

TRIWAY LOCAL SCHOOL DISTRICT

WAYNE COUNTY, OHIO

AUDIT REPORT

For the Year Ended June 30, 2010

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA
Auditor of State

Board of Education
Triway Local School District
3205 Shreve Road
Wooster, Ohio 44691

We have reviewed the *Report of Independent Accountants* of the Triway Local School District, Wayne County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 16, 2010

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TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
Audit Report
For the year ended June 30, 2010

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Triway Local School District
Wayne County
3205 Shreve Road
Wooster, Ohio 44691

To the Board of Education:

We have audited the accompanying financial statements of the Triway Local School District, Wayne County, Ohio (the District), as of and for the year ended June 30, 2010. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Ohio Administrative Code 117-2-03 (B) requires the District to prepare its financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 1, the accompanying financial statements and notes have been prepared on a basis of accounting not in accordance with these generally accepted accounting principles. The accompanying financial statements and notes omit entity-wide statements, and assets, liabilities, fund equities and disclosures that, while material, cannot be determined at this time.

In our opinion, the accompanying financial statements do not present fairly, the financial position, results of operations, and cash flows, where applicable, of the Triway Local School District as of and for the year ended June 30, 2010 in accordance with accounting principles generally accepted in the United States of America.

In accordance with Note 15, the District changed to the cash basis of accounting. Also, the Food Service Fund was reclassified from a Special Revenue Fund to an Enterprise Fund.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have issued our report dated October 14, 2010, on our consideration of Triway Local 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 testing of internal control over financial reporting and compliance and the results of testing. It does not opine on the internal control over financial reporting or compliance. That report is the integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in considering the results of our audit.

We conducted our audit to opine on the District's financial statements. The Federal Awards Expenditure Schedule presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the financial statements. We subjected this schedule to the auditing procedures applied in our audit of the District's financial statements. For reasons stated in the third paragraph, the financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District, as of June 30, 2010, or the changes in financial position or its cash flows for the year then ended. Therefore, we are unable to express, and we do not express, an opinion on the Federal Awards Expenditure Schedule.

Charles E. Harris & Associates, Inc.

October 14, 2010

TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
For the Year Ended June 30, 2010

	Governmental Fund Types				(Memorandum Only) Total
	General	Special Revenue	Debt Service	Capital Projects	
RECEIPTS:					
From Local Sources:					
Property Taxes	\$ 5,786,548	-	-	\$ 497,217	\$ 6,283,765
Tuition	639,472	-	-	-	639,472
Earnings on Investments	4,457	-	-	-	4,457
Extracurricular	-	\$ 258,399	-	-	258,399
Classroom Materials and Fees	77,581	6,000	-	-	83,581
Rental Income	1,237	-	-	-	1,237
Contributions and Donations	-	2,995	-	-	2,995
Other Local Revenues	65,560	79,070	-	-	144,630
Intergovernmental - Intermediate	147,659	-	-	-	147,659
Intergovernmental - State	8,895,983	125,000	-	139,560	9,160,543
Intergovernmental - Federal	-	1,757,596	-	-	1,757,596
Total Cash Receipts	15,618,497	2,229,060	-	636,777	18,484,334
EXPENDITURES:					
Current:					
Instruction:					
Regular	8,385,767	497,757	-	62,533	8,946,057
Special	1,399,307	873,079	-	-	2,272,386
Vocational	396,820	-	-	-	396,820
Other	21,330	-	-	-	21,330
Support Services:					
Pupils	448,462	-	-	-	448,462
Instructional Staff	329,165	387,192	-	-	716,357
Board of Education	49,413	-	-	-	49,413
Administrative	1,359,555	78,724	-	-	1,438,279
Fiscal Services	372,738	-	-	10,231	382,969
Business	26,528	-	-	-	26,528
Operations and Maintenance	1,405,290	-	-	-	1,405,290
Pupil Transportation	891,148	-	-	27,254	918,402
Central	219,578	5,000	-	99,566	324,144
Operations of Non-instructional Services	-	120,000	-	-	120,000
Extracurricular Activities	341,873	256,227	-	-	598,100
Capital Outlay	-	-	-	64,458	64,458
Debt Service:					
Retirement of Principal	-	-	\$ 340,771	-	340,771
Interest & Fiscal Charges	-	-	35,895	-	35,895
Total Cash Disbursements	15,646,974	2,217,979	376,666	264,042	18,505,661
Cash Receipts Over/(Under) Cash Disbursements	(28,477)	11,081	(376,666)	372,735	(21,327)
Other Financing Sources (Uses):					
Transfers In	-	-	376,666	-	376,666
Transfers Out	(58,287)	-	-	(318,379)	(376,666)
Total Other Financing Sources (Uses)	(58,287)	-	376,666	(318,379)	-
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	(86,764)	11,081	-	54,356	(21,327)
Restated Fund Cash Balance, July 1, 2009, See Note 15	2,255,566	129,712	-	432,948	2,818,226
Fund Cash Balance, June 30, 2010	\$ 2,168,802	\$ 140,793	\$ -	487,304	\$ 2,796,899
Reserve for Encumbrances, June 30, 2010	\$ 6,415	\$ 4,040	\$ -	54,445	\$ 64,900

See Accompanying Notes to the Financial Statements

TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	<u>Proprietary Fund Types</u>		<u>Fiduciary</u> <u>Fund Types</u>	<u>(Memorandum)</u> <u>Only</u>
	<u>Enterprise</u>	<u>Internal</u> <u>Service</u>	<u>Agency</u>	<u>Total</u>
OPERATING CASH RECEIPTS:				
Charges for Services	\$ 390,277	\$ 137,374	-	\$ 527,651
Extracurricular	-	-	\$ 145,095	145,095
Total Operating Cash Receipts	390,277	137,374	145,095	672,746
OPERATING CASH DISBURSEMENTS:				
Salaries	270,389	-	-	270,389
Benefits	143,306	11,212	-	154,518
Purchased Services	35,379	145,302	-	180,681
Supplies	246,196	-	-	246,196
Other Operating Expenses	-	-	137,222	137,222
Total Operating Cash Disbursements	695,270	156,514	137,222	989,006
NON-OPERATING CASH RECEIPTS:				
Federal and State Subsidies	325,040	-	-	325,040
Total Non-Operating Cash Receipts	325,040	-	-	325,040
Excess of Cash Receipts Over/(Under) Cash Disbursements	20,047	(19,140)	7,873	8,780
Restated Fund Cash Balance, July 1, 2009	58,952	100,499	38,947	198,398
Fund Cash Balance, June 30, 2010	\$ 78,999	\$ 81,359	\$ 46,820	\$ 207,178

See Accompanying Notes to the Financial Statements

**TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
Notes To The Financial Statements
For the Year Ended June 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Triway Local School District (the "District") is located in Wayne and Holmes Counties. The District includes all of the Village of Shreve and portions of Prairie, Clinton, Franklin, Wooster and Plain Townships. The District also includes a portion of the City of Wooster. The District serves an area of approximately 95 square miles.

The District was organized in 1960, in accordance with Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District currently operates three elementary schools, one middle school, and one comprehensive high school. The District employs 88 non-certified and 137 (excluding administrative) certified full-time and part-time employees to provide services to approximately 1,878 students in grades K through 12 and various community groups.

B. BASIS OF ACCOUNTING

Although required by Ohio Administrative Code 117-2-03 to prepare its financial report in accordance with accounting principles generally accepted in the United States of America, the District has chosen to prepare its financial statements on a basis of accounting not in accordance with generally accepted accounting principles. The basis of accounting is similar to the cash receipts and cash disbursements basis of accounting. Receipts are recognized when received and cash rather than when they are earned, and disbursements are recognized when paid rather than when the liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

C. CASH

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
Notes To The Financial Statements
For the Year Ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. FUND ACCOUNTING

The District maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Funds

1. General Fund

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

2. Special Revenue

Special Revenue funds used to account for the proceeds of special revenue sources, other than expendable trusts or major capital projects that are legally restricted to expenditure for specified purposes.

Title VI-B Fund-This fund ensures that all children with disabilities have available to them a free appropriate public education which emphasizes special education and related services designed to meet their unique needs.

Fiscal Stabilization Fund – This fund was created to support and restore elementary, secondary and postsecondary education, early childhood programs and services.

3. Debt Service

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

Bond Retirement Fund- This fund retires the general obligation debt of the District.

4. Capital Projects

Capital Projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Permanent Improvement Fund- This fund expends funds for continuous capital improvements within the District.

TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
Notes To The Financial Statements
For the Year Ended June 30, 2010

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

D. **FUND ACCOUNTING – (continued)**

5. **Internal Service Fund**

The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other governmental units, on a cost-reimbursement basis.

Employee Benefits Self-Insurance Fund-This fund accounts for monies to pay claims for employees under the District's self-insurance plan.

6. **Enterprise Fund**

These funds are used to account for operations that are similar to private business enterprises where management intends that significant costs of providing certain goods or services will be recovered through user charges. The District had the following significant Enterprise Fund:

Food Service Fund- This fund assists the District in administering food services that provide healthful, nutritious meals to eligible children.

7. **Agency Funds**

Agency Funds are used account for assets held by the District, as an agent for individuals, private organizations or other governmental units and/or other funds.

Student Activities Fund-This fund accounts for student activity programs which have student participation in the activity and have students involved in the management of the program.

E. **BUDGETARY PROCESS**

1. **Tax Budget**

A budget of estimated cash receipts and disbursements is submitted to the Wayne County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the period July 1 to June 30 of the following year.

TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
Notes To The Financial Statements
For the Year Ended June 30, 2010

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

D. **FUND ACCOUNTING** (continued)

2. **Appropriations**

An appropriation measure is adopted by the District on or before the first day of July in each year for the period July 1 to June 30 of the following year. The appropriation measure is submitted to the County Auditor, who in turn, submits it to the County Budget Commission. The appropriation measure controls expenditures of the District. The District may, by resolution, transfer funds from one line item to another in the appropriation measure, reduce or increase any item, create new items, and make additional appropriations, subject to availability of funds and to the approval of the County Budget Commission. The District's legal level of control is set at the fund level. The budget figures in Note 3 represent the final appropriation amounts including all amendments and modifications.

3. **Estimated Resources**

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates.

4. **Encumbrances**

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each year, the unencumbered balance of each appropriation reverts to the respective funds from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

A summary of 2010 budgetary activity appears in Note 3.

TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
Notes To The Financial Statements
For the Year Ended June 30, 2010

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

F. **PROPERTY, PLANT AND EQUIPMENT**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. **ACCUMULATED LEAVE**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

H. **TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects the financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

2. **CASH AND INVESTMENTS**

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the District's records. During the fiscal year, all investments were limited to Federal agency bonds and notes, certificates of deposit, the State Treasury Asset Reserve of Ohio (STAR Ohio) and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2010.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. For the District, all investment earnings were recorded to the General Fund. Interest income earned in fiscal year 2010 totaled \$4,457.

TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
Notes To The Financial Statements
For the Year Ended June 30, 2010

2. CASH AND INVESTMENTS – (continued)

The District maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at June 30 was as follows:

	<u>2010</u>
Demand Deposits	\$ 731,595
STAR-Ohio	460,322
Savings Accounts	1,808,160
Petty Cash	<u>4,000</u>
Total Deposit and Investments	<u>\$3,004,077</u>

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending June 30, 2010 is as follows:

2010 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 15,565,296	\$ 15,618,497	\$ 53,201
Special Revenue	2,327,450	2,229,060	(98,390)
Debt Service	376,666	376,666	-
Capital Projects	613,800	636,777	22,977
Internal Service	125,000	137,374	12,374
Enterprise	700,000	715,317	15,317

2010 Appropriation vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 16,100,130	\$ 15,711,676	\$ 388,454
Special Revenue	2,370,936	2,222,019	148,917
Debt Service	376,666	376,666	-
Capital Projects	710,000	636,866	73,134
Internal Service	170,000	156,514	13,486
Enterprise	750,000	695,270	54,730

**TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
Notes To The Financial Statements
For the Year Ended June 30, 2010**

4. PROPERTY TAXES

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Wayne and Holmes County Auditors at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the District was completed in 2008; an update will be done in 2011. The next revaluation is scheduled for 2014.

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 usually due December 31, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) received during calendar year 2010 represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied April 1, 2009 on the values listed as of December 31, 2009. Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Wayne and Holmes County Treasurers collect property taxes on behalf of the District. The Wayne and Holmes County Auditors remit the collected taxes to the District. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

The full tax rate at the fiscal year ended June 30, 2010 was \$49.50 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the fiscal year 2010 taxes were collected were as follows:

**TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
Notes To The Financial Statements
For the Year Ended June 30, 2010**

4. PROPERTY TAXES – (continued)

<u>Wayne County</u>		
	<u>2009</u>	<u>2008</u>
Real Property		
Residential/Agricultural	\$ 204,626,430	\$ 204,332,990
Commerical/Industrial/Public Utilities	30,024,390	29,839,765
Tangible Personal Property		
PUCO Personal	10,541,510	9,147,720
Telephone PP	401,039	601,560
Total Valuation	<u>\$ 245,593,369</u>	<u>\$ 243,922,035</u>
 <u>Holmes County</u>		
	<u>2009</u>	<u>2008</u>
Real Property		
Residential/Agricultural	\$ 2,419,450	\$ 2,376,740
Commerical/Industrial/Public Utilities	175,750	173,670
Tangible Personal Property		
PUCO Personal	5,690	11,340
Telephone PP	-	10,300
Total Valuation	<u>\$ 2,600,890</u>	<u>\$ 2,572,050</u>

5. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 to the School Employees Retirement System, 300 E. Broad Street, Columbus, Ohio 43215.

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. A portion of the School District's contribution is used to fund pension obligations and death benefits with the remainder being used to fund health care benefits; for the fiscal year 2009 (the latest information available), 12.78% of annual covered salary was the portion used to fund pension obligations and death benefits. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$264,806, \$191,801 and \$184,066, respectively; 100 percent was contributed for all fiscal years.

**TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
Notes To The Financial Statements
For the Year Ended June 30, 2010**

5. DEFINED BENEFIT PENSION PLANS – (continued)

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employer retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. Authority to establish and amend benefits is provided by state statute per Chapter 3307 of Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

New members have a choice of three retirement plans, a Defined Benefit (DB) plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor.

The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2009 (the latest information available), plan members are required to contribute 10 percent of their annual covered salary. The School District is required to contribute 14 percent; 13% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for members and employers contributions. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$1,103,507, \$1,108,421, and \$1,074,677, respectively; 100 percent has been contributed for all fiscal years.

**TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
Notes To The Financial Statements
For the Year Ended June 30, 2010**

6. POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Most benefit recipients are required to pay a portion of the health care costs in the form of a monthly premium. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the year ended June 30, 2010 (the latest information available) the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$84,885 during fiscal year 2010.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.7 billion at June 30, 2009 (the latest information available). For the year ended June 30, 2009, total health care costs paid by STRS were \$298.1 million and STRS had 129,659 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below the federal poverty levels.

For the year ended June 30, 2009 (the latest information available) employer contributions to fund health care benefits were 1.22% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year ended June 30, 2010, the minimum pay has been established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Health care claims expense decreased from \$226.4 million to \$215.4 million at June 30, 2009 (the latest information available). At June 30, 2009, SERS had net assets available for payment of health care benefits of \$376.5 million. SERS has approximately 203,133 members who are active and retired non-teaching public school employees. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$69,263 during the 2010 fiscal year.

TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
Notes To The Financial Statements
For the Year Ended June 30, 2010

7. LONG-TERM DEBT OBLIGATIONS

	Balance Outstanding	Additions	Reductions	Balance Outstanding
	<u>06/30/09</u>			<u>06/30/10</u>
Governmental activities:				
Tax anticipation notes	\$ 601,520	\$ -	\$ (292,425)	\$ 309,095
Energy conservation notes	<u>208,711</u>	<u>-</u>	<u>(48,346)</u>	<u>160,365</u>
Total long-term obligations	<u>\$ 810,231</u>	<u>\$ -</u>	<u>\$ (340,771)</u>	<u>\$ 469,460</u>

During fiscal 2001, the District issued long-term tax anticipation notes, subsequent to the approval by the voters of a new, 3.0 mil levy for permanent improvements. The notes have an interest rate of 5.7% and mature on November 1, 2010. These notes are general obligations of the District, for which the District's full faith and credit are pledged for repayment. Payments of principal and interest relating to these notes will be made from the debt service fund.

The following is a summary of the District's future annual debt service requirements to maturity for the tax anticipation notes:

<u>Year Ending June 30,</u>	<u>Tax anticipation notes</u>
2011	<u>\$ 317,904</u>
Total	317,904
Less: interest	<u>(8,809)</u>
Total principal	<u>\$ 309,095</u>

The District issued energy conservation notes during fiscal year 1992 with an interest rate of 6.05% and a maturity date of May 18, 2013. Energy conservation notes outstanding are general obligations of the District, for which the District's full faith and credit are pledged for repayment. Payments of principal and interest relating to these notes as expenditures in the debt service fund. However, unlike general obligation bonds, Ohio statute allows for the issuance of energy conservation notes without voter approval, and the subsequent repayment of the notes from general revenues.

The following is a summary of the District's future annual debt service requirements to maturity for energy conservation notes:

<u>Year Ending June 30,</u>	<u>Energy conservation notes</u>
2011	\$ 58,287
2012	58,288
2013	<u>58,287</u>
Total	174,862
Less: interest	<u>(14,497)</u>
Total principal	<u>\$ 160,365</u>

**TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
Notes To The Financial Statements
For the Year Ended June 30, 2010**

8. SET ASIDES

The District is required by State statute to annually set aside monies for purchase of textbooks and other instructional materials, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. Although the School District had offsets and/or qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts were only used to reduce the set-aside requirements of future years for the purchase of textbooks and/or instructional materials. Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years.

During the fiscal year ended June 30, 2009, the reserve activity was as follows:

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2009	\$ (616,957)	\$ -
Current year set-aside requirement	312,386	312,386
Current year off-sets	-	(497,217)
Qualifying disbursements	<u>(225,502)</u>	<u>(573,420)</u>
Total	<u>\$ (530,073)</u>	<u>\$ (758,251)</u>
Balance carried forward fiscal year 2011	<u>\$ (530,073)</u>	<u>\$ -</u>

The District received monies restricted for school bus purchases. The amount of \$699 for school bus reserves is in the general fund at June 30, 2010.

9. FUND TRANSFERS

During the fiscal year 2010, the District transferred out from the General Fund \$58,287 to the Bond Retirement Fund – Debt Service Fund to pay the Energy Conservation note. Also, the District transferred \$318,379 from the Permanent Improvement Fund – Capital Projects Funds to the Bond Retirement Fund – Debt Service Fund to pay the tax anticipation notes. The applicable Ohio Revised Code compliance requirements were met.

TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
Notes To The Financial Statements
For the Year Ended June 30, 2010

10. JOINTLY GOVERNED ORGANIZATION

TRI-COUNTY COMPUTER SERVICES ASSOCIATION (TCCSA)

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 21 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based on per pupil charge dependent upon the software package utilized. The TCCSA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by a board of directors chosen from the general membership of the TCCSA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Tri-County Educational Service Center, which is the fiscal agent, located at 741 Winkler Drive, Wooster, OH 44691. During the year ended June 30, 2010, the District paid approximately \$66,003 to TCCSA.

11. RISK MANAGEMENT

The District is exposed to various risks of loss related torts, theft of, damage to, and destruction of assets, errors, omissions, injuries to employees, and natural disasters. The District has a comprehensive property and casualty policy with the Ohio School Plan. The deductible is \$1,000 per incident on property and \$1,000 per incident on equipment. All vehicles are also insured with the Ohio School Plan and have a \$1,000 deductible for buses and a \$500 for all other vehicles. All board members, administrators and employees are covered under a school district liability policy with Ohio School Plan. The limits of coverage are \$4,000,000 per occurrence and \$6,000,000 per aggregate. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

The Treasurer has a \$100,000 surety bond with the Cincinnati Insurance Company.

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The District is a member of the Ohio School Board Association Group Rating System. The rate is calculated based on accident history and administrative costs. The group presently consists of over 400 school districts.

12. GROUP PURCHASING POOL

The District has established a Self Insurance fund (an internal service fund) to account for and finance its uninsured risks of loss for dental benefits offered to employees. Under this program, the Self Insurance fund provides coverage for each claim, capped at \$150,000 annually for all claims. The plan is administered by Benefit Services, Inc. The District purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss, including health, life, fleet, property and casualty, and district-wide liability. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in the amounts of insurance coverage from fiscal year 2009.

TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
Notes To The Financial Statements
For the Year Ended June 30, 2010

13. CONTINGENT LIABILITIES

The District may be a defendant in various lawsuits. Although, the outcome of the lawsuits is not presently determinable, in the opinion of legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

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

14. COMPLIANCE

The District did not prepare its financial report in accordance with generally accepted accounting principles, contrary to Ohio Admin. Code 117-2-03.

15. CHANGE IN BASIS OF ACCOUNTING

The District changed their financial statement presentation from Generally Accepted Accounting Principles to the cash basis. Governmental and business-type activities were eliminated. Also, the District reclassified their Food Service Fund from a Special Revenue Fund to an Enterprise Fund. Changes to the fund balances are as follows:

Fund Statements

	General Fund	Permanent Improvement Fund	Other Governmental Funds	Special Revenue Funds	Capital Project Funds
GAAP Basis					
June 30, 2009	\$937,999	\$504,170	\$127,429	\$0	\$0
Accrual Adjustments	1,317,567	(71,222)	61,235	0	0
Reclassifications	0	(432,948)	(188,664)	129,712	432,948
Cash Balance					
July 1, 2009	\$2,255,566	\$0	\$0	\$129,712	\$432,948

TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
Notes To The Financial Statements
For the Year Ended June 30, 2010

15. **CHANGE IN BASIS OF ACCOUNTING** (continued)

	Enterprise Fund	Internal Service Fund
GAAP Basis		
June 30, 2009	\$0	\$62,210
Accrual Adjustments	0	38,289
Reclassifications	58,952	0
Cash Balance		
July 1, 2009	\$58,952	\$100,499

Entity-Wide Statements

	Governmental Activities
GAAP Basis	
June 30, 2009	\$3,449,867
Accrual Adjustments	(3,449,867)
GAAP Basis	
July 1, 2009	\$0

Triway Local School District
Schedule of Federal Awards Expenditures
For the Year Ending June 30, 2010

Federal Grantor/Pass Through Grantor Number/Program Title	Pass Through Entity Number	CFDA Number	Federal Receipts	Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Pass through Ohio Department of Development				
Nutrition Cluster:				
National School Lunch Program	N/A	10.555	\$ 288,730	\$ 288,730
Breakfast Program	N/A	10.553	26,520	26,520
Non-Cash Assistance:				
National School Lunch Program - Food Commodities - Note 2	N/A	10.555	84,064	84,064
Total U.S. Department of Agriculture			\$399,314	\$399,314
<u>U.S. Department of Education</u>				
Pass through Ohio Department of Education				
ESEA Title I, Part A, Title I Grants to Local Education Agencies				
ARRA - Title I - Targeted Asst. FY 10	N/A	84.389	51,747	51,747
Title I - Targeted Asst. FY 10	050591-C1S1-2010	84.010	274,397	274,397
Total Title I - Grants to Local Education Agencies			326,144	326,144
Title VI - B, Special Education - Assistance to States for Education of Handicapped Children				
Special Education Cluster:				
ARRA - Title VI - B - FY 10	N/A	84.391	444,915	444,915
Title VI - B - FY 10	050591-6BSF-2010	84.027	414,837	414,837
Total Special Education Cluster			859,752	859,752
Drug - Free School Grant - FY 09	050591-DRS1-2009	84.186	-	1,980
Drug - Free School Grant - FY 10	050591-DRS1-2010	84.186	5,277	3,297
Total Drug - Free School Grant			5,277	5,277
ARRA - State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act (Education Stabilization Fund)				
	N/A	84.394	486,454	486,454
Title II-D Technology - FY 10	050591-TJS1-2010	84.318	2,307	2,307
Title II-A - Improv. Teacher Quality - FY 10	050591-TRS1-2010	84.367	77,661	77,661
Total U.S. Department of Education			1,757,595	1,757,595
Total Federal Expenditures			\$ 2,156,909	\$ 2,156,909

See accompanying Notes to the Schedule of Federal Awards Expenditures

TRIWAY LOCAL SCHOOL DISTRICT
Wayne County, Ohio
Notes to the Federal Awards Expenditure Schedule
For the Year Ended June 30, 2010

1. Significant Accounting Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred.

2. Food Distribution

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2010, the District had immaterial food commodities in inventory.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Triway Local School District
Wayne County
3205 Shreve Road
Wooster, Ohio 44691

To the Board of Education:

We have audited the financial statements of Triway Local School District, Wayne County Ohio (the District) as of and for the year ended June 30, 2010, and have issued our report thereon dated October 14, 2010, wherein we noted the District followed the cash basis of accounting rather than accounting principles generally accepted in the United States of America and changed its financial statement presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2010-TLSD-01.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

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

Charles E. Harris and Associates, Inc.

October 14, 2010

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Triway Local School District
Wayne County
3205 Shreve Road
Wooster, OH 44691

To the Board of Education

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

CHARLES E. HARRIS & ASSOCIATES, INC.

October 14, 2010

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

**TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY
June 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Adverse
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Special Education CFDA# 84.027 ARRA - Special Education CFDA# 84.391 Title I - CFDA # 84.010 ARRA - Title I - CFDA # 84.389 ARRA - State Fiscal Stabilization Fund CFDA #: 84.394
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

SCHEDULE OF FINDINGS - (continued)
OMB CIRCULAR A-133 SECTION .505

Triway Local School District
Wayne County
June 30, 2010

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

FINDING NUMBER 2010-TLSD-01 – Noncompliance citation

Ohio Administrative Code 117-2-03 (B) requires the District to prepare its financial report in accordance with generally accepted accounting principles (GAAP). However, as discussed in Note 1, the accompanying financial statements and notes have been prepared on a basis of accounting not in accordance with these generally accepted accounting principles. The accompanying financial statements and notes omit entity-wide statements, and assets, liabilities, fund equities and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

Management's Response: The District does not intend to report in accordance with generally accepted accounting principles. Management believes the cost savings far outweighs reporting on GAAP.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.

**TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY
JUNE 30, 2010**

SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2009-TLSD-01	Contrary to Ohio Rev. Code Section 5705.36(A)(4), amending certificates of estimated resources	Yes	No Longer Valid

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Mary Taylor, CPA
Auditor of State

TRIWAY LOCAL SCHOOL DISTRICT

WAYNE 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
DECEMBER 28, 2010**