,025,997	N/A
Net Position, End of Year	<u>\$ 4,860,937</u>	<u>\$ 5,025,997</u>

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,024,826 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$791,549. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Total 2015 program expenses under GASB 68	\$16,550,603
Pension expense under GASB 68	(791,549)
2015 contractually required contribution	<u>1,039,966</u>
Adjusted 2015 program expenses	16,799,020
Total 2014 program expenses under GASB 27	<u>16,342,157</u>
Increase in program expenses not related to pension	<u><u>\$456,863</u></u>

Unrestricted grants and entitlements comprised 57 percent of revenue for governmental activities during 2015 and represent the largest source of revenue. Charges for services and sales, operating grants and contributions, and property taxes comprised 16 percent, 14 percent and 11 percent of revenue, respectively.

Grants and entitlements not restricted to specific programs increased primarily due to an increase in state foundation payments. Miscellaneous revenue increased due to additional refunds and reimbursements that were received in the current year but not received in 2014. Charges for services and sales increased due to increased tuition and fees.

As indicated by governmental program expenses, instruction is emphasized. Regular and special instruction comprised 51 percent and 7 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 13 percent, 8 percent, and 6 percent, respectively. Special instruction decreased, while administration expenses increased due to a change in account coding by the School District.

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

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>
Program Expenses				
Instruction:				
Regular	\$8,492,254	\$6,893,896	\$8,407,733	\$6,887,344
Special	1,207,942	(197,582)	1,877,285	361,844
Vocational	86,315	55,491	94,268	55,978
Support Services:				
Pupils	450,673	379,925	447,664	381,986
Instructional Staff	426,141	358,767	410,666	350,487
Board of Education	52,578	44,324	54,508	46,536
Administration	2,150,008	1,810,946	1,173,270	964,174
Fiscal	256,932	216,320	251,736	214,696
Business	2,095	331	2,095	358
Operation and Maintenance of Plant	1,327,017	1,090,681	1,417,086	1,161,747
Pupil Transportation	1,022,033	873,322	1,038,371	897,501
Central	29,411	25,100	32,143	27,628
Operation of Non-Instructional Services	558,966	(61,212)	603,583	(26,928)
Extracurricular Activities	417,935	128,236	443,610	146,415
Interest and Fiscal Charges	70,303	65,345	88,139	81,496
Total	<u><u>\$16,550,603</u></u>	<u><u>\$11,683,890</u></u>	<u><u>\$16,342,157</u></u>	<u><u>\$11,551,262</u></u>

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

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 \$14,891,622 in revenues and \$15,044,888 in expenditures and other financing uses. Revenues increased due mainly to an increase in intergovernmental receipts from the state and tuition and fees. Expenditures increased due mainly to an increase in expenditures for administration which was partially offset by a decrease in special instruction. The General Fund's balance decreased \$153,266. The Bond Retirement Fund had \$78,923 in revenues and \$157,955 in expenditures. The Bond Retirement Fund's balance decreased \$79,032.

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 2015, the School District amended its General Fund budget.

For the General Fund, final budget basis revenue and other sources was \$15,104,397, below original estimates of \$15,721,104. Final budget basis revenue estimates were decreased for taxes and intergovernmental revenues. For the General Fund, final budget basis expenditures and other sources were \$15,347,926, above original estimates of \$14,283,474. Increases for final budget basis expenditures were due primarily for administration.

The School District's ending unobligated General Fund balance was \$665,793.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2015, the School District had \$23,802,729 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 2015 balances compared to 2014.

Table 4
 Capital Assets
 (Net of Depreciation)

	Governmental Activities	
	2015	2014
Land and Land Improvements	\$ 731,920	\$ 746,596
Buildings and Improvements	21,951,734	22,569,930
Furniture and Equipment	725,061	758,128
Vehicles	394,014	281,537
Totals	\$ 23,802,729	\$ 24,356,191

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Debt

At June 30, 2015, School District had \$440,500 of school energy conservation improvement bonds, \$730,000 of advance refunding bonds, and \$50,000 of capital appreciation bonds. The refunding bonds were used to pay off most of the school facilities construction and improvement bonds that were issued in fiscal year 1999. The School District also had capital leases outstanding of \$164,661. These leases were for the construction of a new athletic complex. For additional information on debt, see Note 12 to the basic financial statements.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Minford Local School District
Statement of Net Position
June 30, 2015

	Governmental Activities
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 2,110,715
Intergovernmental Receivable	243,206
Taxes Receivable	2,371,976
Noncurrent Assets:	
Non-Depreciable Capital Assets	674,603
Depreciable Capital Assets, net	23,128,126
<i>Total Assets</i>	28,528,626
DEFERRED OUTFLOWS OF RESOURCES:	
Pensions:	
State Teachers Retirement System	907,109
School Employees Retirement System	350,658
Unamortized Deferred Amount on Refunding	16,303
<i>Total Deferred Outflows of Resources</i>	1,274,070
LIABILITIES:	
Current Liabilities:	
Accounts Payable	80,943
Accrued Wages and Benefits Payable	808,773
Intergovernmental Payable	263,541
Accrued Interest Payable	1,778
Matured Compensated Absences Payable	41,333
Non-Current Liabilities:	
Due Within One Year	442,811
Due in More Than One Year	
Net Pension Liability (See Note 9)	16,314,804
Other Amounts Due in More Than One Year	2,083,549
<i>Total Liabilities</i>	20,037,532
DEFERRED INFLOWS OF RESOURCES:	
Pensions:	
State Teachers Retirement System	2,568,464
School Employees Retirement System	486,814
Property Taxes not Levied to Finance Current Year Operations	1,848,949
<i>Total Deferred Inflows of Resources</i>	4,904,227
NET POSITION:	
Net Investment in Capital Assets	22,404,758
Restricted for Debt Service	778,094
Restricted for Classroom Facilities Maintenance	259,918
Restricted for Other Purposes	23,416
Unrestricted	(18,605,249)
<i>Total Net Position</i>	\$ 4,860,937

See accompanying notes to the basic financial statements.

Minford Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	
Governmental Activities:				
Instruction:				
Regular	\$ 8,492,254	\$ 1,138,319	\$ 460,039	\$ (6,893,896)
Special	1,207,942	135,556	1,269,968	197,582
Vocational	86,315	13,467	17,357	(55,491)
Support Services:				
Pupils	450,673	70,748	-	(379,925)
Instructional Staff	426,141	67,374	-	(358,767)
Board of Education	52,578	8,254	-	(44,324)
Administration	2,150,008	336,292	2,770	(1,810,946)
Fiscal	256,932	39,888	724	(216,320)
Business	2,095	-	1,764	(331)
Operation and Maintenance of Plant	1,327,017	200,235	36,101	(1,090,681)
Pupil Transportation	1,022,033	148,711	-	(873,322)
Central	29,411	4,311	-	(25,100)
Operation of Non-Instructional Services	558,966	146,484	473,694	61,212
Extracurricular Activities	417,935	289,699	-	(128,236)
Interest and Fiscal Charges	70,303	4,958	-	(65,345)
Total Governmental Activities	\$ 16,550,603	\$ 2,604,296	\$ 2,262,417	\$ (11,683,890)
General Revenues:				
Property Taxes Levied for:				
General Purposes				1,787,655
Classroom Facilities Maintenance				28,788
Debt Service				65,553
Grants and Entitlements not Restricted to Specific Programs				9,416,327
Gifts and Donations not Restricted to Specific Programs				5,350
Investment Earnings				332
Miscellaneous				214,825
Total General Revenues				11,518,830
Change in Net Position				(165,060)
Net Position at Beginning of Year - As Restated, See Note 20				5,025,997
Net Position at End of Year				\$ 4,860,937

See accompanying notes to the basic financial statements.

Minford Local School District
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 1,085,517	\$ 759,886	\$ 265,312	\$ 2,110,715
Interfund Receivable	85,950	-	-	85,950
Intergovernmental Receivable	51,002	-	192,204	243,206
Taxes Receivable	2,253,994	82,750	35,232	2,371,976
<i>Total Assets</i>	<u>\$ 3,476,463</u>	<u>\$ 842,636</u>	<u>\$ 492,748</u>	<u>\$ 4,811,847</u>
LIABILITIES:				
Accounts Payable	\$ 76,892	-	\$ 4,051	\$ 80,943
Accrued Wages and Benefits	727,359	-	81,414	808,773
Interfund Payable	-	-	85,950	85,950
Intergovernmental Payable	243,072	-	20,469	263,541
Matured Compensated Absences Payable	41,333	-	-	41,333
<i>Total Liabilities</i>	<u>1,088,656</u>	<u>-</u>	<u>191,884</u>	<u>1,280,540</u>
DEFERRED INFLOWS OF RESOURCES:				
Property Taxes not Levied to Finance Current Year Operations	1,757,233	64,542	27,174	1,848,949
Unavailable Revenue - Delinquent Taxes	410,527	14,941	6,684	432,152
Unavailable Revenue - Grants	-	-	28,298	28,298
<i>Total Deferred Inflows of Resources</i>	<u>2,167,760</u>	<u>79,483</u>	<u>62,156</u>	<u>2,309,399</u>
FUND BALANCES:				
Restricted	70,203	763,153	292,417	1,125,773
Assigned	149,844	-	-	149,844
Unassigned	-	-	(53,709)	(53,709)
<i>Total Fund Balances</i>	<u>220,047</u>	<u>763,153</u>	<u>238,708</u>	<u>1,221,908</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 3,476,463</u>	<u>\$ 842,636</u>	<u>\$ 492,748</u>	<u>\$ 4,811,847</u>

See accompanying notes to the basic financial statements.

Minford Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2015*

Total Governmental Fund Balances		\$ 1,221,908
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		23,802,729
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	432,152	
Intergovernmental	28,298	
Total		460,450
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds.		
Deferred outflows of resources related to pensions	1,257,767	
Deferred inflows of resources related to pensions	(3,055,278)	
Net Pension Liability	(16,314,804)	(18,112,315)
Interest payable is not recorded in the governmental funds, but is recorded in the statement of net position.		(1,778)
Long-term liabilities and deferred outflows of resources, including bonds and related liabilities, 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	(1,050,436)	
Capital Lease Obligations	(164,661)	
General Obligation Bonds	(440,500)	
Advance Refunding Bonds	(730,000)	
Premium on Advance Refunding Bonds	(29,113)	
Unamortized Deferred Amount on Refunding	16,303	
Capital Appreciation Bonds	(50,000)	
Accretion on Capital Appreciation Bonds	(61,650)	
Total		(2,510,057)
Net Position of Governmental Activities		\$ 4,860,937

See accompanying notes to the basic financial statements.

Minford Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property Taxes	\$ 1,819,560	\$ 66,809	\$ 29,331	\$ 1,915,700
Intergovernmental	10,395,122	12,114	1,339,858	11,747,094
Interest	332	-	-	332
Tuition and Fees	2,225,189	-	-	2,225,189
Rent	3,695	-	-	3,695
Extracurricular Activities	225,549	-	-	225,549
Gifts and Donations	5,350	-	-	5,350
Customer Sales and Services	2,000	-	147,863	149,863
Miscellaneous	214,825	-	-	214,825
<i>Total Revenues</i>	<u>14,891,622</u>	<u>78,923</u>	<u>1,517,052</u>	<u>16,487,597</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	7,275,709	-	541,981	7,817,690
Special	868,746	-	329,883	1,198,629
Vocational	94,856	-	-	94,856
Support Services:				
Pupils	451,307	-	-	451,307
Instructional Staff	435,452	-	-	435,452
Board of Education	53,001	-	-	53,001
Administration	2,118,611	-	14,019	2,132,630
Fiscal	251,061	1,977	860	253,898
Business	-	-	2,095	2,095
Operation and Maintenance of Plant	1,322,414	-	42,863	1,365,277
Pupil Transportation	967,697	-	-	967,697
Central	27,461	-	-	27,461
Operation of Non-Instructional Services	107	-	556,028	556,135
Extracurricular Activities	414,228	-	-	414,228
Capital Outlay	203,472	-	40,680	244,152
Debt Service:				
Principal	308,324	130,000	-	438,324
Interest	31,585	25,978	-	57,563
<i>Total Expenditures</i>	<u>14,824,031</u>	<u>157,955</u>	<u>1,528,409</u>	<u>16,510,395</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>67,591</u>	<u>(79,032)</u>	<u>(11,357)</u>	<u>(22,798)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	347,527	347,527
Transfers Out	(220,857)	-	(126,670)	(347,527)
<i>Total Other Financing Sources (Uses)</i>	<u>(220,857)</u>	<u>-</u>	<u>220,857</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	(153,266)	(79,032)	209,500	(22,798)
<i>Fund Balances at Beginning of Year</i>	<u>373,313</u>	<u>842,185</u>	<u>29,208</u>	<u>1,244,706</u>
<i>Fund Balances at End of Year</i>	<u>\$ 220,047</u>	<u>\$ 763,153</u>	<u>\$ 238,708</u>	<u>\$ 1,221,908</u>

See accompanying notes to the basic financial statements.

Minford Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015*

Net Change in Fund Balances - Total Governmental Funds	\$	(22,798)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions in the current period.</p>		
Capital Asset Additions	244,152	
Current Year Depreciation	<u>(793,906)</u>	
Total		(549,754)
<p>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. This is the amount of the loss on the disposal of capital assets.</p>		
Loss on Disposal of Capital Assets	<u>(3,708)</u>	
Total		(3,708)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Taxes	(33,704)	
Intergovernmental	<u>(68,350)</u>	
Total		(102,054)
<p>Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.</p>		
		1,039,966
<p>Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.</p>		
		(791,549)
<p>Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net position:</p>		
Amortization of Premium	5,294	
Amortization of Loss on Refunding	(2,965)	
Annual Accretion of Capital Appreciation Bonds	<u>(15,634)</u>	
Total		(13,305)
<p>Repayment of bond obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net position and does not result in an expense in the statement of activities.</p>		
		166,300
<p>Repayment of capital leases obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net position and does not result in an expense in the statement of activities.</p>		
		272,024
<p>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.</p>		
Increase in Compensated Absences	(160,747)	
Decrease in Interest Payable	<u>565</u>	
Total		<u>(160,182)</u>
Net Change in Net Position of Governmental Activities	\$	<u><u>(165,060)</u></u>

See accompanying notes to the basic financial statements.

Minford Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget And Actual
(Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Total Revenues and Other Sources	\$ 15,721,104	\$ 15,104,397	\$ 15,104,397	\$ -
Total Expenditures and Other Uses	<u>14,283,474</u>	<u>15,347,926</u>	<u>15,347,926</u>	<u>-</u>
Net Change in Fund Balance	1,437,630	(243,529)	(243,529)	-
Fund Balance, July 1	459,457	459,457	459,457	-
Prior Year Encumbrances Appropriated	<u>449,865</u>	<u>449,865</u>	<u>449,865</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 2,346,952</u>	<u>\$ 665,793</u>	<u>\$ 665,793</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

Minford Local School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

ASSETS:

Equity in Pooled Cash and Cash Equivalents	<u>\$ 22,457</u>
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LIABILITIES:

Undistributed Monies	<u>\$ 22,457</u>
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See accompanying notes to the basic financial statements.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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 48 non-certificated employees and 100 certificated full-time teaching personnel who provide services to 1,389 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 six organizations, four 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 Council of Governments, the Scioto County Career Technical Center, the Coalition of Rural and Appalachian Schools, the Southern Ohio Academy, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Optimal Health Initiatives Consortium. These organizations are presented in Notes 13, 14, and 15 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, 2015

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

The statement of net position 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 plus deferred inflows of resources 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 not accounted for and reported 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, 2015

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 main source of revenue for the Bond Retirement Fund is money received from tax revenue.

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 position and changes in net position. 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, deferred inflows/outflows of resources and all liabilities associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

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, deferred inflows/outflows of resources 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 presentation of expenses versus expenditures, the recording of deferred inflows/outflows of resources related to delinquent taxes, grants, net pension liabilities, and the recording of net pension liabilities.

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, 2015

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 Outflows and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The School District reports a deferred outflow of resources for pensions and the unamortized portion of the net loss on the refunding bonds as of June 30, 2015. The deferred outflows of resources related to the pensions are explained in Note 9. The School District also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School District these amounts consist of taxes and intergovernmental receivables which are not collected in the available period and pensions. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is partially due to delinquent property taxes and grants not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position. Deferred inflows of resources related to pension are reported on the Statement of Net Position. (See Note 9)

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.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement are based on estimates made when the first permanent appropriation was adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2015.

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.

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 during fiscal year 2015 amounted to \$332 to the General Fund.

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 2015.

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 position 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.

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

I. Estimates

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

J. Net Position

Net position represents the difference between assets, liabilities and deferred inflows/outflows of resources. Net investment in capital assets, 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 position 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 position 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 position is available.

Of the School District's \$1,061,428 in restricted net position, none is restricted by enabling legislation.

K. Interfund Transactions

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

L. Interfund Balances

On 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 position.

M. Pensions

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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);
3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment, or assignment of fund balance (GAAP basis); and
4. Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance	
GAAP Basis	\$ (153,266)
Adjustments:	
Revenue Accruals	529,841
Expenditure Accruals	(420,304)
Encumbrances	(220,764)
Perspective Difference	
Activity of Funds Reclassified for GAAP Reporting Purposes	20,964
Budget Basis	\$ (243,529)

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:

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

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;
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. 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
9. 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.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

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 percent 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, 2015, the School District's bank balance of \$2,272,064 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above.

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 a new fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected in 2015 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The assessed values upon which fiscal year 2015 taxes were collected are:

	<u>2014 Second- Half Collections</u>		<u>2015 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 96,586,600	93.73%	\$ 96,699,780	93.73%
Public Utility	6,460,720	6.27%	6,465,900	6.27%
Total Assessed Value	<u>\$ 103,047,320</u>	<u>100.00%</u>	<u>\$ 103,165,680</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 26.46		\$ 26.46	

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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, 2015, are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2015 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 inflows of resources 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, 2015, was \$86,234 in the General Fund, \$1,374 in the Classroom Facilities Maintenance Nonmajor Special Revenue Fund, and \$3,267 in the Bond Retirement Fund.

NOTE 6 - RECEIVABLES

Receivables at June 30, 2015, consisted of property taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Major Fund	
General Fund	\$ 51,002
Non-Major Special Revenue Funds:	
Food Services	1,243
Early Childhood Education	51,099
Title I	35,926
Title II-A	11,047
Special Education, Part B-IDEA	92,889
Total Non-Major Special Revenue Funds	<u>192,204</u>
Total All Funds	<u><u>\$ 243,206</u></u>

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2015, was as follows:

	Ending Balance 6/30/2014	Additions	Deletions	Ending Balance 6/30/2015
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	890,813	-	-	890,813
Buildings and Improvements	31,174,734	-	(5,000)	31,169,734
Furniture and Equipment	2,453,810	52,560	(12,000)	2,494,370
Vehicles	1,406,785	191,592	-	1,598,377
Textbooks	976,247	-	-	976,247
Total Capital Assets, Being Depreciated	36,902,389	244,152	(17,000)	37,129,541
Less Accumulated Depreciation				
Land Improvements	(818,820)	(14,676)	-	(833,496)
Buildings and Improvements	(8,604,804)	(614,488)	1,292	(9,218,000)
Furniture and Equipment	(1,695,682)	(85,627)	12,000	(1,769,309)
Vehicles	(1,125,248)	(79,115)	-	(1,204,363)
Textbooks	(976,247)	-	-	(976,247)
Total Accumulated Depreciation	(13,220,801)	(793,906)	13,292	(14,001,415)
Total Capital Assets, Being Depreciated, Net	23,681,588	(549,754)	(3,708)	23,128,126
Governmental Activities Capital Assets, Net	<u>\$ 24,356,191</u>	<u>\$ (549,754)</u>	<u>\$ (3,708)</u>	<u>\$ 23,802,729</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 691,042
Vocational	525
Support Services:	
Administration	1,433
Operation and Maintenance of Plant	9,624
Pupil Transportation	74,715
Operation of Non-Instructional Services	5,327
Central	1,950
Extracurricular	9,290
Total Depreciation	<u>\$793,906</u>

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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 2015, the School District contracted with Government Underwriters of America for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Government Underwriters of America are as follows:

Building and Contents-replacement cost (\$2,500 deductible)	\$41,961,332
Inland Marine Coverage (\$500 deductible)	100,000
Automobile Liability (\$500 deductible for collision, \$250 for all others)	1,000,000
Uninsured Motorists	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	3,000,000
Excess Liability Umbrella, per occurrence and aggregate	1,000,000

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 2015, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 14). 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 Sheakley provides administrative, cost control and actuarial services to the GRP.

The School District is a member of the Optimal Health Initiatives Consortium, a public entity shared risk pool (Note 15), consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68" were effective. These GASB pronouncements had a significant effect on beginning net position as reported June 30, 2014, as more fully described in Note 20. The net pension liability has been disclosed below.

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Net Pension Liability (Continued)

The net pension liability represents the School District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. 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 Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - School Employees Retirement System (SERS) (Continued)

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$261,046 for fiscal year 2015. Of this amount \$10,151 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - State Teachers Retirement System (STRS) (Continued)

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS Ohio was \$778,920 for fiscal year 2015. Of this amount \$128,664 is reported as an intergovernmental payable.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability reported as of June 30, 2015 was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share as well as the pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$2,999,419	\$13,315,385	\$16,314,804
Proportion of the Net Pension Liability	0.059266%	0.05474297%	
Pension Expense	\$176,390	\$615,159	\$791,549

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Differences between expected and actual economic experience	\$25,528	\$128,189	\$153,717
Differences between School District contributions and proportionate share of contributions	64,084	-	64,084
School District contributions subsequent to the measurement date	<u>261,046</u>	<u>778,920</u>	<u>1,039,966</u>
Total	<u>\$350,658</u>	<u>\$907,109</u>	<u>\$1,257,767</u>
Deferred Inflows of Resources	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Differences between projected and actual investment earnings	\$486,814	\$2,463,397	\$2,950,211
Changes of assumptions			
Differences between School District contributions and proportionate share of contributions	<u>-</u>	<u>105,067</u>	<u>105,067</u>
Total	<u>\$486,814</u>	<u>\$2,568,464</u>	<u>\$3,055,278</u>

\$1,039,966 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	(\$99,300)	(\$610,069)	(\$709,369)
2017	(99,300)	(610,069)	(709,369)
2018	(99,301)	(610,069)	(709,370)
2019	<u>(99,301)</u>	<u>(610,068)</u>	<u>(709,369)</u>
Total	<u>(\$397,202)</u>	<u>(\$2,440,275)</u>	<u>(\$2,837,477)</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – SERS (Continued)

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee’s entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement. The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS’ Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - SERS (Continued)

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$4,279,279	\$2,999,419	\$1,922,945

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above.

Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – STRS (Continued)

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$19,062,425	\$13,315,385	\$8,455,323

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, 2015, one member of the Board of Education has elected Social Security. The Board’s liability is 6.2 percent of wages paid.

NOTE 10 - POSTEMPLOYMENT BENEFITS

State Teachers Retirement System

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

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians’ fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Section 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 10 - POSTEMPLOYMENT BENEFITS (continued)

State Teachers Retirement System (Continued)

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent contribution rate, 0 percent of covered payroll was allocated to post-employment health care for the year ended June 30, 2015, while 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2014 and 2013. The 14 percent employer contribution rate is the maximum rate established under Ohio Law. For the School District, these amounts equaled \$0, \$55,437, and \$57,524 for fiscal years 2015, 2014, and 2013, respectively, which equaled the required allocations for those years.

School Employees Retirement System

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 2015 was \$104.90 for most participants, but could be as high as \$335.70, per month depending on their income. SERS' reimbursement to retirees was \$45.50 if they participated in one of SERS' health care plans.

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 2015, 2014, and 2013, the actuarially required allocations were 0.74 percent, 0.76 percent, and 0.74 percent, respectively. For the School District, contributions for the fiscal years ended June 30, 2015, 2014, and 2013 were \$14,657, \$16,677, and \$15,526, respectively, which equaled the required contributions for those years.

Health Care Plan

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

The 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, 2015, 2014, and 2013, the health care allocations were 0.82 percent, 0.14 percent, and 0.16 percent. 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 2015, the minimum compensation level was established at \$20,450. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. For the School District, the amount assigned to health care, including the surcharge, during the 2015, 2014, and 2013 fiscal years equaled \$48,523, \$36,742, and \$24,542, respectively, which is equal to the required allocation for each year.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 10 - POSTEMPLOYMENT BENEFITS (continued)

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 on SERS website at www.ohsers.org under *Employer/Audit Resources*.

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 220 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 55 days.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Metropolitan Educational Council.

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.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 12 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2015 were as follows:

	Principal Outstanding 6/30/2014*	Additions	Deductions	Principal Outstanding 6/30/2015	Due Within One Year
1998 School Facilities Construction and Improvement Bonds - 5.09%	\$ 115,000	\$ -	\$ 115,000	\$ -	\$ -
2010 School Energy Conservation Improvement Bonds - 3.5%	476,800	-	36,300	440,500	37,600
2010 School Facilities Construction and Improvement Refunding Bonds -					
Current Interest Bonds 2.0% - 3.5%	745,000	-	15,000	730,000	140,000
Premium	34,407	-	5,294	29,113	-
Capital Appreciation Bonds - 3.5%	50,000	-	-	50,000	-
Accretion on Capital Appreciation Bonds	46,016	15,634	-	61,650	-
Net Pension Liability:					
STRS	15,861,199	-	2,545,814	13,315,385	-
SERS	3,524,359	-	524,940	2,999,419	-
Total Net Pension Liability	19,385,558	-	3,070,754	16,314,804	-
Capital Lease Obligations	436,685	-	272,024	164,661	164,661
Compensated Absences	889,689	969,975	809,228	1,050,436	100,550
Total General Long-Term Obligations	<u>\$ 22,179,155</u>	<u>\$ 985,609</u>	<u>\$ 4,323,600</u>	<u>\$ 18,841,164</u>	<u>\$ 442,811</u>

* As Restated, See Note 20.

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 are being retired from the debt service fund. During fiscal year 2010, \$940,000 of the school facilities construction and improvement bonds were paid off by the issuance of advance refunding bonds.

School Energy Conservation Improvement Bonds – On July 1, 2010, Minford Local School District issued bonds in the amount of \$610,000 for the purpose of energy conservation measures. The bonds were issued with a 3.5 percent interest rate for a 15-year period with a final maturity during fiscal year 2025. The bonds are being retired from the debt service fund.

Advance Refunding Bonds – On February 4, 2010, Minford Local School District issued School Improvement Refunding Bonds in the amount of \$940,000 for the purpose of advance refunding \$940,000 in school facilities construction and improvement bonds as noted above. The current interest bonds of \$890,000 were issued with a variable interest rate of 2 percent to 3.5 percent for a period of 11 years with a final maturity of 2021. The bonds are being retired from the debt service fund.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 12 - LONG-TERM OBLIGATIONS (continued)

The Capital Appreciation Bonds of \$50,000 were issued with a 3.5 percent interest rate and mature in fiscal year 2017 at the fully accreted amount of \$140,000. The bonds will be retired from the debt service fund.

The School District placed \$972,610 in a refunding escrow agent account to advance refund bonds as noted above. The refunding escrow agent then paid off these advance refunded bonds on June 1, 2010. The net premium of \$58,230 has been recorded as an addition to the 2010 Bonds and is being amortized over the life of the bonds. The net loss on the refunding of the bonds in the amount of \$32,610 is being amortized over the life of the refunded bonds. The unamortized portion of the net loss is recorded as a deferred outflow of resources on the Statement of Net Position. The refunding resulted in the School District restructuring its debt services payments with a positive cash flow difference of \$66,955 over the life of the bonds.

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 pays obligations related to employee compensation from the fund benefitting from their service.

The School District's overall legal debt margin was \$8,064,411 with an unvoted debt margin of \$103,166 at June 30, 2015.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2015, are as follows:

Fiscal Year Ending	2010 Refunding Bonds				Fiscal Year Ending	Energy Conservation Bonds		
	Accreted							
	Principal	Debt	Interest	Total	June 30,	Principal	Interest	Total
2016	\$ 140,000	\$ -	\$ 20,825	\$ 160,825	2016	\$ 37,600	\$ 1,316	\$ 38,916
2017	50,000	90,000	19,215	69,215	2017	38,800	1,358	40,158
2018	140,000	-	17,115	157,115	2018	40,300	1,411	41,711
2019	145,000	-	12,695	157,695	2019	41,600	1,456	43,056
2020	150,000	-	7,900	157,900	2020	43,100	1,508	44,608
2021-2025	155,000	-	2,713	157,713	2021-2025	239,100	8,369	247,469
	<u>\$ 780,000</u>	<u>\$ 90,000</u>	<u>\$ 80,463</u>	<u>\$ 860,463</u>		<u>\$ 440,500</u>	<u>\$ 15,418</u>	<u>\$ 455,918</u>

The amortization schedule above (principal payments) does not agree to the bonds payable amount on page 42 because it does not include the \$29,113 in unamortized premium on the bond issue and the bonds payable amount does not include the unaccreted portion of the Capital Appreciation Bonds in the amount of \$28,350.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 12 - LONG-TERM OBLIGATIONS (continued)

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 percent. Monthly payments vary and are due on the 23rd day of the month, each month beginning March 23, 2006 and continuing for 119 months with the final payment due on January 23, 2016. Lease payments are 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 the criteria of a capital lease 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 of \$2,300,000, which is 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, 2015 are as follows:

Fiscal Year	Governmental Activities Capital Leases
2016	\$ 167,292
Total Minimum Lease Payments:	167,292
Less: Amount Representing Interest	(2,631)
Present Value of Minimum Lease Payments	\$ 164,661

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association Council of Governments - The School District is a participant in the South Central Ohio Computer Association Council of Governments (SCOCA COG) which is an information technology center. SCOCA COG is a council of governments providing information technology services to 59 public education entities and 60 non-public education entities. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA COG consists of two representatives from each of the eleven participating counties, two school treasurers, and a representative for the fiscal agent. SCOCA COG is not accumulating significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. The School District paid \$57,850 for services provided during fiscal year 2015. Financial information for SCOCA COG can be obtained from their fiscal office located at Pike County Career Technology Center, P.O. Box 596, 175 Beaver Creek, 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.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS (continued)

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 \$445 to the Coalition for services provided during the year.

Southern Ohio Academy – The School District is a participant in the Southern Ohio Academy, a jointly governed, non-profit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in grades seven through twelve. The Academy operates under the direction of a nine-member Board of Directors. The Board membership consists of superintendents from Bloom Vernon, Clay, Green, Manchester, Minford, Northwest, Oak Hill, Valley, Washington Nile, and Wheelersburg school districts. Because ORC requires an odd number of members, the Board has determined that Board membership will rotate annually with one school district not being represented each year. The Academy was formed to offer students a non-traditional approach for reaching educational goals and to enhance and facilitate student learning among nontraditional student populations while utilizing a variety of innovative resources and educational strategies, which are customized to meet the needs of individual students. The Board exercises total control over the operations of the Academy including budgeting, appropriating, contracting and designating management. Each School District’s degree of control is limited to its representation on the Board. Financial information can be obtained from Andrew T. Riehl, fiscal agent for the Southern Ohio Academy, at the South Central Ohio Educational Service Center, 522 Glenwood Avenue, New Boston, Ohio 45662, or by calling 740-354-0234.

NOTE 14 - 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 15 - PUBLIC ENTITY SHARED RISK POOL

Optimal Health Initiatives Consortium – The School District is a member of the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool, consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium’s economics of scale to create cost-savings. The Consortium’s business and affairs are managed by an Executive Board of Trustees, consisting of the chairperson of each division’s board of trustees and the chairperson of the Butler Health Plan. The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Jennifer Jostworth, CoWorth Financial Services at 10999 Reed Hartman Highway, Suite 304-E, Cincinnati, Ohio 45242.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 16 - 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 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 capital acquisition. Disclosure of this information is required by State statute.

	Capital Acquisition
Set-aside reserve balance as of June 30, 2014	\$ -
Current year set-aside requirement	262,341
Current year offsets	(104,316)
Current year qualifying disbursements	(158,025)
Set-aside balance carried forward to future years	\$ -
Set-aside Reserve Balance as of June 30, 2015	\$ -

The School District had offsets during the year that reduced the set-aside amount to zero in the Capital Acquisition Reserve. The carryover amount in the Capital Acquisition Reserve is limited to the balance of the offsets attributed to bond or tax levy proceeds. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$3,191,105 at June 30, 2015.

NOTE 17 – ACCOUNTABILITY

Accountability - Fund Balance Deficits

At June 30, 2015, the Food Service, Title I, and Title II-D funds had fund balance deficits of \$34,904, \$13,827 and \$4,978 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 the deficit balance; however, this is done when cash is needed rather than when accruals occur.

NOTE 18 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2015, if applicable, cannot be determined at this time.

B. Litigation

The School District is not party to legal proceedings.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 18 – CONTINGENCIES (continued)

C. Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

NOTE 19 – INTERFUND ACTIVITY

Interfund Balances

Interfund balances at June 30, 2015, consists of the following individual fund receivables and payables, which are expected to be repaid during the 2016 fiscal year:

Interfund Loans	Receivable	Payable
General Fund	\$85,950	\$0
Non-major Special Revenue Funds:		
Title IV-B	0	42,425
Early Childhood Education	0	43,525
Total Non-major Special Revenue Funds	0	85,950
Total Interfund Receivables/Payables	\$85,950	\$85,950

The amounts due to the General Fund are the result of the School District moving unrestricted monies to support grant funds whose grants operate on a reimbursement basis. The General Fund will be reimbursed when funds become available in the non-major special revenue funds.

Interfund Transfers

Transfers made during the fiscal year ended June 30, 2015, were as follows:

Fund	Transfer From	Transfer To
Major Fund:		
General	\$220,857	\$0
Non-major Funds:		
Lunchroom Fund	0	220,857
Classroom Facilities Fund	126,670	0
Classroom Facilities Maintenance Fund	0	126,670
Total Non-major Funds	126,670	347,527
Total All Funds	\$347,527	\$347,527

The transfers were made from the General Fund (a major fund) to other funds to provide support for operating activities of those funds. The transfer from the Classroom Facilities Fund to the Classroom Facilities Maintenance Fund was made due to the close out of the School District's Classroom Facilities Project.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 20 – CHANGES IN ACCOUNTING PRINCIPLES

For 2015, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No.27” and GASB Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.”

Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI).

Statement No. 71 amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

The impact of the application of Statement No. 68 and Statement No. 71 had the following effect on beginning net position.

Net position, July 1, 2014-As previously stated	\$23,386,729
School District Share of Beginning Plan Net Pension Liability	(19,385,558)
School District Share of 2014 Employer Contributions	<u>1,024,826</u>
Net position, July 1, 2014-As restated	<u><u>\$5,025,997</u></u>

NOTE 21 – FUND BALANCES

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

Fund Balances	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for				
Athletics	\$70,203	\$0	\$0	\$70,203
Federal Programs	0	0	39,183	39,183
Classroom Facility and Maintenance	0	0	253,234	253,234
Debt Services Payments	0	763,153	0	763,153
Total Restricted	<u>70,203</u>	<u>763,153</u>	<u>292,417</u>	<u>1,125,773</u>
Assigned to				
Other Purposes	<u>149,844</u>	<u>0</u>	<u>0</u>	<u>149,844</u>
Unassigned (Deficit)	<u>0</u>	<u>0</u>	<u>(53,709)</u>	<u>(53,709)</u>
Total Fund Balances	<u>\$220,047</u>	<u>\$763,153</u>	<u>\$238,708</u>	<u>\$1,221,908</u>

Minford Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Two Years (1)

	2014	2013
Total plan pension liability	\$ 17,881,827,171	\$ 17,247,161,078
Plan net position	12,820,884,107	11,300,482,029
Net pension liability	5,060,943,064	5,946,679,049
School District's proportion of the net pension liability	0.059266%	0.059266%
School District's proportionate share of the net pension liability	\$ 2,999,419	\$ 3,524,359
School District's covered-employee payroll	\$ 1,811,009	\$ 1,860,318
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	165.60%	189.40%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.50%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

Minford Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Two Years (1)

	<u>2014</u>	<u>2013</u>
Total plan pension liability	\$ 96,167,057,104	\$ 94,366,693,720
Plan net position	<u>71,843,596,331</u>	<u>65,392,746,348</u>
Net pension liability	24,323,460,773	28,973,947,372
School District's proportion of the net pension liability	0.05474297%	0.05474297%
School District's proportionate share of the net pension liability	\$ 13,315,385	\$ 15,861,199
School District's covered-employee payroll	\$ 5,593,392	\$ 5,659,615
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.10%	280.30%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

Minford Local School District
Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Ten Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 261,046	\$ 238,691	\$ 257,468	\$ 240,511	\$ 245,905	\$ 297,778	\$ 189,125	\$ 195,912	\$ 208,523	\$ 192,962
Contributions in relation to the contractually required contribution	(261,046)	(238,691)	(257,468)	(240,511)	(245,905)	(297,778)	(189,125)	(195,912)	(208,523)	(192,962)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered-employee payroll	\$ 1,883,449	\$ 1,811,009	\$ 1,860,318	\$ 1,788,186	\$ 1,956,285	\$ 2,199,247	\$ 1,922,002	\$ 1,995,031	\$ 1,952,463	\$ 1,823,837
Contributions as a percentage of covered employee payroll	13.86%	13.18%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

Minford Local School District
Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 778,920	\$ 727,141	\$ 735,750	\$ 771,388	\$ 748,934	\$ 735,221	\$ 716,398	\$ 792,398	\$ 824,895	\$ 967,097
Contributions in relation to the contractually required contribution	(778,920)	(727,141)	(735,750)	(771,388)	(748,934)	(735,221)	(716,398)	(792,398)	(824,895)	(967,097)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District covered-employee payroll	\$ 5,563,714	\$ 5,593,392	\$ 5,659,615	\$ 5,933,754	\$ 5,761,031	\$ 5,655,546	\$ 5,510,754	\$ 6,095,369	\$ 6,345,346	\$ 7,439,208
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

MINFORD LOCAL SCHOOL DISTRICT
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2015

Federal Grantor / Pass Through Grantor / Program Title	Grant Year	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture						
<i>Passed Through Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
National School Breakfast Program	2014/2015	10.553	\$62,368	\$0	\$62,368	\$0
National School Lunch Program	2014/2015	10.555	234,550	52,573	234,550	52,573
Total Nutrition Cluster			<u>296,918</u>	<u>52,573</u>	<u>296,918</u>	<u>52,573</u>
Child Nutrition Discretionary Grant	2014/2015	10.579	40,680	0	40,680	0
Total U.S. Department of Agriculture			<u>337,598</u>	<u>52,573</u>	<u>337,598</u>	<u>52,573</u>
						0
U.S. Department of Education						
<i>Passed Through Ohio Department of Education:</i>						
<i>Title I Cluster:</i>						
Title I Grants to Local Educational Agencies	2014	84.010	64,685	0	64,685	0
Title I Grants to Local Educational Agencies	2015		293,594	0	294,657	0
Total Title I Cluster			<u>358,279</u>	<u>0</u>	<u>359,342</u>	<u>0</u>
<i>Special Education Cluster:</i>						
Special Education - Grants to States (IDEA Part B)	2014	84.027	58,826	0	63,173	0
Special Education - Grants to States (IDEA Part B)	2015		193,385	0	235,362	0
Total Special Education Cluster			<u>252,211</u>	<u>0</u>	<u>298,535</u>	<u>0</u>
Rural Education	2014	84.358	31,923	0	31,923	0
Rural Education	2015		28,409	0	27,591	0
Total Rural Education			<u>60,332</u>	<u>0</u>	<u>59,514</u>	<u>0</u>
Improving Teacher Quality	2014	84.367	12,469	0	12,469	0
Improving Teacher Quality	2015		84,466	0	83,887	0
Total Improving Teacher Quality			<u>96,935</u>	<u>0</u>	<u>96,356</u>	<u>0</u>
Total U.S. Department of Education			<u>767,757</u>	<u>0</u>	<u>813,747</u>	<u>0</u>
Total Federal Financial Assistance			<u>\$1,105,355</u>	<u>\$52,573</u>	<u>\$1,151,345</u>	<u>\$52,573</u>

Note 1 - Noncash Federal Financial Assistance

During the year ended June 30, 2015, the District received fair value inventory under the Nutrition Cluster - Food Distribution (Commodities) Program, that is included with 10.555 in the above schedule. 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 ending inventory consists of purchased commodities. At June 30, 2015, the District had no significant food 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 basic financial statements.

Note 3 - Nutrition Cluster

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

**Independent Auditor'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
PO Box 204
Minford, Ohio 45653

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Minford Local School District (the School District), Scioto County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 15, 2015, wherein we noted the School District adopted new accounting guidelines in Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No.68*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of supporting our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Board of Education
Minford Local School District
Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards*

Compliance and Other Matters

As part of obtaining reasonable assurance whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 that are required to be reported under *Governmental Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

December 15, 2015

**Independent Auditor's Report on Compliance with Requirements Applicable for Each Major Program
and on Internal Control over Compliance Required by OMB Circular A-133**

Board of Education
Minford Local School District
PO Box 204
Minford, Ohio 45653

Report on Compliance for Each Major Federal Program

We have audited the Minford Local School District (the School District), Scioto County, compliance with the types of applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2015. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

The School District's management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the applicable compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material aspects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of Minford Local School District is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the applicable requirements that could have a direct and material effect on the major federal program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

December 15, 2015

MINFORD LOCAL SCHOOL DISTRICT

Schedule of Findings

For the Fiscal Year Ended June 30, 2015

A. SUMMARY OF AUDITOR'S RESULTS

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

There were no findings related to Federal Awards to be reported.



Dave Yost • 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
MARCH 17, 2016