



Dave Yost • Auditor of State

**MINFORD LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Minford Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Minford Local School District, Scioto County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, during the year ended June 30, 2013, the School District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2014, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

January 6, 2014

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Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
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, 2013. 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 2013 are as follows:

- Net position of governmental activities decreased \$785,560.
- General revenues accounted for \$10,795,341 in revenue or 70 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions, accounted for \$4,728,378 or 30 percent of total revenues of \$15,523,719.
- The School District had \$16,309,279 in expenses related to governmental activities; only \$4,728,378 of these expenses were offset by program specific charges for services and sales, grants, and contributions.
- All governmental funds had total revenues of \$15,626,897 and expenditures of \$15,974,660.

USING THIS ANNUAL FINANCIAL REPORT

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

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, liabilities and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Bond Retirement Fund.

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

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

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2013 compared to 2012.

Table 1
Net Position

	Governmental Activities	
	2013	2012*
Assets		
Current and Other Assets	\$ 4,720,821	\$ 5,043,874
Capital Assets, Net	25,121,524	25,895,024
Total Assets	29,842,345	30,938,898
Deferred Outflows of Resources		
Unamortized Deferred Amount on Refunding	22,233	25,198
Total Deferred Outflows of Resources	22,233	25,198
Liabilities		
Long-term Liabilities	3,212,021	3,530,628
Current and Other Liabilities	1,230,366	1,191,043
Total Liabilities	4,442,387	4,721,671
Deferred Inflows of Resources		
Property Taxes not Levied to Finance Current Year Operations	1,759,811	1,794,485
Total Deferred Inflows of Resources	1,759,811	1,794,485
Net Position		
Net Investment in Capital Assets	22,865,987	23,240,544
Restricted	1,159,924	1,273,102
Unrestricted (Deficit)	(363,531)	(65,706)
Total Net Position	\$ 23,662,380	\$ 24,447,940

*As Restated See Note 19.

Current and other assets decreased primarily due to an decrease in equity in pooled cash and cash equivalents. Capital assets decreased primarily due to depreciation expense in excess of additions.

Long term liabilities decreased primarily due to the School District making current year debt payments. Current and other liabilities increased due to an increase in retiring employees.

Total net position of the School District as a whole decreased \$785,560 primarily due to the factors discussed above.

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Table 2 shows the changes in net position for the fiscal years ended June 30, 2013 and 2012.

Table 2
Changes in Net Position

	Governmental Activities	
	2013	2012*
Revenues		
Program Revenues		
Charges for Services and Sales	\$ 2,478,523	\$ 2,311,854
Operating Grants and Contributions	2,249,855	2,548,414
Total Program Revenues	<u>4,728,378</u>	<u>4,860,268</u>
General Revenues		
Property Taxes	1,927,872	1,921,816
Grants and Entitlements not Restricted to Specific Programs	8,600,830	8,921,783
Gifts and Donations not Restricted to Specific Programs	8,352	30,730
Miscellaneous	258,287	150,881
Total General Revenues	<u>10,795,341</u>	<u>11,025,210</u>
Total Revenues	<u>15,523,719</u>	<u>15,885,478</u>
Program Expenses		
Instruction:		
Regular	8,236,449	8,061,115
Special	1,470,979	1,531,229
Vocational	113,492	108,086
Support Services:		
Pupils	542,300	544,434
Instructional Staff	698,655	734,248
Board of Education	50,642	53,803
Administration	1,197,660	969,448
Fiscal	272,625	290,262
Business	2,095	-
Operation and Maintenance of Plant	1,381,803	1,463,309
Pupil Transportation	1,110,259	1,129,550
Central	35,765	6,666
Operation of Non-Instructional Services	657,779	678,566
Extracurricular Activities	432,025	421,607
Interest and Fiscal Charges	106,751	127,545
Total Expenses	<u>16,309,279</u>	<u>16,119,868</u>
Decrease in Net Position	(785,560)	(234,390)
Net Position, Beginning of Year	<u>24,447,940</u>	<u>24,682,330</u>
Net Position, End of Year	<u>\$ 23,662,380</u>	<u>\$ 24,447,940</u>

*As Restated, See Note 19. Certain reclassifications were made to 2012 amounts to be consistent with current year reporting. These reclassifications had no effect on net position.

Unrestricted grants and entitlements comprised 55 percent of revenue for governmental activities during 2013 and represent the largest source of revenue. Charges for services and sales, operating grants and contributions, and property taxes comprised 16 percent, 14 percent and 12 percent of revenue, respectively.

Operating grants and contributions decreased primarily due to decreases in receipts in the Education Jobs, Title I, and the Drug Free programs. Grants and entitlements not restricted to specific programs decreased primarily due to a decrease in state foundation payments. Miscellaneous revenue increased due to additional refunds and reimbursements not received in the prior year.

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

As indicated by governmental program expenses, instruction is emphasized. Regular and special instruction comprised 51 percent and 9 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 7 percent, respectively. Special instruction, instructional staff, operation and maintenance of plant, and pupil transportation support services all decreased in direct relation to the decrease in grants as mentioned in the prior paragraph. Regular and administration expenses increased due to an increase in retirements and increases in compensated absences over the prior year.

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

Table 3
 Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2013	2013	2012	2012*
Program Expenses				
Instruction:				
Regular	\$8,236,449	\$6,688,025	\$8,061,115	\$6,519,214
Special	1,470,979	365,752	1,531,229	372,855
Vocational	113,492	57,698	108,086	46,924
Support Services:				
Pupils	542,300	458,081	544,434	401,167
Instructional Staff	698,655	459,345	734,248	457,092
Board of Education	50,642	42,777	53,803	45,857
Administration	1,197,660	974,621	969,448	787,381
Fiscal	272,625	230,446	290,262	247,270
Business	2,095	383	0	0
Operation and Maintenance of Plant	1,381,803	1,123,849	1,463,309	1,141,003
Pupil Transportation	1,110,259	891,469	1,129,550	970,658
Central	35,765	30,513	6,666	5,754
Operation of Non-Instructional Services	657,779	(20,704)	678,566	(43,125)
Extracurricular Activities	432,025	181,002	421,607	190,549
Interest and Fiscal Charges	106,751	97,644	127,545	117,001
Total	\$16,309,279	\$11,580,901	\$16,119,868	\$11,259,600

* Certain reclassifications were made to 2012 amounts to be consistent with current year reporting. These reclassifications had no effect on net position.

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
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 \$13,738,723 in revenues and \$14,036,911 in expenditures and other financing uses. Revenues increased due mainly to an increase in property taxes, tuition and fees and miscellaneous revenue which was offset by a decrease in receipts from the state. Expenditures increased due mainly to an increase in expenditures for administration, regular instruction and operation of maintenance of plant. The General Fund's balance decreased \$298,188. The Bond Retirement Fund had \$152,401 in revenues and \$168,502 in expenditures. The Bond Retirement Fund's balance decreased \$16,101.

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 2013, the School District amended its General Fund budget.

For the General Fund, final budget basis revenue and other sources was \$13,485,173, just slightly under original estimates of \$13,651,580. For the General Fund, final budget basis expenditures and other sources were \$14,065,238, above original estimates of \$13,617,691. Actual revenues and other financing sources and expenditures and other financing uses were consistent with final amended budgeted figures.

The School District's ending unobligated General Fund balance was \$577,973.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2013, the School District had \$25,121,524 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 2013 balances compared to 2012.

Table 4
 Capital Assets
 (Net of Depreciation)

	Governmental Activities	
	2013	2012
Land and Land Improvements	\$ 719,338	\$ 728,698
Buildings and Improvements	23,184,418	23,800,589
Furniture and Equipment	831,359	978,825
Vehicles	386,409	386,912
Totals	\$ 25,121,524	\$ 25,895,024

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Debt

At June 30, 2013, the School District had school facilities construction and improvement bonds outstanding of \$225,000. The bonds were issued for school construction. The School District had \$511,800 of school energy conservation improvement bonds, \$755,000 of advance refunding bonds, and \$50,000 of capital appreciation bonds. The refunding bonds were used to pay off most of the school facilities construction and improvement bonds that were issued in fiscal year 1999. The School District also had capital leases outstanding of \$696,269. These leases were 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.

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Minford Local School District
Statement of Net Position
June 30, 2013

	Governmental Activities
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 2,028,018
Accounts Receivable	876
Intergovernmental Receivable	333,406
Taxes Receivable	2,358,521
Noncurrent Assets:	
Non-Depreciable Capital Assets	674,603
Depreciable Capital Assets, net	24,446,921
Total Assets	29,842,345
 DEFERRED OUTFLOWS OF RESOURCES:	
Unamortized Deferred Amount on Refunding	22,233
Total Deferred Outflows of Resources	22,233
 LIABILITIES:	
Current Liabilities:	
Accounts Payable	75,059
Accrued Wages and Benefits	717,074
Intergovernmental Payable	300,089
Accrued Interest Payable	3,667
Matured Compensated Absences Payable	134,477
Noncurrent Liabilities:	
Due Within One Year	439,719
Due in More Than One Year	2,772,302
Total Liabilities	4,442,387
 DEFERRED INFLOWS OF RESOURCES:	
Property Taxes not Levied to Finance Current Year Operations	1,759,811
Total Deferred Inflows of Resources	1,759,811
 NET POSITION:	
Net Investment in Capital Assets	22,865,987
Restricted for Debt Service	928,405
Restricted for Capital Outlay	126,673
Restricted for Other Purposes	104,846
Unrestricted (Deficit)	(363,531)
Total Net Position	\$ 23,662,380

See accompanying notes to the basic financial statements.

Minford Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	
Governmental Activities:				
Instruction:				
Regular	\$ 8,236,449	\$ 1,074,774	\$ 473,650	\$ (6,688,025)
Special	1,470,979	204,275	900,952	(365,752)
Vocational	113,492	17,544	38,250	(57,698)
Support Services:				
Pupils	542,300	84,219	-	(458,081)
Instructional Staff	698,655	77,574	161,736	(459,345)
Board of Education	50,642	7,865	-	(42,777)
Administration	1,197,660	177,033	46,006	(974,621)
Fiscal	272,625	41,444	735	(230,446)
Business	2,095	-	1,712	(383)
Operation and Maintenance of Plant	1,381,803	190,950	67,004	(1,123,849)
Pupil Transportation	1,110,259	161,432	57,358	(891,469)
Central	35,765	5,252	-	(30,513)
Operation of Non-Instructional Services	657,779	176,031	502,452	20,704
Extracurricular Activities	432,025	251,023	-	(181,002)
Interest and Fiscal Charges	106,751	9,107	-	(97,644)
Total Governmental Activities	\$ 16,309,279	\$ 2,478,523	\$ 2,249,855	\$ (11,580,901)
General Revenues:				
Property Taxes Levied for:				
General Purposes				1,782,642
Classroom Facilities Maintenance				29,948
Debt Service				115,282
Grants and Entitlements not Restricted to Specific Programs				8,600,830
Gifts and Donations not Restricted to Specific Programs				8,352
Miscellaneous				258,287
Total General Revenues				10,795,341
Change in Net Position				(785,560)
Net Position at Beginning of Year - As Restated - See Note 19				24,447,940
Net Position at End of Year				\$ 23,662,380

See accompanying notes to the basic financial statements.

Minford Local School District
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 877,046	\$ 894,358	\$ 256,614	\$ 2,028,018
Accounts Receivable	876	-	-	876
Interfund Receivable	134,262	-	-	134,262
Intergovernmental Receivable	63,572	-	269,834	333,406
Taxes Receivable	2,164,768	157,383	36,370	2,358,521
<i>Total Assets</i>	<u>\$ 3,240,524</u>	<u>\$ 1,051,741</u>	<u>\$ 562,818</u>	<u>\$ 4,855,083</u>
LIABILITIES:				
Accounts Payable	\$ 12,931	\$ -	\$ 62,128	\$ 75,059
Accrued Wages and Benefits	631,217	-	85,857	717,074
Interfund Payable	-	-	134,262	134,262
Intergovernmental Payable	267,211	-	32,878	300,089
Matured Compensated Absences Payable	128,496	-	5,981	134,477
<i>Total Liabilities</i>	<u>1,039,855</u>	<u>-</u>	<u>321,106</u>	<u>1,360,961</u>
DEFERRED INFLOWS OF RESOURCES:				
Property Taxes not Levied to Finance Current Year Operations	1,609,392	123,336	27,083	1,759,811
Unavailable Revenue - Delinquent Taxes	430,210	26,255	7,227	463,692
Unavailable Revenue - Grants	-	-	62,050	62,050
<i>Total Deferred Inflows of Resources</i>	<u>2,039,602</u>	<u>149,591</u>	<u>96,360</u>	<u>2,285,553</u>
FUND BALANCES:				
Restricted	36,189	902,150	192,608	1,130,947
Assigned	124,878	-	-	124,878
Unassigned	-	-	(47,256)	(47,256)
<i>Total Fund Balances</i>	<u>161,067</u>	<u>902,150</u>	<u>145,352</u>	<u>1,208,569</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 3,240,524</u>	<u>\$ 1,051,741</u>	<u>\$ 562,818</u>	<u>\$ 4,855,083</u>

See accompanying notes to the basic financial statements.

Minford Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2013*

Total Governmental Fund Balances		\$ 1,208,569
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		25,121,524
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	463,692	
Intergovernmental	62,050	
Total		525,742
Interest payable is not recorded in the governmental funds, but is recorded in the statement of net position.		(3,667)
Long-term liabilities and deferred outflows of resources, including bonds and related liabilities, capital lease obligations, and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(901,680)	
Capital Lease Obligations	(696,269)	
General Obligation Bonds	(736,800)	
Advance Refunding Bonds	(755,000)	
Premium on Advance Refunding Bonds	(39,701)	
Unamortized Deferred Amount on Refunding	22,233	
Capital Appreciation Bonds	(50,000)	
Accretion on Capital Appreciation Bonds	(32,571)	
Total		(3,189,788)
Net Position of Governmental Activities		\$ 23,662,380

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, 2013

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property Taxes	\$ 1,734,253	\$ 126,391	\$ 29,130	\$ 1,889,774
Intergovernmental	9,438,984	26,010	1,404,237	10,869,231
Tuition and Fees	2,116,586	-	-	2,116,586
Rent	878	-	-	878
Extracurricular Activities	184,714	-	-	184,714
Gifts and Donations	8,352	-	-	8,352
Customer Sales and Services	876	-	175,469	176,345
Miscellaneous	254,080	-	4,207	258,287
<i>Total Revenues</i>	<u>13,738,723</u>	<u>152,401</u>	<u>1,613,043</u>	<u>15,504,167</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	6,896,189	-	587,430	7,483,619
Special	1,328,824	-	166,378	1,495,202
Vocational	111,180	-	-	111,180
Support Services:				
Pupils	551,840	-	-	551,840
Instructional Staff	495,630	-	189,950	685,580
Board of Education	50,642	-	-	50,642
Administration	1,066,805	-	54,592	1,121,397
Fiscal	263,322	4,119	1,648	269,089
Business	-	-	2,095	2,095
Operation and Maintenance of Plant	1,242,975	-	102,904	1,345,879
Pupil Transportation	1,032,606	-	-	1,032,606
Central	33,815	-	-	33,815
Operation of Non-Instructional Services	3,617	-	613,877	617,494
Extracurricular Activities	426,968	-	-	426,968
Capital Outlay	69,510	-	50,373	119,883
Debt Service:				
Principal	281,614	125,000	-	406,614
Interest	58,644	39,383	-	98,027
<i>Total Expenditures</i>	<u>13,914,181</u>	<u>168,502</u>	<u>1,769,247</u>	<u>15,851,930</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(175,458)</u>	<u>(16,101)</u>	<u>(156,204)</u>	<u>(347,763)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	122,730	122,730
Transfers Out	(122,730)	-	-	(122,730)
<i>Total Other Financing Sources (Uses)</i>	<u>(122,730)</u>	<u>-</u>	<u>122,730</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	(298,188)	(16,101)	(33,474)	(347,763)
<i>Fund Balances at Beginning of Year</i>	<u>459,255</u>	<u>918,251</u>	<u>178,826</u>	<u>1,556,332</u>
<i>Fund Balances at End of Year</i>	<u>\$ 161,067</u>	<u>\$ 902,150</u>	<u>\$ 145,352</u>	<u>\$ 1,208,569</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, 2013*

Net Change in Fund Balances - Total Governmental Funds \$ (347,763)

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 asset additions in the current period.

Capital Asset Additions	77,128	
Current Year Depreciation	(818,075)	
Total	(740,947)	(740,947)

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	(32,553)	
Total	(32,553)	(32,553)

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

Taxes	38,098	
Intergovernmental	(18,546)	
Total	19,552	19,552

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	5,294	
Amortization of Loss on Refunding	(2,965)	
Annual Accretion of Capital Appreciation Bonds	(11,562)	
Total	(9,233)	(9,233)

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

158,900

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

247,714

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.

Increase in Compensated Absences	(81,739)	
Decrease in Interest Payable	509	
Total	(81,230)	(81,230)

Net Change in Net Position of Governmental Activities \$ (785,560)

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Total Revenues and Other Sources	\$ 13,651,580	\$ 13,485,173	\$ 13,485,173	\$ -
Total Expenditures and Other Uses	13,617,691	14,065,238	14,065,238	-
Net Change in Fund Balance	33,889	(580,065)	(580,065)	-
Fund Balance, July 1	888,519	888,519	888,519	-
Prior Year Encumbrances Appropriated	269,519	269,519	269,519	-
Fund Balance, June 30	\$ 1,191,927	\$ 577,973	\$ 577,973	\$ -

See accompanying notes to the basic financial statements.

Minford Local School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013

ASSETS:

Equity in Pooled Cash and Cash Equivalents	<u>\$ 19,272</u>
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LIABILITIES:

Undistributed Monies	<u>\$ 19,272</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, 2013

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 50 non-certificated employees and 101 certificated full-time teaching personnel who provide services to 1,608 students and other community members. The School District currently operates 2 instructional buildings.

Reporting Entity:

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

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

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

- * Boosters Clubs
- * Parent - Teacher Organizations

The School District is associated with six organizations, four of which are defined as jointly governed organizations, one as an insurance purchasing pool, and one as a public entity shared risk pool. These organizations are the South Central Ohio Computer Association Council of Governments, the Scioto County Career Technical Center, the Coalition of Rural and Appalachian Schools, the Southern Ohio Academy, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the 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, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation - Fund Accounting

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

B. Fund Accounting

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

Governmental Funds

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

General Fund

The General Fund is the general operating fund of the School District and is used to account for all financial resources not accounted for and reported in another fund. The General Fund is available to the School District for any purpose provided it is expended or transferred according to the school laws of Ohio.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Bond Retirement Fund

The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of, general short-term and long-term debt principal and interest. The main source of revenue for the Bond Retirement Fund is money received from tax revenue.

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

Fiduciary Funds

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

Measurement Focus

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

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for fiduciary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources, 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, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Deferred Outflows and Deferred Inflows of Resources

As more fully described in Note 19 to the basic financial statements, the School District has implemented both GASB Statement No. 63 and GASB Statement No. 65, effective for fiscal year 2013. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The School District recorded a deferred outflow of resources for the unamortized portion of the net loss on the refunding of bonds as of June 30, 2013. The School District also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School District these amounts consist of taxes and grants which are not collected in the available period. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is due to delinquent property taxes and grants not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position.

Expenses/Expenditures

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

C. Budgetary Process

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement are based on estimates made when the first permanent appropriation was adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2013.

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

D. Cash and Cash Equivalents

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. During fiscal year 2013, the School District recorded no interest revenue.

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 2013.

E. Capital Assets and Depreciation

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

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

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

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

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Compensated Absences

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

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

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

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

G. Accrued Liabilities and Long-Term Obligations

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

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

H. Fund Balance

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

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

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

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

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

I. Estimates

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

J. Net Position

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

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

Of the School District's \$1,159,924 in restricted net position, none is restricted by enabling legislation.

K. Interfund Transactions

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

L. Interfund Balances

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment, or assignment of fund balance (GAAP basis); and
4. Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance	
GAAP Basis	\$ (298,188)
Adjustments:	
Revenue Accruals	(253,550)
Expenditure Accruals	160,872
Encumbrances	(179,391)
Perspective Difference	
Activity of Funds Reclassified for	
GAAP Reporting Purposes	<u>(9,808)</u>
Budget Basis	<u><u>\$ (580,065)</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:

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. 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.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

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

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

As of June 30, 2013, the School District's bank balance of \$2,147,921 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above.

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, 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 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected in 2013 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The assessed values upon which fiscal year 2013 taxes were collected are:

	<u>2012 Second- Half Collections</u>		<u>2013 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 91,161,320	93.86%	\$ 91,482,460	93.68%
Public Utility	5,965,060	6.14%	6,174,280	6.32%
Total Assessed Value	<u>\$ 97,126,380</u>	<u>100.00%</u>	<u>\$ 97,656,740</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 27.71		\$ 26.96	

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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, 2013, are available to finance fiscal year 2013 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, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 was levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance is recognized as revenue.

The amount available as an advance at June 30, 2013, was \$125,166 in the General Fund, \$2,060 in the Classroom Facilities Maintenance Nonmajor Special Revenue Fund, and \$7,792 in the Bond Retirement Fund.

NOTE 6 - RECEIVABLES

Receivables at June 30, 2013, consisted of property taxes, interfund, accounts and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Major Fund	
General Fund	\$ 63,572
Non-Major Special Revenue Funds:	
Food Services	866
Early Childhood Education	40,864
Title I	74,811
Education Jobs	414
Title II-D	30,500
Miscellaneous Federal Grants	22,263
Special Education, Part B-IDEA	100,116
Total Non-Major Special Revenue Funds	<u>269,834</u>
Total All Funds	<u><u>\$ 333,406</u></u>

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 7 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2013, was as follows:

	Ending Balance 6/30/2012	<u>Additions</u>	<u>Deletions</u>	Ending Balance 6/30/2013
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	851,805	-	-	851,805
Buildings and Improvements	31,174,734	-	-	31,174,734
Furniture and Equipment	2,486,485	7,618	(63,635)	2,430,468
Vehicles	1,388,775	69,510	-	1,458,285
Textbooks	976,247	-	-	976,247
Total Capital Assets, Being Depreciated	36,878,046	77,128	(63,635)	36,891,539
Less Accumulated Depreciation				
Land Improvements	(797,710)	(9,360)	-	(807,070)
Buildings and Improvements	(7,374,145)	(616,171)	-	(7,990,316)
Furniture and Equipment	(1,507,660)	(122,531)	31,082	(1,599,109)
Vehicles	(1,001,863)	(70,013)	-	(1,071,876)
Textbooks	(976,247)	-	-	(976,247)
Total Accumulated Depreciation	(11,657,625)	(818,075)	31,082	(12,444,618)
Total Capital Assets, Being Depreciated, Net	25,220,421	(740,947)	(32,553)	24,446,921
Governmental Activities Capital Assets, Net	<u>\$ 25,895,024</u>	<u>\$ (740,947)</u>	<u>\$ (32,553)</u>	<u>\$ 25,121,524</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 691,250
Vocational	525
Support Services:	
Instructional Staff	1,224
Administration	1,433
Operation and Maintenance of Plant	6,608
Pupil Transportation	70,789
Operation of Non-Instructional Services	39,239
Central	1,950
Extracurricular	5,057
Total Depreciation	<u>\$818,075</u>

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 2013, the School District contracted with Government Underwriters of America for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Government Underwriters of America are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$39,849,452
Inland Marine Coverage (\$500 deductible)	100,000
Automobile Liability (\$500 deductible for collision, \$250 for all others)	1,000,000
Uninsured Motorists	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	3,000,000
Excess Liability Umbrella, per occurrence and aggregate	1,000,000

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

For fiscal year 2013, 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 Sheakley 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 may be obtained by writing 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 *Employer/Audit Resources*.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

A. Defined Benefit Pension Plans (continued)

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, 2013, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions for pension obligations to SERS, which were allocated for pension and death benefits, for the fiscal years ended June 30, 2013, 2012 and 2011 were \$257,468, \$240,511, and \$245,905, respectively; 71 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011. \$73,906 represents the unpaid contribution for fiscal year 2013 and is recorded as a liability within the respective funds.

State Teachers Retirement System

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

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

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

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 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.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

A. Defined Benefit Pension Plans (continued)

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 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.

For the fiscal years ended June 30, 2013, 2012, and 2011 plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$735,750, \$771,388, and \$748,934, respectively; 84 percent has been contributed for the fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. \$118,605 represents the unpaid contribution for fiscal year 2013 and is recorded as a liability within the respective funds.

STRS Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

A. Defined Benefit Pension Plans (continued)

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2013, one member of the Board of Education has 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, 2013, 2012 and 2011. The 14 percent employer contribution rate is the maximum rate established under Ohio Law. For the School District, these amounts equaled \$57,524, \$58,853, and \$57,716 for fiscal years 2013, 2012, and 2011, respectively, which equaled the required allocations for those years.

School Employees Retirement System

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

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70, per month depending on their income. SERS' reimbursement to retirees was \$45.50.

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 2013, 2012, and 2011, the actuarially required allocations were 0.74 percent, 0.75 percent, and 0.76 percent, respectively. For the School District, contributions for the fiscal years ended June 30, 2013, 2012, and 2011 were \$15,526, \$16,478, and \$16,290, respectively, which equaled the required contributions for those years.

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

B. Postemployment Benefits (continued)

Health Care Plan

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

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

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2013, 2012, and 2011, the health care allocations were 0.16 percent, 0.55 percent, and 1.43 percent, 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 2013, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. For the School District, the amount assigned to health care, including the surcharge, during the 2013, 2012, and 2011 fiscal years equaled \$24,542, \$45,708, and \$66,125, respectively, which is equal to the required allocation for each year.

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

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained on SERS website at www.ohsers.org under *Employer/Audit Resources*

NOTE 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.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 10 - EMPLOYEE BENEFITS (continued)

C. Deferred Compensation

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

NOTE 11 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2013 were as follows:

	Principal Outstanding 6/30/2012	Additions	Deductions	Principal Outstanding 6/30/2013	Due Within One Year
1998 School Facilities Construction and Improvement Bonds - 5.09%	\$ 330,000	\$ -	\$ 105,000	\$ 225,000	\$ 110,000
2010 School Energy Conservation Improvement Bonds - 3.5%	545,700	-	33,900	511,800	35,000
2010 School Facilities Construction and Improvement Refunding Bonds - Current Interest Bonds 2.0% - 3.5%	775,000	-	20,000	755,000	10,000
Premium	44,995	-	5,294	39,701	-
Capital Appreciation Bonds - 3.5%	50,000	-	-	50,000	-
Accretion on Capital Appreciation Bonds	21,009	11,562	-	32,571	-
Capital Lease Obligations	943,983	-	247,714	696,269	259,584
Compensated Absences	819,941	396,271	314,532	901,680	25,135
Total General Long-Term Obligations	<u>\$ 3,530,628</u>	<u>\$ 407,833</u>	<u>\$ 726,440</u>	<u>\$ 3,212,021</u>	<u>\$ 439,719</u>

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

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 11 - LONG-TERM OBLIGATIONS (continued)

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

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 originally capitalized as an asset and were being amortized over the life of the bonds. Due to the implementation of GASB's Statement 63 and Statement 65, the School District has recorded a prior period adjustment to eliminate this asset. The net loss on the refunding of the bonds in the amount of \$32,610 was originally recorded as a reduction of the bonds and was being amortized (added to) the bond liability over the life of the refunded Bonds. Due to the implementation of GASB's Statement No. 63 and Statement No. 65, the unamortized portion of the net loss is now recorded as a deferred outflow of resources on the Statement of Net Position and no longer is reported as part of the debt. 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 \$7,247,307 with an unvoted debt margin of \$97,657 at June 30, 2013.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 11 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2013, are as follows:

Fiscal Year Ending June 30,	2010 Refunding Bonds			Fiscal Year Ending June 30,	Energy Conservation Bonds		
	Principal	Interest	Total		Principal	Interest	Total
2014	10,000	23,010	33,010	2014	35,000	1,225	36,225
2015	15,000	22,780	37,780	2015	36,300	1,270	37,570
2016	140,000	22,435	162,435	2016	37,600	1,316	38,916
2017	50,000	109,216	159,216	2017	38,800	1,358	40,158
2018	140,000	17,115	157,115	2018	40,300	1,411	41,711
2019-2023	450,000	32,914	482,914	2019-2023	223,200	7,812	231,012
2024-2025	-	-	-	2024-2025	100,600	3,521	104,121
	<u>\$ 805,000</u>	<u>\$ 227,470</u>	<u>\$ 1,032,470</u>		<u>\$ 511,800</u>	<u>\$ 17,913</u>	<u>\$ 529,713</u>

Fiscal Year Ending June 30,	School Facilities Bonds		
	Principal	Interest	Total
2014	\$ 110,000	\$ 13,275	\$ 123,275
2015	115,000	6,785	121,785
	<u>\$ 225,000</u>	<u>\$ 20,060</u>	<u>\$ 245,060</u>

The amortization schedule above (principal payments) does not agree to the bonds payable amount on page 35 because it does not include the \$39,701 in unamortized premium on the bond issue. This amortization schedule also does not include the accretion portion of the Capital Appreciation Bonds in the amount of \$90,000, of which \$32,571 has been accreted as of June 30, 2013.

Capital Lease Obligations

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

The terms of the agreement provide that the School District will own the athletic complex at the end of the lease term. The lease met 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, 2013

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, 2013 are as follows:

Fiscal Year	Governmental Activities Capital Leases
2014	\$ 287,093
2015	286,921
2016	167,292
Total Minimum Lease Payments:	741,306
Less: Amount Representing Interest	(45,037)
Present Value of Minimum Lease Payments	\$ 696,269

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association Council of Governments - The School District is a participant in the South Central Ohio Computer Association Council of Governments (SCOCA COG) which is an information technology center. SCOCA COG is a council of governments providing information technology services to 58 public education entities, 58 non-public education entities, and public libraries from 24 Ohio counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA COG consists of two representatives from each of the eleven participating counties, two school treasurers, and a representative for the fiscal agent. SCOCA COG is not accumulating significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. The School District paid \$66,539 for services provided during fiscal year 2013. Financial information for SCOCA COG can be obtained from their fiscal office located at Pike County Career Technology Center, P.O. Box 577, 175 Beaver Creek, Piketon, Ohio 45661..

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

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 \$415 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, 2013

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS (continued)

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

NOTE 13 - INSURANCE PURCHASING POOL

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

NOTE 14 - PUBLIC ENTITY SHARED RISK POOL

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

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

	Capital Acquisition
Set-aside reserve balance as of June 30, 2012	\$ -
Current year set-aside requirement	260,506
Current year offsets	(102,742)
Current year qualifying disbursements	(157,764)
Set-aside balance carried forward to future years	\$ -
Set-aside Reserve Balance as of June 30, 2013	\$ -

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, 2013.

NOTE 16 – ACCOUNTABILITY

Accountability - Fund Balance Deficits

At June 30, 2013, the Food Service, Title VI-B, and Technology funds had fund balance deficits of \$42,194, \$3,936 and \$1,126 respectively which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover the deficit balance; however, this is done when cash is needed rather than when accruals occur.

NOTE 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

B. Litigation

The School District is not party to legal proceedings.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 18 – INTERFUND ACTIVITY

Interfund Balances

Interfund balances at June 30, 2013, consists of the following individual fund receivables and payables, which are expected to be repaid during the 2014 fiscal year:

Interfund Loans	Receivable	Payable
General Fund	\$134,262	\$0
Non-major Special Revenue Funds:		
Title IV-B	0	46,774
Early Childhood Education	0	28,177
Title II-D	0	18,718
Misc Federal Grants	0	9,303
Title I	0	31,290
Total Non-major Special Revenue Funds	0	134,262
Total Interfund Receivables/Payables	\$134,262	\$134,262

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.

For the fiscal year ended June 30, 2013, transfers in and out that resulted from various interfund transactions were as follows:

	Transfers In	Transfers Out
General Fund	\$0	\$122,730
Nonmajor Special Revenue Fund:		
Food Service	122,730	0
Total	\$122,730	\$122,730

The General Fund transferred monies to the Food Service Fund to subsidize this fund.

NOTE 19 – CHANGES IN ACCOUNTING PRINCIPLES

For 2013 the School District implemented GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,” GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position” and GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities”.

Statement No. 62 incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 19 – CHANGES IN ACCOUNTING PRINCIPLES (continued)

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of GASB Statement No. 62 had no effect on the financial statements.

The implementation of GASB Statements No. 63 and 65 had the following effect on beginning net position; beginning net position decreased from \$24,467,737 as of June 30, 2012 to \$24,447,940 as of July 1, 2012. The \$19,797 restatement is due to the removal of the remaining amount of bond issuance costs that had not yet been amortized.

NOTE 20 – FUND BALANCES

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

Fund Balances	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for				
Athletics	\$36,189	\$0	\$0	\$36,189
Federal Programs	0	0	8,122	8,122
Classroom Facility and Maintenance	0	0	43,605	43,605
Other Purposes	0	0	14,208	14,208
Capital Projects	0	0	126,673	126,673
Debt Services Payments	0	902,150	0	902,150
Total Restricted	<u>36,189</u>	<u>902,150</u>	<u>192,608</u>	<u>1,130,947</u>
Assigned to				
Other Purposes	<u>124,878</u>	<u>0</u>	<u>0</u>	<u>124,878</u>
Unassigned (Deficit)				
	<u>0</u>	<u>0</u>	<u>(47,256)</u>	<u>(47,256)</u>
Total Fund Balances	<u>\$161,067</u>	<u>\$902,150</u>	<u>\$145,352</u>	<u>\$1,208,569</u>

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**MINFORD LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2012/2013	10.555	\$ 33,901	\$ 33,901
Cash Assistance:				
School Breakfast Program	2012/2013	10.553	70,469	70,469
National School Lunch Program	2012/2013	10.555	260,557	260,557
Cash Assistance Subtotal			<u>331,026</u>	<u>331,026</u>
Total Child Nutrition Cluster			<u>364,927</u>	<u>364,927</u>
Total U.S. Department of Agriculture			364,927	364,927
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2012	84.010	55,642	28,852
	2013		332,597	362,703
Total Title I Grants to Local Educational Agencies			<u>388,239</u>	<u>391,555</u>
Special Education - Grants to States	2012	84.027	17,425	27,561
	2013		232,620	245,373
Total Special Education - Grants to States			<u>250,045</u>	<u>272,934</u>
Education Technology State Grants	2012	84.318	800	800
Rural Education	2012	84.358	6,321	2,288
	2013		19,250	20,699
Total Rural Education			<u>25,571</u>	<u>22,987</u>
Improving Teacher Quality State Grants	2012	84.367	9,598	14,748
	2013		69,928	75,968
Total Improving Teacher Quality State Grants			<u>79,526</u>	<u>90,716</u>
Total U.S. Department of Education			<u>744,181</u>	<u>778,992</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,109,108</u>	<u>\$ 1,143,919</u>

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

**MINFORD LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION PROGRAM

The School District reports commodities consumed on the Schedule at the fair value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Minford Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 6, 2014, wherein we noted the School District has adopted Governmental Accounting Standards Board Statement Nos. 63 and 65.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

January 6, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Minford Local School District's, Scioto County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

January 6, 2014

**MINFORD LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Nutrition Cluster – CFDA #'s 10.553 and 10.555 • Title I – Grants to Local Educational Agencies – CFDA # 84.010 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURE

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

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on July 17, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

Columbus, Ohio

January 6, 2014

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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
JANUARY 28, 2014**