



***MINFORD
LOCAL SCHOOL DISTRICT***

SCIOTO COUNTY

SINGLE AUDIT

For the Fiscal Year Ended June 30, 2010

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Minford Local School District, Scioto County, prepared by J.L. Uhrig and Associates, Inc., for the audit period July 1, 2009 through June 30, 2010. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 15, 2011

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Minford Local School District (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2010, and the respective changes in financial position, and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 19, 2011 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

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

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

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

January 19, 2011

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
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, 2010. 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 2010 are as follows:

- Net assets of governmental activities decreased \$108,635.
- General revenues accounted for \$11,394,423 in revenue or 69 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions, accounted for \$5,083,009 or 31 percent of total revenues of \$16,477,432.
- The School District had \$16,586,067 in expenses related to governmental activities; only \$5,083,009 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 \$18,166,677 and expenditures of \$17,011,497.

USING THIS ANNUAL FINANCIAL REPORT

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

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

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Bond Retirement Fund.

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

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

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2010 compared to 2009.

Table 1
Net Assets

	Governmental Activities	
	2010	2009 *
Assets		
Current and Other Assets	\$ 5,219,355	\$ 4,214,730
Capital Assets, Net	<u>27,375,138</u>	<u>28,316,650</u>
Total Assets	<u>32,594,493</u>	<u>32,531,380</u>
Liabilities		
Long-term Liabilities	4,349,580	4,081,854
Current and Other Liabilities	<u>3,037,147</u>	<u>3,133,125</u>
Total Liabilities	<u>7,386,727</u>	<u>7,214,979</u>
Net Assets		
Invested in Capital Assets, Net of Debt	23,964,738	25,240,445
Restricted	1,650,407	1,295,221
Unrestricted (Deficit)	<u>(407,379)</u>	<u>(1,219,265)</u>
Total Net Assets	<u>\$ 25,207,766</u>	<u>\$ 25,316,401</u>

* As restated. See Note 18 of the notes to the basic financial statements for information regarding the restatement.

Current and other assets increased \$1,004,625 primarily due to an increase in equity in pooled cash and cash equivalents due to increases in operating grants and contributions and the sale of an FCC license. Capital assets decreased \$941,512 primarily due to depreciation expense in excess of additions.

Long term liabilities increased \$267,726 primarily due to the issuance of \$610,000 in school energy conservation improvement bonds and \$890,000 in advance refunding bonds. The advance refunding bonds were used to pay off \$1,025,000 of the school facilities construction and improvement bonds. These increases were partially offset by current year capital lease payments as well as a reduction in compensated absences payable. Current and other liabilities decreased \$95,978 primarily due to a decrease in deferred revenue which resulted from more timely collections on taxes and intergovernmental receivables during the available period. These decreases were partially offset by an increase in accrued wages and benefits and intergovernmental payable, due to higher salaries and step increases, higher insurance costs and related retirement contributions.

Total net assets of the School District as a whole decreased \$108,635 primarily due to the factors discussed above.

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Table 2 shows the changes in net assets for the fiscal years ended June 30, 2010 and 2009.

Table 2
Changes in Net Assets

	Governmental Activities	
	2010	2009 *
Revenues		
Program Revenues		
Charges for Services and Sales	\$ 2,766,372	\$ 2,126,925
Operating Grants and Contributions	2,316,637	2,118,150
Total Program Revenues	<u>5,083,009</u>	<u>4,245,075</u>
General Revenues		
Property Taxes	1,800,684	1,990,689
Grants and Entitlements not Restricted to Specific Programs	9,462,277	9,704,406
Investment Earnings	2,393	8,923
Gifts and Donations not Restricted to Specific Programs	3,377	15,316
Gain on Sale of Capital Assets	-	8,495
Miscellaneous	125,692	135,871
Total General Revenues	<u>11,394,423</u>	<u>11,863,700</u>
Total Revenues	<u>16,477,432</u>	<u>16,108,775</u>
Program Expenses		
Instruction:		
Regular	8,722,355	7,825,668
Special	1,360,464	1,206,712
Vocational	192,738	237,194
Other	58,539	46,365
Support Services:		
Pupils	426,341	371,238
Instructional Staff	674,992	757,724
Board of Education	86,956	69,499
Administration	1,094,339	1,573,480
Fiscal	336,391	285,621
Operation and Maintenance of Plant	1,350,022	1,308,821
Pupil Transportation	1,002,335	1,062,003
Central	10,745	3,198
Operation of Non-Instructional Services	680,624	700,391
Extracurricular Activities	452,103	434,836
Interest and Fiscal Charges	137,123	159,995
Total Expenses	<u>16,586,067</u>	<u>16,042,745</u>
Increase (Decrease) in Net Assets	(108,635)	66,030
Net Assets, Beginning of Year	<u>25,316,401</u>	<u>25,250,371</u>
Net Assets, End of Year	<u>\$ 25,207,766</u>	<u>\$ 25,316,401</u>

* Net assets for fiscal year 2009 have been restated. See note 18 for information regarding the restatement. Certain reclassifications also have been made for comparison between years. These reclassifications had no effect on net assets.

Unrestricted grants and entitlements comprised 57 percent of revenue for governmental activities during 2010 and represent the largest source of revenue. Charges for services and sales, operating grants and contributions, and property taxes comprised 17 percent, 14 percent and 11 percent of revenue, respectively.

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Charges for services and sales increased \$639,447 primarily due to monies received relating to the sale of an FCC license and increased tuition and fees. Operating grants and contributions increased \$198,487, primarily due to higher grant awards and receipts of stimulus monies. Property tax revenue decreased \$190,005, primarily as a result of a decrease in tax revenues received. Grants and entitlements not restricted to specific programs decreased \$242,129 primarily due to a decrease in state payments and receipt of Ohio School Facilities Commission monies in fiscal year 2009 that did not occur in fiscal year 2010.

As indicated by governmental program expenses, instruction is emphasized. Regular and special instruction comprised 53 percent and 8 percent, respectively, of governmental program expenses. Administration, operation and maintenance of plant, and pupil transportation support services also represent significant allocations of governmental expenses, comprising 7 percent, 8 percent, and 6 percent, respectively. Special instruction increased \$153,752, mainly as a result of increases in expenditures related to the receipt of increased grant revenue and stimulus money which allowed expansion of programs. Regular instruction increased \$896,687 due to the factors mentioned above as well as due to the change in coding as further described in the following sentence. Administration expenditures decreased \$479,141 as a result of a change in coding of community school payments.

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>
	2010	2010	2009	2009
Program Expenses				
Instruction:				
Regular	\$8,722,355	\$6,705,047	\$7,825,668	\$6,237,340
Special	1,360,464	1,003,382	1,206,712	625,622
Vocational	192,738	161,692	237,194	202,941
Other	58,539	20,804	46,365	32,987
Support Services:				
Pupils	426,341	328,893	371,238	244,444
Instructional Staff	674,992	406,076	757,724	507,233
Board of Education	86,956	72,949	69,499	59,463
Administration	1,094,339	884,040	1,573,480	1,467,070
Fiscal	336,391	280,689	285,621	241,981
Operation and Maintenance of Plant	1,350,022	828,536	1,308,821	1,059,631
Pupil Transportation	1,002,335	801,313	1,062,003	872,359
Central	10,745	4,573	3,198	2,736
Operation of Non-Instructional Services	680,624	(129,227)	700,391	(85,206)
Extracurricular Activities	452,103	8,838	434,836	180,977
Interest and Fiscal Charges	137,123	125,453	159,995	148,092
Total	<u>\$16,586,067</u>	<u>\$11,503,058</u>	<u>\$16,042,745</u>	<u>\$11,797,670</u>

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
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 \$13,899,294 in revenues and other financing sources and \$13,058,093 in expenditures. Revenues increased \$221,999 due mainly to an increase in tuition and fees and monies received from the sale of an FCC license and was partially offset by a decrease in intergovernmental revenues. Expenditures increased \$134,291 due mainly to an increase in regular instruction and special instruction expenditures and were partially offset by a decrease in administration and operation and maintenance of plant expenditures. In part, the increase in regular instruction and decrease in administration expenditures is a result of a change in coding of community school payments by the District. The General Fund's balance increased \$841,201. The Bond Retirement Fund had \$1,247,497 in revenues and other financing sources and \$1,156,626 in expenditures and other financing uses. The increase in other financing sources and uses is due to the issuance of school energy conservation improvement bonds, advance refunding bonds and capital appreciation bonds, as well as the related premiums and costs. The Bond Retirement Fund's balance increased \$90,871.

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 2010, the School District amended its General Fund budget.

For the General Fund, final budget basis revenue and other sources was \$13,902,641, above original estimates of \$13,479,241. This increase was due to higher intergovernmental revenues than originally anticipated. For the General Fund, final budget basis expenditures and other sources were \$13,476,917, above original estimates of \$13,175,319. This increase was due to salaries and benefits being higher than originally anticipated. Actual revenues and other financing sources and expenditures and other financing uses were reasonably consistent with final amended budgeted figures.

The School District's ending unobligated General Fund balance was \$844,398.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2010, the School District had \$27,375,138 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 2010 balances compared to 2009.

Table 4
 Capital Assets
 (Net of Depreciation)

	Governmental Activities	
	2010	2009 *
Land and Land Improvements	\$ 818,441	\$ 887,447
Buildings and Improvements	25,020,046	25,658,358
Furniture and Equipment	1,221,797	1,385,071
Vehicles	314,854	385,774
Totals	\$ 27,375,138	\$ 28,316,650

* As restated. See Note 18 of the notes to the basic financial statements for information regarding the restatement.

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Debt

At June 30, 2010, the School District had school facilities construction and improvement bonds outstanding of \$430,000. The bonds were issued for school construction. During the fiscal year the School District issued \$610,000 of school energy conservation improvement bonds, \$890,000 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. The School District also had capital leases outstanding of \$1,405,945. These leases were entered into for the construction of a new athletic complex. For additional information on debt, see Note 11 to the basic financial statements.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Minford Local School District
Statement of Net Assets
June 30, 2010

	Governmental Activities
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 2,935,592
Restricted Cash and Cash Equivalents	60,708
Intergovernmental Receivable	88,535
Taxes Receivable	2,110,065
Deferred Charges	24,455
Noncurrent Assets:	
Non-Depreciable Capital Assets	674,603
Depreciable Capital Assets, net	26,700,535
Total Assets	32,594,493
LIABILITIES:	
Current Liabilities:	
Accounts Payable	14,140
Accrued Wages and Benefits	932,290
Intergovernmental Payable	358,933
Accrued Interest Payable	4,052
Matured Compensated Absences Payable	43,190
Deferred Revenue	1,684,542
Noncurrent Liabilities:	
Due Within One Year	484,039
Due in More Than One Year	3,865,541
Total Liabilities	7,386,727
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	23,964,738
Restricted for Debt Service	873,893
Restricted for Capital Outlay	382,993
Restricted for Other Purposes	393,521
Unrestricted (Deficit)	(407,379)
Total Net Assets	\$ 25,207,766

See accompanying notes to the basic financial statements.

Minford Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2010

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental Activities:				
Instruction:				
Regular	\$ 8,722,355	\$ 1,135,148	\$ 882,160	\$ (6,705,047)
Special	1,360,464	195,621	161,461	(1,003,382)
Vocational	192,738	31,046	-	(161,692)
Other	58,539	4,602	33,133	(20,804)
Support Services:				
Pupils	426,341	63,768	33,680	(328,893)
Instructional Staff	674,992	80,623	188,293	(406,076)
Board of Education	86,956	14,007	-	(72,949)
Administration	1,094,339	169,940	40,359	(884,040)
Fiscal	336,391	52,184	3,518	(280,689)
Operation and Maintenance of Plant	1,350,022	164,247	357,239	(828,536)
Pupil Transportation	1,002,335	148,326	52,696	(801,313)
Central	10,745	974	5,198	(4,573)
Operation of Non-Instructional Services	680,624	286,238	523,613	129,227
Extracurricular Activities	452,103	407,978	35,287	(8,838)
Interest and Fiscal Charges	137,123	11,670	-	(125,453)
<i>Total Governmental Activities</i>	<u>\$ 16,586,067</u>	<u>\$ 2,766,372</u>	<u>\$ 2,316,637</u>	<u>\$ (11,503,058)</u>
General Revenues:				
Property Taxes Levied for:				
				1,561,683
				28,106
				210,895
				9,462,277
				3,377
				2,393
				125,692
				<u>11,394,423</u>
				(108,635)
				<u>25,316,401</u>
				<u>\$ 25,207,766</u>

See accompanying notes to the basic financial statements.

Minford Local School District
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 1,343,010	\$ 817,896	\$ 774,686	\$ 2,935,592
Restricted Cash and Cash Equivalents	60,708	-	-	60,708
Interfund Receivable	1,900	-	-	1,900
Intergovernmental Receivable	-	-	88,535	88,535
Taxes Receivable	1,825,007	248,555	36,503	2,110,065
<i>Total Assets</i>	<u>\$ 3,230,625</u>	<u>\$ 1,066,451</u>	<u>\$ 899,724</u>	<u>\$ 5,196,800</u>
LIABILITIES:				
Accounts Payable	\$ 13,274	\$ -	\$ 866	\$ 14,140
Accrued Wages and Benefits	793,127	-	139,163	932,290
Interfund Payable	-	-	1,900	1,900
Intergovernmental Payable	328,839	-	30,094	358,933
Matured Compensated Absences Payable	43,190	-	-	43,190
Deferred Revenue	1,686,771	229,586	111,664	2,028,021
<i>Total Liabilities</i>	2,865,201	229,586	283,687	3,378,474
FUND BALANCES:				
<i>Reserved:</i>				
Reserved for Encumbrances	550,743	-	135,698	686,441
Reserved for Property Taxes	138,236	18,969	2,462	159,667
Reserved for Textbooks and Instructional Materials	60,708	-	-	60,708
<i>Unreserved, Undesignated, Reported in:</i>				
General Fund	(384,263)	-	-	(384,263)
Special Revenue Funds	-	-	120,871	120,871
Debt Service Funds	-	817,896	-	817,896
Capital Projects Funds	-	-	357,006	357,006
<i>Total Fund Balances</i>	<u>365,424</u>	<u>836,865</u>	<u>616,037</u>	<u>1,818,326</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 3,230,625</u>	<u>\$ 1,066,451</u>	<u>\$ 899,724</u>	<u>\$ 5,196,800</u>

See accompanying notes to the basic financial statements.

Minford Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2010*

Total Governmental Fund Balances		\$ 1,818,326
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		27,375,138
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	319,529	
Intergovernmental	23,950	
Total		343,479
Interest payable is not recorded in the governmental funds, but is recorded in the statement of net assets.		(4,052)
Unamortized issuance costs represent deferred charges which do not provide current financial resources and therefore are not reported in the funds.		24,455
Long-term liabilities, 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	(936,669)	
Capital Lease Obligations	(1,405,945)	
General Obligation Bonds	(1,040,000)	
Advance Refunding Bonds	(890,000)	
Premium on Advance Refunding Bonds	(55,583)	
Unamortized Deferred Amount on Refunding	31,128	
Capital Appreciation Bonds	(50,000)	
Accretion on Capital Appreciation Bonds	(2,511)	
Total		(4,349,580)
Net Assets of Governmental Activities		\$ 25,207,766

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, 2010

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property Taxes	\$ 1,539,304	\$ 207,310	\$ 27,743	\$ 1,774,357
Intergovernmental	9,388,764	38,937	2,454,598	11,882,299
Interest	-	-	2,393	2,393
Tuition and Fees	1,796,528	-	-	1,796,528
Rent	265,350	-	268,000	533,350
Extracurricular Activities	173,299	-	-	173,299
Gifts and Donations	3,377	-	3,880	7,257
Customer Sales and Services	-	-	263,272	263,272
Miscellaneous	122,672	3,020	-	125,692
<i>Total Revenues</i>	<u>13,289,294</u>	<u>249,267</u>	<u>3,019,886</u>	<u>16,558,447</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	6,824,460	-	1,067,790	7,892,250
Special	1,172,035	-	191,288	1,363,323
Vocational	193,479	-	-	193,479
Other	19,519	-	38,451	57,970
Support Services:				
Pupils	366,659	-	49,213	415,872
Instructional Staff	463,128	-	218,893	682,021
Board of Education	86,956	-	-	86,956
Administration	1,048,192	-	49,603	1,097,795
Fiscal	320,824	9,247	4,143	334,214
Operation and Maintenance of Plant	917,253	-	420,714	1,337,967
Pupil Transportation	941,030	-	14,460	955,490
Central	4,624	-	6,121	10,745
Operation of Non-Instructional Services	-	-	611,635	611,635
Extracurricular Activities	405,367	-	41,679	447,046
Capital Outlay	6,860	-	82,788	89,648
Debt Service:				
Principal	215,260	85,000	-	300,260
Interest	72,447	64,149	-	136,596
Bond Issuance Costs	-	25,620	-	25,620
<i>Total Expenditures</i>	<u>13,058,093</u>	<u>184,016</u>	<u>2,796,778</u>	<u>16,038,887</u>
<i>Excess of Revenues Over Expenditures</i>	<u>231,201</u>	<u>65,251</u>	<u>223,108</u>	<u>519,560</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Issuance of General Obligation Bonds	610,000	-	-	610,000
Proceeds from Issuance of Refunding Bonds	-	940,000	-	940,000
Premium on Refunding Bonds	-	58,230	-	58,230
Payment to Refunded Escrow Agent	-	(972,610)	-	(972,610)
<i>Total Other Financing Sources (Uses)</i>	<u>610,000</u>	<u>25,620</u>	<u>-</u>	<u>635,620</u>
<i>Net Change in Fund Balances</i>	841,201	90,871	223,108	1,155,180
<i>Fund Balances at Beginning of Year</i>	<u>(475,777)</u>	<u>745,994</u>	<u>392,929</u>	<u>663,146</u>
<i>Fund Balances at End of Year</i>	<u>\$ 365,424</u>	<u>\$ 836,865</u>	<u>\$ 616,037</u>	<u>\$ 1,818,326</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, 2010*

Net Change in Fund Balances - Total Governmental Funds	\$	1,155,180
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital Asset Additions	89,648	
Current Year Depreciation	<u>(1,007,226)</u>	
Total		(917,578)
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.		
Loss on Disposal of Capital Assets	<u>(23,934)</u>	
Total		(23,934)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	26,327	
Charges for Services	(78)	
Intergovernmental	<u>(107,265)</u>	
Total		(81,016)
Proceeds and premiums from the sale of bonds in the statement of revenues, expenditures and changes in fund balances that are reported as other financing sources are not reported as revenues in the statement of activities.		
School Energy Conservation Improvement Bonds	(610,000)	
Premium on Bond Issuance	(58,230)	
Advance Refunding Bonds	(890,000)	
Capital Appreciation Bonds	<u>(50,000)</u>	
Total		(1,608,230)
Governmental funds report bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the statement of activities.		
		25,620
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net assets:		
Amortization of Premium	2,647	
Amortization of Bond Issuance Costs	(1,165)	
Amortization of Loss on Refunding	(1,482)	
Annual Accretion of Capital Appreciation Bonds	<u>(2,511)</u>	
Total		(2,511)
Deferred amounts on refunding bonds are included as expenditures in the funds, but are deferred and amortized over the life of the bonds in the government-wide financial statements.		
		32,610
Repayment of bond principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.		
		1,025,000
Repayment of capital leases obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.		
		215,260
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Decrease in Compensated Absences	68,980	
Decrease in Interest Payable	<u>1,984</u>	
Total		<u>70,964</u>
Net Change in Net Assets of Governmental Activities	\$	<u><u>(108,635)</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Total Revenues and Other Sources	\$ 13,479,241	\$ 13,902,641	\$ 13,902,641	\$ -
Total Expenditures and Other Uses	<u>13,175,319</u>	<u>13,476,917</u>	<u>13,476,925</u>	<u>(8)</u>
Net Change in Fund Balance	303,922	425,724	425,716	(8)
Fund Balance, July 1	305,020	305,020	305,020	-
Prior Year Encumbrances Appropriated	<u>113,662</u>	<u>113,662</u>	<u>113,662</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 722,604</u></u>	<u><u>\$ 844,406</u></u>	<u><u>\$ 844,398</u></u>	<u><u>\$ (8)</u></u>

See accompanying notes to the basic financial statements.

Minford Local School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010

ASSETS:

Equity in Pooled Cash and Cash Equivalents	<u>\$ 32,198</u>
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LIABILITIES:

Undistributed Monies	<u>\$ 32,198</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, 2010

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 49 non-certificated employees and 104 certificated full-time teaching personnel who provide services to 1,600 students and other community members. The School District currently operates 2 instructional buildings.

Reporting Entity:

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

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

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

- * Boosters Clubs
- * Parent - Teacher Organizations

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis Of Presentation - Fund Accounting

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

B. Fund Accounting

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

Governmental Funds

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

General Fund

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Bond Retirement Fund

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

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

Fiduciary Funds

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

Measurement Focus

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

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

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

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

C. Budgetary Process

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement are based on estimates made when the first permanent appropriation was adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2010.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Encumbrances

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

D. Cash and Cash Equivalents

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to other governmental funds during fiscal year 2010 amounted to \$2,393.

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 2010.

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

E. Capital Assets and Depreciation

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

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

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

F. Compensated Absences

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

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

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

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

G. Accrued Liabilities and Long-Term Obligations

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

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

H. Fund Balance Reserves

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

I. Estimates

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Net Assets

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

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

Of the School District's \$1,650,407 in restricted net assets, none is restricted by enabling legislation.

K. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements. Interfund transfers between governmental activities are eliminated in the statement of activities. The School District had no interfund transfers during fiscal year 2010.

L. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables/Payables." These amounts are eliminated in the governmental activities column of the statement of net assets.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (continued)

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

Net Change in Fund Balance	
GAAP Basis	\$ 841,201
Revenue Accruals	3,347
Expenditure Accruals	140,486
Encumbrances	<u>(559,318)</u>
Budget Basis	<u><u>\$ 425,716</u></u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

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

Deposits: Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105 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, 2010, the School District's bank balance of \$3,400,839 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, 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 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2010, and are collected in 2010 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after April 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The assessed values upon which fiscal year 2010 taxes were collected are:

	<u>2009 Second- Half Collections</u>		<u>2010 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 80,637,050	94.20%	\$ 81,990,710	94.12%
Public Utility	<u>4,966,820</u>	<u>5.80%</u>	<u>5,121,600</u>	<u>5.88%</u>
Total Assessed Value	<u>\$ 85,603,870</u>	<u>100.00%</u>	<u>\$ 87,112,310</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 28.46		\$ 28.46	

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 was levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance is recognized as revenue.

The amount available as an advance at June 30, 2010, was \$138,236 in the General Fund, \$2,462 in the Classroom Facilities Maintenance Nonmajor Special Revenue Fund, and \$18,969 in the Bond Retirement Fund, and is presented as reserved for property taxes on the balance sheet.

NOTE 6 - RECEIVABLES

Receivables at June 30, 2010, consisted of property taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Non-Major Special Revenue Funds:	
Early Childhood Education	\$ 10,320
Title I	60,209
Title II-A	3,450
Title II-D	2,711
Title IV-A	157
Special Education, Part B-IDEA	<u>11,688</u>
Total Non-Major Special Revenue Funds	<u><u>\$ 88,535</u></u>

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 7 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2010, was as follows:

	Ending Balance 6/30/2009 *	Additions	Deletions	Ending Balance 6/30/2010
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	978,529	83,526	(210,250)	851,805
Buildings and Improvements	31,163,384	-	-	31,163,384
Furniture and Equipment	2,506,867	6,122	(61,463)	2,451,526
Vehicles	1,271,827	-	-	1,271,827
Textbooks	976,247	-	-	976,247
Total Capital Assets, Being Depreciated	36,896,854	89,648	(271,713)	36,714,789
Less Accumulated Depreciation				
Land Improvements	(765,685)	(152,532)	210,250	(707,967)
Buildings and Improvements	(5,505,026)	(638,312)	-	(6,143,338)
Furniture and Equipment	(1,121,796)	(145,462)	37,529	(1,229,729)
Vehicles	(886,053)	(70,920)	-	(956,973)
Textbooks	(976,247)	-	-	(976,247)
Total Accumulated Depreciation	(9,254,807)	(1,007,226)	247,779	(10,014,254)
Total Capital Assets, Being Depreciated, Net	27,642,047	(917,578)	(23,934)	26,700,535
Governmental Activities Capital Assets, Net	<u>\$ 28,316,650</u>	<u>\$ (917,578)</u>	<u>\$ (23,934)</u>	<u>\$ 27,375,138</u>

* As restated. See Note 18 for information regarding the restatement.

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 853,524
Support Services:	
Operation of Non-Instructional Services	63,975
Instructional Staff	4,173
Administration	2,834
Operation and Maintenance of Plant	7,253
Pupil Transportation	70,410
Extracurricular	5,057
Total Depreciation	<u>\$1,007,226</u>

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 2010, the School District contracted with Ohio School Plan for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Ohio School Plan are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$39,648,845
Inland Marine Coverage (\$500 deductible)	100,000
Boiler and Machinery (\$1,000 deductible)	39,648,845
Consequential Damage (\$1,000)	39,648,845
Mechanical, Electrical and Pressure equipment (\$1,000 deductible)	39,648,845
Automobile Liability (\$0 deductible)	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 2010, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 13). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the GRP.

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

A. Defined Benefit Pension Plans

School Employees Retirement System

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

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2010, the allocation to pension and death benefits is 12.78 percent. The remaining 1.22 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$297,778, \$189,125, and \$195,912, respectively; 54 percent has been contributed for fiscal year 2010 and 100 percent for the fiscal years 2009 and 2008.

State Teachers Retirement System

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

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

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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

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

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

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

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

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

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

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

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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

For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$735,221, \$716,398, and \$792,398, respectively; 83 percent has been contributed for the fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2010, no members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

B. Postemployment Benefits

State Teachers Retirement System

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

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

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

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2010, 2009 and 2008. For the School District, these amounts equaled \$55,817, \$55,860, and \$62,372 for fiscal years 2010, 2009, and 2008, respectively, which equaled the required allocations for those years.

School Employees Retirement System

Postemployment Benefits

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2010 was \$96.40 for most participants, but could be as high as \$353.60 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2010, 2009, and 2008, the actuarially required allocations were 0.76 percent, 0.75 percent, and 0.66 percent, respectively. For the School District, contributions for the fiscal years ended June 30, 2010, 2009, and 2008 were \$14,719, \$13,958, and \$12,507, respectively, which equaled the required contributions for those years.

Health Care Plan

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

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

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 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, 2010, 2009, and 2008, the health care allocations were 0.46 percent, 4.16 percent, and 4.18 percent, respectively. For the School District, the amounts contributed to fund health care benefits, including the surcharge, during the 2010, 2009, and 2008 fiscal years equaled \$44,345, \$112,221, and \$99,311, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the minimum compensation level was established at \$35,800.

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

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 10 - EMPLOYEE BENEFITS

A. Compensated Absences

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

NOTE 11 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2010 were as follows:

	Principal Outstanding 6/30/2009	Additions	Deductions	Principal Outstanding 6/30/2010	Due Within One Year
1998 School Facilities Construction and Improvement Bonds - 5.09%	\$ 1,455,000	\$ -	\$ 1,025,000	\$ 430,000	\$ -
2010 School Energy Conservation Improvement Bonds - 3.5%	0	610,000	0	610,000	31,600
2010 School Facilities Construction and Improvement Refunding Bonds - Current Interest Bonds 2.0% - 3.5%	0	890,000	0	890,000	115,000
Premium	0	58,230	2,647	55,583	-
Capital Appreciation Bonds - 3.5%	0	50,000	0	50,000	-
Accretion on Capital Appreciation Bonds	0	2,511	0	2,511	-
Accounting Loss	0	(32,610)	(1,482)	(31,128)	-
Capital Lease Obligations	1,621,205	-	215,260	1,405,945	225,576
Compensated Absences	1,005,649	914,037	983,017	936,669	111,863
Total General Long-Term Obligations	\$ 4,081,854	\$ 2,492,168	\$ 2,224,442	\$ 4,349,580	\$ 484,039

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 11 - LONG-TERM OBLIGATIONS (continued)

School Facilities Construction and Improvement Bonds - On July 16, 1998, Minford Local School District issued bonds in the amount of \$2,195,000 as a result of the School District being approved for a \$33,485,311 school facilities loan through the State Department of Education for the construction of a new high school, middle school, and for additions and renovations to the current primary school. The School District issued the general obligation bonds to provide a partial cash match for the school facilities loans. As a requirement of the loans, the School District was required to pass a 4.15 mill levy. The 4.15 mill levy, of which .5 mill was to be used for the retirement of the loan with the balance of 3.65 mills is to be used for the retirement of the 1998 bond issue, will be in effect for the twenty-three years. The bonds were issued for a 23-year period with final maturity during fiscal year 2021. The bonds will be retired from the debt service fund. During fiscal year 2010, \$940,000 of the school facilities construction and improvement bonds were paid off by the issuance of advance refunding bonds. The School District also made an \$85,000 principal payment on these bonds prior to the advance refunding.

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 will be 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 will be retired from the debt service fund.

The Capital Appreciation Bonds of \$50,000 were issued with a 3.5 percent interest rate and mature in fiscal year 2016 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 bond issuance costs of \$25,620 were capitalized as an asset and are being amortized over the life of the bonds. The net loss on the refunding of the bonds in the amount of \$32,610 was recorded as a reduction of the bonds and will be amortized (added to) the bond liability over the life of the refunded Bonds. 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's overall legal debt margin was \$6,520,108 with an unvoted debt margin of \$87,112 at June 30, 2010.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 11 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2010, are as follows:

Fiscal Year Ending June 30,	School Facilities Bonds			Fiscal Year Ending June 30,	Energy Conservation Bonds		
	Principal	Interest	Total		Principal	Interest	Total
2011	\$ -	\$ -	\$ -	2011	\$ 31,600	\$ 1,106	\$ 32,706
2012	100,000	25,370	125,370	2012	32,700	1,144	33,844
2013	105,000	19,470	124,470	2013	33,900	1,187	35,087
2014	110,000	13,275	123,275	2014	35,000	1,225	36,225
2015	115,000	6,785	121,785	2015	36,300	1,270	37,570
2016-2020			-	2016-2020	201,400	7,039	208,439
2021			-	2021-2025	239,100	8,379	247,479
	<u>\$ 430,000</u>	<u>\$ 64,900</u>	<u>\$ 494,900</u>		<u>\$ 610,000</u>	<u>\$ 21,350</u>	<u>\$ 631,350</u>

Fiscal Year Ending June 30,	2010 Refunding Bonds		
	Principal	Interest	Total
2011	\$ 115,000	\$ 24,620	\$ 139,620
2012	-	23,470	23,470
2013	-	23,470	23,470
2014	-	23,470	23,470
2015	-	23,470	23,470
2016-2020	670,000	168,272	838,272
2021	155,000	2,713	157,713
	<u>\$ 940,000</u>	<u>\$ 289,485</u>	<u>\$ 1,229,485</u>

The above amortization schedule (principal payments) does not agree to the bonds payable amount on page 35 because it does not include the \$55,583 in unamortized premium on the bond issue. The above amortization schedule also does not include \$31,128 in unamortized loss on the refunding of a portion of the 1998 bonds which is being amortized over the remaining life of the refunded bonds and added back to the principal balance of the 2010 bonds. This amortization schedule also does not include the unaccreted portion of the Capital Appreciation Bonds in the amount of \$87,489, of which \$2,511 has been accreted as of June 30, 2010.

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 will be made out of the General Fund.

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 11 - LONG-TERM OBLIGATIONS (continued)

For the leased assets related to the governmental funds, capital assets acquired by the lease have been capitalized in the government-wide financial statements in an amount equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government-wide financial statements. The School District's future minimum lease payments under capital lease obligations for governmental activities as of June 30, 2010 are as follows:

Fiscal Year	Governmental Activities Capital Leases
2011	\$ 287,564
2012	287,548
2013	287,258
2014	287,093
2015	286,921
2016	143,198
Total Minimum Lease Payments:	1,579,582
Less: Amount Representing Interest	(173,637)
Present Value of Minimum Lease Payments	\$ 1,405,945

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association - The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is a jointly governed organization among public school districts within the boundaries of Pickaway, Jackson, Vinton, Gallia, Highland, Adams, Pike, Scioto, Brown, Ross and Lawrence Counties. The organization was formed with the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the eleven participating counties and one representative from the fiscal agent. All revenues are generated from State funding and an annual fee of \$4.00 per student charged to participating districts. The School District paid \$62,153 for services provided during fiscal year 2010. To obtain financial information write to the Pike County Career Technology Center, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

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

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Council. The School District paid \$490 to the Coalition for services provided during the year.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 13 - INSURANCE PURCHASING POOL

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

NOTE 14 - PUBLIC ENTITY SHARED RISK POOL

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

NOTE 15 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Totals</u>
Set-aside reserve balance as of June 30, 2009	\$ 201,584	\$ -	\$ 201,584
Current year set-aside requirement	253,108	253,108	506,216
Current year offsets	-	(27,719)	(27,719)
Current year qualifying disbursements	<u>(393,984)</u>	<u>(225,389)</u>	<u>(619,373)</u>
Set-aside balance carried forward to future years	<u>\$ 60,708</u>	<u>\$ -</u>	<u>\$ 60,708</u>
Set-aside reserve balance as of June 30, 2010	<u>\$ 60,708</u>	<u>\$ -</u>	<u>\$ 60,708</u>

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, 2010.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 16 – ACCOUNTABILITY

Accountability - Fund Balance Deficits

At June 30, 2010, the Food Service, Poverty Aid, and Chapter One Special Revenue Funds had fund balance deficits of \$33,022, \$280 and \$20,100, respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 17 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

B. Litigation

The School District is not party to legal proceedings.

NOTE 18 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made due to capital assets being overstated in fiscal year 2009. The adjustment had the following effect on net assets:

Net Assets, June 30, 2009	\$ 25,890,264
Restatement Amount	(573,863)
Net Assets, June 30, 2009 - <i>as restated</i>	<u>\$ 25,316,401</u>

NOTE 19 – CHANGES IN ACCOUNTING PRINCIPLES

For 2010, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, “Accounting and Financial Reporting for Intangible Assets,” Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments,” Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,” and Statement No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies.”

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any material change to the School District’s financial statements.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in the School District’s financial statements.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 19 – CHANGES IN ACCOUNTING PRINCIPLES (continued)

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this statement will provide more consistent recognition, measurement, display and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the School District’s financial statements.

NOTE 20 – INTERFUND ACTIVITY

Interfund Balances

Interfund balances at June 30, 2010, consists of the following individual fund receivables and payables, which are expected to be repaid during the 2011 fiscal year:

<u>Interfund Loans</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$1,900	\$0
Non-major Special Revenue Funds:		
Title IV-B	0	1,309
Technology	0	591
Total Non-major Special Revenue Funds	0	1,900
Total Interfund Receivables/Payables	\$1,900	\$1,900

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.

MINFORD LOCAL SCHOOL DISTRICT

Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2010

Federal Grantor / Pass Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Expenditures	Non-Cash Expenditures
<u>U.S. Department of Agriculture</u>						
<i>Passed Through Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
National School Breakfast Program	05-PU-2010	10.553	\$77,403	\$0	\$77,403	\$0
National School Lunch Program	LL-P4-2010	10.555	266,950	75,802	266,950	75,802
<i>Total Nutrition Cluster</i>			<u>344,353</u>	<u>75,802</u>	<u>344,353</u>	<u>75,802</u>
Total U.S. Department of Agriculture			<u>344,353</u>	<u>75,802</u>	<u>344,353</u>	<u>75,802</u>
<u>U.S. Department of Education</u>						
<i>Passed Through Ohio Department of Education:</i>						
<i>Title I Cluster:</i>						
Title I Grants to Local Educational Agencies	C1-S1-2010	84.010	452,563	0	477,142	0
Title I - ARRA Funds	C1-S1-2010	84.389	125,619	0	104,368	0
<i>Total Title I Cluster</i>			<u>578,182</u>	<u>0</u>	<u>581,510</u>	<u>0</u>
<i>Special Education Cluster:</i>						
Special Education - Grants to States (IDEA Part B)	6B-SD-2010	84.027	256,553	0	257,862	0
Title VI-B - ARRA Funds	6B-SD-2010	84.391	191,571	0	157,238	0
<i>Total Special Education Cluster</i>			<u>448,124</u>	<u>0</u>	<u>415,100</u>	<u>0</u>
Safe and Drug-Free Schools and Communities	DR-S1-10	84.186	7,281	0	6,537	0
21st Century Grant	N/A	84.287	3,523	0	4,337	0
Technology Literacy Challenge	TJ-S1-2010	84.318	36,127	0	36,127	0
Rural Education	RU-S1-2010	84.358	48,263	0	20,229	0
Improving Teacher Quality	TR-S1-2010	84.367	128,285	0	117,188	0
State Stabilization Fund - Education State Grant ARRA	N/A	84.394	583,325	0	525,442	0
Total U.S. Department of Education			<u>1,833,110</u>	<u>0</u>	<u>1,706,470</u>	<u>0</u>
Total Federal Financial Assistance			<u>\$2,177,463</u>	<u>\$75,802</u>	<u>\$2,050,823</u>	<u>\$75,802</u>

Note 1 - Noncash Federal Financial Assistance

During the year ended June 30, 2010, 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 the ending inventory consists of purchased commodities. At June 30, 2010, 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 general purpose financial statements.

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

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

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Minford Local School District (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

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

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

Compliance and Other Matters

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

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

January 19, 2011

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

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

Compliance

We have audited the compliance of Minford Local School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are apply to each of its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent or to timely detect and correct, noncompliance with a federal program compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a significant 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 timely detected and corrected.

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

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

January 19, 2011

MINFORD LOCAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

A. SUMMARY OF AUDITOR'S RESULTS

1.	<i>Type of Financial Statement Opinion</i>	Unqualified
2.	<i>Were there any material significant deficiency 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>	Unqualified
8.	<i>Are there any reportable findings under § .510?</i>	No
9.	<i>Major Programs (list):</i>	CFDA #84.010, 84.389 Title I Cluster CFDA #84.027, 84.391 Special Education Cluster CFDA #84.394, State Stabilization Fund - ARRA CFDA #84.367, Improving Teacher Quality
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 FINANACIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

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

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There are no findings and questioned costs for federal awards.

Independent Accountant's Report on Applying Agreed-Upon Procedures

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on October 27, 2009
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events.
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

Minford Local School District
Scioto County
Independent Accountant's Report on Applying Agreed-Upon Procedures

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

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

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

J. L. Uhrig and Associates, Inc.

J.L. UHRIG AND ASSOCIATES, INC.

January 19, 2011

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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 29, 2011**