



Dave Yost • Auditor of State

**TUSLAW LOCAL SCHOOL DISTRICT
STARK COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Tuslaw Local School District
Stark County
1835 Manchester Avenue NW
Massillon, Ohio 44647

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tuslaw Local School District, Stark County, Ohio, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

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 Tuslaw Local School District, Stark County, Ohio, as of June 30, 2010, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Federal Awards Receipts and Expenditure Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

February 25, 2011

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

The discussion and analysis of Tuslaw Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for 2010 are as follows:

- The School District issued \$878,000 in Qualified School Construction Bonds to renovate buildings through a House Bill 264 energy conservation retrofit project.
- The School District continued its project with the Ohio School Facility Commission (OSFC) to build a new elementary building under the classroom facilities assistance program.
- The School District passed a five year emergency levy in May 2010 which will generate approximately \$1.2 million dollars annually beginning in January 2011.

Using these Basic Financial Statements

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

The *Statement of Net Assets* and the *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain 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. In the case of Tuslaw Local School District, the general fund by far is the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

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

Tuslaw Local School District
Management's Discussion and Analysis
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These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District. On the other hand, financial factors may include the School District's financial position, liquidity and solvency, fiscal capacity and risk and exposure.

In the Statement of Net Assets and the Statement of Activities, the School District is classified into governmental activities. All of the School District's non-fiduciary programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, operation of food service and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The School District's major funds are described on page 8. Fund financial reports 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, bond retirement fund, and the new elementary capital project fund.

Governmental Funds

Most of the School District's activities are reported as governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are 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 government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

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

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

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Assets		
Current and Other Assets	\$18,682,694	\$9,354,067
Capital Assets, Net	<u>17,460,859</u>	<u>16,197,423</u>
Total Assets	<u>36,143,553</u>	<u>25,551,490</u>
Liabilities		
Current and Other Liabilities	6,205,714	5,690,067
Long-Term Liabilities:		
Due Within One Year	588,728	529,188
Due in More than One Year	<u>13,878,468</u>	<u>13,314,285</u>
Total Liabilities	<u>20,672,910</u>	<u>19,533,540</u>
Net Assets		
Invested in Capital Assets, Net of Debt	4,326,367	3,480,332
Restricted	12,395,897	3,038,104
Unrestricted (Deficit)	<u>(1,251,621)</u>	<u>(500,486)</u>
Total Net Assets	<u>\$15,470,643</u>	<u>\$6,017,950</u>

Total assets increased by \$10,592,063. Cash and cash equivalents increased by \$7,050,772; the increased cash balance is due primarily to monies received from the Ohio Schools Facility Commission for upcoming construction costs associated with building a new elementary school building. The general fund cash balance decreased \$40,207. Since the School District has been using the cash reserve to finance current school year operations for the past several years, it has reduced spending for the purchase of technology equipment and instructional supplies. However, it is in compliance with the percentage expenditure requirements established by H.B. 412. Capital assets increased by \$1,263,436. The increase can be attributed mainly to the start of a H.B. 264 energy conservation project, as well as construction on a new elementary school building with an anticipated completion date of Fall, 2011.

Total liabilities increased by \$1,139,370. The majority of the increase can be attributed to an increase in long-term liabilities. During the fiscal year, the School District issued \$878,000 in energy conservation bonds for the purpose of purchasing and installing energy conservation measures throughout the School District. This debt will be fully repaid in the year 2025.

By comparing assets and liabilities, one can see the overall position of the School District is unstable. Due to the decreased cash balance, the School District is cautiously approaching the future. The School District's expense per pupil has historically been one of the lowest in the State. The School District has always spent funds cautiously. Due to the unresolved funding issue of the State and the School District continually being required to implement unfunded State and Federal mandates, the School District is reliant upon additional property tax dollars to cover operating costs.

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The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$21,139,143 or 88 percent of the total revenue. The most significant portion of the general revenue is local property tax and State support. The remaining amount of revenue received was in the form of program revenues, which equated to \$2,842,697 or only 12 percent of total revenue.

Table 2 shows a comparative analysis of government-wide changes in net assets data for fiscal year 2010 compared to fiscal year 2009.

Table 2
Changes in Net Assets

	<i>Governmental Activities 2010</i>	<i>Governmental Activities 2009</i>
Revenues		
Program Revenues:		
Charges for Services	\$1,422,408	\$715,167
Operating Grants and Contributions	1,420,289	579,931
Total Program Revenues	2,842,697	1,295,098
General Revenues:		
Property Taxes	4,507,690	4,782,841
Grants and Entitlements	16,590,852	9,152,983
Donations	0	575,840
Investments	27,139	64,186
Miscellaneous	13,462	26,664
Total General Revenues	21,139,143	14,602,514
Total Revenues	23,981,840	15,897,612
Program Expenses		
Instruction		
Regular	5,860,621	5,456,723
Special	1,759,089	1,622,531
Vocational	216,335	200,895
Other	16,026	10,227
Support Services:		
Pupils	739,112	651,493
Instructional Staff	432,164	374,461
Board of Education	14,358	13,547
Administration	1,111,751	1,037,213
Fiscal	364,173	353,553
Business	45,525	45,109
Operation and Maintenance of Plant	1,010,871	1,177,869
Pupil Transportation	987,312	821,588
Central	20,770	52,953
Operation of Non-Instructional Services	558,372	496,447
Extracurricular Activities	723,515	733,006
Interest and Fiscal Charges	669,153	657,042
Total Program Expenses	14,529,147	13,704,657
Increase(Decrease) in Net Assets	9,452,693	2,192,955
Net Assets Beginning of Year	6,017,950	3,824,995
Net Assets End of Year	\$15,470,643	\$6,017,950

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Management's Discussion and Analysis
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Governmental Activities

The School District carefully plans its financial existence by forecasting its revenues and expenses for the next five years. The School District has a limited levy for a total of 7.5 mills, which currently generates an estimated \$707,000 in revenues and was renewed during fiscal year 2008. The School District passed a five year emergency levy in May 2010 which will generate approximately \$1.2 million dollars annually. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs.

As one can see, approximately 54 percent of the School District's expense is used to fund instructional expenses. Additional support services for pupils, staff and business operations encompass an additional 33 percent. The remaining amount of program expenses, 13 percent, is to facilitate other obligations of the School District such as interest and fiscal charges, the food service program and numerous extracurricular activities. Actual expenses were consistent with expectations of the School District.

The Statement of Activities shows the total net cost of program services. Table 3 shows the total cost of services for governmental activities and the net cost of those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	<i>Total Cost of Services 2010</i>	<i>Net Cost of Services 2010</i>	<i>Total Cost of Services 2009</i>	<i>Net Cost of Services 2009</i>
Instruction				
Regular	\$5,860,621	\$5,100,712	\$5,456,723	\$5,406,851
Special	1,759,089	965,198	1,622,531	1,250,871
Vocational	216,335	216,335	200,895	200,895
Other	16,026	16,026	10,227	10,227
Support Services:				
Pupils	739,112	735,595	651,493	615,231
Instructional Staff	432,164	411,913	374,461	355,423
Board of Education	14,358	14,358	13,547	13,547
Administration	1,111,751	1,106,751	1,037,213	1,023,987
Fiscal	364,173	364,173	353,553	353,553
Business	45,525	45,525	45,109	45,109
Operation and Maintenance of Plant	1,010,871	614,548	1,177,869	1,175,649
Pupil Transportation	987,312	987,312	821,588	821,588
Central	20,770	20,770	52,953	52,953
Operation of Non-Instructional Services	558,372	45,917	496,447	14,460
Extracurricular Activities	723,515	372,164	733,006	412,173
Interest and Fiscal Charges	669,153	669,153	657,042	657,042
<i>Total</i>	<u>\$14,529,147</u>	<u>\$11,686,450</u>	<u>\$13,704,657</u>	<u>\$12,409,559</u>

As one can see, the reliance upon local tax revenues for governmental activities is crucial. Approximately 31 percent of total costs are directly supported by local property taxes. Grant and entitlements not restricted to specific programs exceeded total costs, but only due to extra revenue for the OSFC building project in fiscal year 2010. Program revenues only account for 20 percent of all governmental expenses.

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

The School District's Funds

Information regarding the School District's major funds can be found on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues totaling \$22,011,963 and expenditures totaling \$16,045,970. The general fund balance decreased by \$138,019 due to transfers out to other funds. The bond retirement fund balance increased by \$7,621 as it accumulates funds to pay for outstanding long-term general obligation debt. The new elementary capital projects fund balance increased by \$6,926,285 due to monies being advanced to the School District to be used for construction costs for the new elementary school building.

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 fund to be budgeted is the main operating fund of the School District, the general fund.

The School District uses a site-based style of budgeting and has in place systems that are designed to tightly control disbursements but provide flexibility for site based decision and management.

For the general fund, the original budget basis estimated revenues (at the time the full year's appropriation was first passed) and the final budget basis revenue estimate were unchanged. The original budget basis expenditures totaled \$12,217,536 and the final budget basis expenditures totaled \$11,825,521, a modification of \$392,015 due primarily to expenses shifted from the general fund to the Federal Fiscal Stabilization Fund.

The School District's general fund unencumbered ending cash balance totaled \$532,768 which was more than the final budgeted amount of \$513,543. Due to limited spending on technology, bus replacement and instructional supply purchases, actual expenditures were less than the final budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2010, the School District had \$17,460,859 invested in land, construction in progress, buildings and improvements, furniture and fixtures, and vehicles, net of accumulated depreciation. Table 4 shows fiscal year 2010 values compared to fiscal year 2009.

Tuslaw Local School District
Management's Discussion and Analysis
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Unaudited

Table 4
Capital Assets at June 30
(Net of Depreciation)

	<i>Governmental Activities</i>	
	<i>2010</i>	<i>2009</i>
Construction in Progress	\$2,178,102	\$321,344
Land	463,538	463,538
Buildings and Improvements	18,818,822	18,821,074
Furniture and Fixtures	1,483,171	1,476,116
Vehicles	1,350,981	1,314,919
Accumulated Deprecation	(6,833,755)	(6,199,568)
<i>Totals</i>	\$17,460,859	\$16,197,423

All capital assets are reported at historical cost. For more information on capital assets refer to Note 9 of the basic financial statements.

Debt

Table 5 below summarizes the School District's outstanding debt.

Table 5
Outstanding Debt, at Year End

	<i>Governmental Activities</i>	
	<i>2010</i>	<i>2009</i>
2002 OSFC General Obligation Bonds:		
Serial and Term Bonds	\$11,955,010	\$12,400,010
Capital Appreciation Bonds	284,990	284,990
Accretion on Capital Appreciation Bonds	561,989	448,936
HB 264 Energy Conservation Bonds	878,000	0
<i>Totals</i>	\$13,679,989	\$13,133,936

During fiscal year 2003, the School District issued \$15,000,000 in bonds to build a new high school and renovate the middle school. The bonds will be repaid during a twenty-eight year period, maturing 2031.

During fiscal year 2010, \$878,000 in energy conservation bonds were issued for the purpose of purchasing and installing energy conservation measures throughout the School District. This debt will be fully repaid in the year 2025.

The School District's overall debt margin is \$3,238,085 and the unvoted debt margin is \$181,734. For more information on debt refer to Note 15 of the basic financial statements.

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

School District Outlook

Tuslaw Local Schools approaches the future with a very conservative approach. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast and the School District Continuous Improvement Plan. The economic condition of the State and the Nation are having a great impact on the financial status of the School District.

The financial future of the School District is faced with its challenges. These challenges are internal and external in nature. The internal challenges will continue to exist as the School District must rely heavily on local property taxes to fund its operations. External challenges continue to evolve as the State of Ohio determines what to do with the tremendous State revenue shortfalls and determine how to fund school adequately.

Although the School District relies heavily on its property taxpayers to support its operations, community support for the schools is quite strong. As mentioned earlier, the Tuslaw voters renewed a five year 7.5 mill operating levy in November, 2007, to help fund the general operations of the School District through the first half of fiscal year 2014. During fiscal year 2013, the School District will place an operating renewal levy on the ballot, as indicated in our 5-year forecast. If passed, existing real property tax revenue would continue to be collected in fiscal year 2014. The School District passed a five year emergency levy in May, 2010 which will generate an additional \$1.2 million per year. Additional revenue and/or reductions in expenditures will be necessary to avoid a negative general fund balance in fiscal year 2014. The School District has communicated to the community they rely upon their support for the majority of its operations, and will continue to work diligently to plan expenses, staying carefully within the School District's financial plan. The community also realizes the income generated by local levies remains relatively constant.

Tuslaw Local School District does not anticipate any meaningful growth in State revenue due to the economic condition of the State. The State funding for schools is based on several factors all of which are subject to deliberations and approval of the Ohio General Assembly. School funding beyond fiscal year 2011 will be set as part of the State's biennial budget for fiscal years 2012 and 2013. Due to the economic conditions within the State and the anticipated shortfall in tax revenues in the next biennial budget, the level at which the State will fund schools is uncertain. If the State decreases funding for schools beginning in fiscal years 2012 by a significant percentage, it will continue to have an adverse effect on School District finances.

As a result of the challenges mentioned above, it is imperative the School District's management continue to carefully and prudently plan in order to provide the resources required to meet student needs over the next several years.

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 Barbara Markland, Treasurer, at Tuslaw Local School District, 1835 Manchester Ave. NW, Massillon, Ohio 44647, or email at bmarkland@tuslaw.sparcc.org.

Tuslaw Local School District

Statement of Net Assets June 30, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$11,419,247
Inventory Held for Resale	10,035
Accrued Interest Receivable	5,958
Intergovernmental Receivable	1,977,001
Taxes Receivable	5,270,453
Non-Depreciable Capital Assets	2,641,640
Depreciable Capital Assets, net	14,819,219
Total Assets	<u>36,143,553</u>
Liabilities	
Accounts Payable	42,205
Accrued Wages and Benefits	797,338
Contracts Payable	66,907
Intergovernmental Payable	309,031
Accrued Interest Payable	40,360
Matured Compensated Absences Payable	63,700
Deferred Revenue	4,886,173
Long-Term Liabilities:	
Due Within One Year	588,728
Due in More Than One Year	13,878,468
Total Liabilities	<u>20,672,910</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	4,326,367
Restricted for Debt Service	756,663
Restricted for Capital Outlay	11,287,414
Restricted for Other Purposes	351,820
Unrestricted (Deficit)	(1,251,621)
Total Net Assets	<u>\$15,470,643</u>

See Accompanying Notes to the Basic Financial Statements

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

	<u>Program Revenues</u>			<i>Net (Expenses) Revenue and Changes in Net Assets</i>
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities				
Instruction:				
Regular	\$5,860,621	\$750,650	\$9,259	(\$5,100,712)
Special	1,759,089	0	793,891	(965,198)
Vocational	216,335	0	0	(216,335)
Student Intervention Services	16,026	0	0	(16,026)
Support Services:				
Pupils	739,112	0	3,517	(735,595)
Instructional Staff	432,164	0	20,251	(411,913)
Board of Education	14,358	0	0	(14,358)
Administration	1,111,751	0	5,000	(1,106,751)
Fiscal	364,173	0	0	(364,173)
Business	45,525	0	0	(45,525)
Operation and Maintenance of Plant	1,010,871	11,728	384,595	(614,548)
Pupil Transportation	987,312	0	0	(987,312)
Central	20,770	0	0	(20,770)
Operation of Non-Instructional Services	558,372	323,559	188,896	(45,917)
Extracurricular Activities	723,515	336,471	14,880	(372,164)
Interest and Fiscal Charges	669,153	0	0	(669,153)
Totals	<u>\$14,529,147</u>	<u>\$1,422,408</u>	<u>\$1,420,289</u>	(11,686,450)

General Revenues

Property Taxes Levied for:	
General Purposes	3,634,005
Debt Service	873,685
Grants and Entitlements not Restricted to Specific Programs	16,590,852
Investment Earnings	27,139
Miscellaneous	13,462
Total General Revenues	<u>21,139,143</u>
Change in Net Assets	9,452,693
Net Assets Beginning of Year	<u>6,017,950</u>
Net Assets End of Year	<u>\$15,470,643</u>

See Accompanying Notes to the Basic Financial Statements

Tuslaw Local School District

*Balance Sheet
Governmental Funds
June 30, 2010*

	General Fund	Bond Retirement Fund	New Elementary Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$832,860	\$717,043	\$8,519,016	\$1,350,328	\$11,419,247
Inventory Held for Resale	0	0	0	10,035	10,035
Accrued Interest Receivable	5,958	0	0	0	5,958
Intergovernmental Receivable	2,689	0	1,953,858	20,454	1,977,001
Taxes Receivable	4,404,669	865,784	0	0	5,270,453
Total Assets	\$5,246,176	\$1,582,827	\$10,472,874	\$1,380,817	\$18,682,694
Liabilities					
Current Liabilities:					
Accounts Payable	\$9,678	\$0	\$18,568	\$13,959	\$42,205
Accrued Wages and Benefits	757,393	0	0	39,945	797,338
Intergovernmental Payable	266,555	0	0	42,476	309,031
Contracts Payable	0	0	0	66,907	66,907
Matured Compensated Absences Payable	63,700	0	0	0	63,700
Deferred Revenue	4,283,769	834,004	1,953,858	0	7,071,631
Total Liabilities	5,381,095	834,004	1,972,426	163,287	8,350,812
Fund Balances					
Reserved:					
Reserved for Encumbrances	283,606	0	8,966,944	136,718	9,387,268
Reserved for Property Taxes	120,900	31,780	0	0	152,680
Unreserved, Undesignated, Reported in:					
General Fund (Deficit)	(539,425)	0	0	0	(539,425)
Special Revenue Funds	0	0	0	358,464	358,464
Debt Service Fund	0	717,043	0	0	717,043
Capital Projects Funds (Deficit)	0	0	(466,496)	722,348	255,852
Total Fund Balances (Deficit)	(134,919)	748,823	8,500,448	1,217,530	10,331,882
Total Liabilities and Fund Balances	\$5,246,176	\$1,582,827	\$10,472,874	\$1,380,817	\$18,682,694

See Accompanying Notes to the Basic Financial Statements

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

<i>Total Governmental Fund Balances</i>		\$10,331,882
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,460,859
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	231,600	
Intergovernmental Receivables	1,953,858	
<i>Total</i>	2,185,458	2,185,458
In the Statement of Activities, interest is accrued on outstanding bonds and notes, whereas in governmental funds, an interest expenditure is reported when due.		(40,360)
Long-term liabilities, including bonds, compensated absences payable and capital leases, are not due and payable in the current period		
General Obligation Bonds	(12,240,000)	
Capital Appreciation Bonds Accretion	(561,989)	
Energy Conservation Bonds	(878,000)	
Compensated Absences	(770,715)	
Capital Leases	(16,492)	
<i>Total</i>	(14,467,196)	(14,467,196)
 <i>Net Assets of Governmental Activities</i>		 <u><u>\$15,470,643</u></u>

See Accompanying Notes to the Basic Financial Statements

Tuslaw Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	<i>General Fund</i>	<i>Bond Retirement Fund</i>	<i>New Elementary Capital Project Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues					
Property Taxes	\$3,607,435	\$871,755	\$0	\$0	\$4,479,190
Intergovernmental	6,515,033	142,554	7,979,407	1,417,890	16,054,884
Interest	22,336	0	3,754	1,049	27,139
Tuition and Fees	750,650	0	0	0	750,650
Rent	11,728	0	0	0	11,728
Extracurricular Activities	66	0	0	336,405	336,471
Gifts and Donations	0	0	0	14,880	14,880
Customer Sales and Services	0	0	0	323,559	323,559
Miscellaneous	9,408	0	500	3,554	13,462
Total Revenues	10,916,656	1,014,309	7,983,661	2,097,337	22,011,963
Expenditures					
Current:					
Instruction:					
Regular	5,397,675	0	0	116,317	5,513,992
Special	1,043,405	0	0	647,017	1,690,422
Vocational	201,766	0	0	0	201,766
Student Intervention Services	16,026	0	0	0	16,026
Support Services:					
Pupils	633,421	0	0	63,660	697,081
Instructional Staff	388,939	0	0	19,253	408,192
Board of Education	14,358	0	0	0	14,358
Administration	1,066,399	0	0	13,952	1,080,351
Fiscal	275,083	16,424	0	57,864	349,371
Business	45,525	0	0	0	45,525
Operation and Maintenance of Plant	645,768	0	0	319,931	965,699
Pupil Transportation	809,614	0	0	78,606	888,220
Central	20,770	0	0	0	20,770
Operation of Non-Instructional Services	0	0	0	520,602	520,602
Extracurricular Activities	385,619	0	0	270,289	655,908
Capital Outlay	0	0	1,057,376	904,502	1,961,878
Debt Service:					
Principal	15,599	445,000	0	0	460,599
Interest and Fiscal Charges	1,596	545,264	0	8,350	555,210
Total Expenditures	10,961,563	1,006,688	1,057,376	3,020,343	16,045,970
Excess of Revenues Over (Under) Expenditures	(44,907)	7,621	6,926,285	(923,006)	5,965,993
Other Financing Sources and Uses					
Transfers In	0	0	0	93,112	93,112
Energy Conservation Bonds Issued	0	0	0	878,000	878,000
Transfers Out	(93,112)	0	0	0	(93,112)
Total Other Financing Sources (Uses)	(93,112)	0	0	971,112	878,000
Net Change in Fund Balances	(138,019)	7,621	6,926,285	48,106	6,843,993
Fund Balances Beginning of Year	3,100	741,202	1,574,163	1,169,424	3,487,889
Fund Balances (Deficit) End of Year	(\$134,919)	\$748,823	\$8,500,448	\$1,217,530	\$10,331,882

See Accompanying Notes to the Basic Financial Statements

Tuslaw Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2010*

Net Change in Fund Balances - Total Governmental Funds \$6,843,993

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

Governmental funds report capital outlay 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 capital outlay exceeded depreciation in the current period.

	1,942,419	
Capital Outlay		
Depreciation	(678,970)	
<i>Total</i>		1,263,449

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (13)

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

	1,941,377	
Intergovernmental Receivables		
Delinquent Property Taxes	28,500	
<i>Total</i>		1,969,877

Financing sources in the governmental funds, such as proceeds of bonds increase long-term liabilities in the statement of net assets. (878,000)

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

	445,000	
Bond Principal Retirement		
Capital Lease Retirement	15,599	
<i>Total</i>		460,599

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

	(113,053)	
Bond Accretion		
Accrued Interest	(890)	
<i>Total</i>		(113,943)

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

		(93,269)
Compensated Absences		

Changes in Net Assets of Governmental Activities \$9,452,693

See Accompanying Notes to the Basic Financial Statements

Tuslaw Local School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2010

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>		<i>Final Budget</i>
				<i>Positive (Negative)</i>
Revenues				
Intergovernmental	\$3,647,335	\$3,647,335	\$3,672,465	\$25,130
Intergovernmental	7,128,799	7,128,799	6,515,033	(613,766)
Interest	20,004	20,004	32,900	12,896
Tuition and Fees	676,396	676,396	750,650	74,254
Rent	2,331	2,331	11,728	9,397
Extracurricular Activities	69	69	66	(3)
Miscellaneous	27,596	27,596	8,106	(19,490)
Total Revenues	11,502,530	11,502,530	10,990,948	(511,582)
Expenditures				
Current:				
Instruction:				
Regular	5,632,562	5,509,554	5,423,905	85,649
Special	1,427,567	1,383,054	1,230,179	152,875
Vocational	194,521	196,227	205,056	(8,829)
Student Intervention Services	149	150	14,981	(14,831)
Support Services:				
Pupils	638,205	643,804	683,392	(39,588)
Instructional Staff	343,830	346,846	347,725	(879)
Board of Education	19,649	19,821	14,830	4,991
Administration	1,078,274	1,087,735	1,050,841	36,894
Fiscal	337,884	340,848	305,732	35,116
Business	61,547	62,087	45,525	16,562
Operation and Maintenance of Plant	990,730	891,349	705,684	185,665
Pupil Transportation	971,530	850,093	782,728	67,365
Central	54,925	55,407	62,842	(7,435)
Extracurricular Activities	438,686	410,528	395,502	15,026
Debt Service:				
Principal	22,605	23,103	23,078	25
Interest and Fiscal Charges	4,872	4,915	2,714	2,201
Total Expenditures	12,217,536	11,825,521	11,294,714	530,807
Excess of Revenues Under Expenditures	(715,006)	(322,991)	(303,766)	19,225
Other Financing Uses				
Transfers Out	0	(93,112)	(93,112)	0
Net Change in Fund Balance	(715,006)	(416,103)	(396,878)	19,225
Fund Balance Beginning of Year	822,466	822,466	822,466	0
Prior Year Encumbrances Appropriated	107,180	107,180	107,180	0
Fund Balance End of Year	\$214,640	\$513,543	\$532,768	\$19,225

See Accompanying Notes to the Basic Financial Statements

Tuslaw Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<i>Private Purpose</i>	
	<i>Trust</i>	<i>Agency</i>
	<hr/>	<hr/>
<i>Assets</i>		
Equity in Pooled Cash and Cash Equivalents	\$23,408	\$66,444
	<hr/>	<hr/>
<i>Total Assets</i>	\$23,408	\$66,444
	<hr/>	<hr/>
<i>Liabilities</i>		
Current Liabilities:		
Accounts Payable	\$7,570	\$0
Undistributed Monies	0	30,761
Due to Students	0	35,683
	<hr/>	<hr/>
<i>Total Liabilities</i>	\$7,570	\$66,444
	<hr/>	<hr/>
<i>Net Assets</i>		
Held in Trust for Scholarships	\$15,838	
	<hr/> <hr/>	

See Accompanying Notes to the Basic Financial Statements

Tuslaw Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2010

	<u><i>Private Purpose Trust</i></u>
<i>Additions</i>	
Gifts and Contributions	\$7,467
Interest	19
<i>Total Additions</i>	<u>7,486</u>
<i>Deductions</i>	
Scholarships Awarded	<u>8,070</u>
<i>Decrease in Fiduciary Net Assets</i>	(584)
<i>Net Assets Beginning of Year</i>	<u>16,422</u>
<i>Net Assets End of Year</i>	<u><u>\$15,838</u></u>

See Accompanying Notes to the Basic Financial Statements

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

Note 1 - Description of the School District and Reporting Entity

Tuslaw 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 serves an area of approximately forty four square miles. It is located in Stark and Wayne Counties and includes portions of Lawrence, Tuscarawas, and Perry Townships, and the City of Massillon. It is staffed by sixty six classified employees, eighty three certified teaching personnel, and nine administrative employees who provide services to 1,528 students and other community members. The School District currently operates three 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 Tuslaw 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. There are no component units of the Tuslaw Local School District.

The School District is associated with organizations which are defined as jointly governed organizations and public entity risk pools. These organizations include the Stark Portage Area Computer Consortium, Stark County Joint Vocational School, Stark County Schools Council of Government and the Ohio School Plan. These organizations are presented in Notes 16 and 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of Tuslaw Local School District have been prepared in conformity with generally accepted accounting principles (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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District’s accounting policies.

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

The Statement of Net Assets presents the financial condition of the governmental activities of the School District at fiscal 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, with certain limited exceptions. 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 governmental statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental and fiduciary.

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

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

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (continued)

Bond Retirement Fund The bond retirement fund is used to account for the accumulation of property tax revenues for the payment of general obligation bonds issued for the construction of a new high school and renovations to the middle school.

New Elementary Capital Project Fund The new elementary capital project fund accounts for revenues received from the Ohio Schools Facility Commission to be used for the construction of a new elementary school building.

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

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has two private purpose trust funds which are used to account for college scholarships. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds reflect resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

C. Measurement Focus

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

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

The private purpose trust fund is reported using the economic resources measurement focus.

D. 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. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (continued)

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. "Available" means collectible within the current fiscal year or 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 sixty days of fiscal year end.

Nonexchange 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 6). 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 expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange 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 fiscal year end: property taxes available as an advance, grants, investment earnings, tuition, rentals and fees.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenditures/Expenses 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. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

All funds, other than agency funds, 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 has been given authority to allocate Board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that was in effect at the time the original and final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board of Education throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during fiscal year 2010.

F. 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.

During fiscal year 2010, investments were limited to STAROhio, the State Treasurer's Investment Pool. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2010.

As authorized by State statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2010 amounted to \$22,336, which includes \$20,357 assigned from other School District funds.

For presentation on the 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 presented on the financial statements as cash equivalents.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventories consist of donated and purchased food.

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of capital assets by back trending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two thousand dollars. 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.

All reported capital assets, other than land and construction in progress, 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>
Buildings and Improvements	20 - 50 years
Furniture and Fixtures	7 - 20 years
Vehicles	8 - 15 years

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused sick leave and vacation leave benefits when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave benefits is made to the extent that it is probable that benefits will result in termination payments. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

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

For governmental funds, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirement. These amounts are reported in the account "Matured Compensated Absences Payable" in the funds from which the employees will be paid.

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

J. 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 compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net assets restricted for other purposes include student activities, food service operations and special education.

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

L. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves are established for property taxes and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

M. Interfund Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses 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/expenses to the funds that initially paid for them are not presented on the financial statements.

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 2 - Summary of Significant Accounting Policies (Continued)

N. Estimates

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

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence.

Note 3 – Change in Accounting Principles

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

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

GASB Statement No. 53 enhances the usefulness and comparability of derivative instrument information reported by state and local governments. This Statement provides a comprehensive framework for the measurement, recognition, and disclosure of derivative instrument transactions. The implementation of this statement did not result in any change to the School District’s financial statements.

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

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

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (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 (Budget 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 the modified accrual basis of generally accepted accounting principles are that:

1. Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and other financing uses 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 reservation of fund balance (GAAP basis).

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

	<i>General</i>
<i>GAAP Basis</i>	(\$138,019)
Net Adjustment for Revenue Accruals	74,292
Net Adjustment for Expenditure Accruals	(33,059)
Adjustment for Encumbrances	(300,092)
<i>Budget Basis</i>	(\$396,878)

Note 5 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 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 deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 5 - Deposits and Investments (Continued)

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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 securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$1,814,395 of the School District's bank balance of \$2,314,395 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments As of June 30, 2010, the School District only had an investment in STAROhio, the State Treasurer's Investment Pool. This investment of \$9,223,919 has an average maturity of 56 days.

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 5 - Deposits and Investments (Continued)

Credit Risk STAROhio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

Tangible personal property tax revenue received during calendar 2010 (other than public utility property) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received in calendar year 2010 were levied after April 1, 2009, on the values as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Stark and Wayne Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance at June 30, 2010, was \$120,900 in the general fund and \$31,780 in the debt service fund. The amount available as an advance at June 30, 2009 was \$185,930 in the general fund and \$54,850 in the debt service fund. The difference was in timing and collection by the County Auditors. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 6 - Property Taxes (Continued)

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

	<i>2010 First Half Collections</i>		<i>2009 Second Half Collections</i>	
	<i>Amount</i>	<i>Percent</i>	<i>Amount</i>	<i>Percent</i>
Agricultural/Residential and Other Real Estate	\$171,525,850	94.38%	\$175,834,870	95.07%
Public Utility Personal	9,978,670	5.49	8,671,540	4.68
Tangible Personal Property	229,753	.13	459,507	.25
	<u>\$181,734,273</u>	<u>100.00%</u>	<u>\$184,965,917</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$60.20		\$60.70	

On May 4, 2010, the residents of the School District approved a five-year, 6.7 mill emergency operating levy designated for current operating expenses. Tax revenue from this levy will be received beginning in January 2011.

Note 7 - Receivables

Receivables at June 30, 2010, consisted of property taxes, accrued interest 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. All receivables other than delinquent taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. A summary of the principal items of intergovernmental receivables follows:

<i>Governmental Activities</i>	<i>Amounts</i>
SERS Refund	\$2,689
Title VI-B	17,698
Title II-A	2,756
OSFC Project Drawdown	1,953,858
<i>Total Intergovernmental Receivables</i>	<u>\$1,977,001</u>

Note 8 - Interfund Transfer

In accordance with ORC Section 3318.051(B) and Ohio School Facility Commission requirements, a transfer was made of \$93,112 from the General Fund to the OSFC Facility Maintenance Special Revenue Fund.

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 9 - Capital Assets

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

	<i>Balance 6/30/09</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance 6/30/10</i>
<i>Governmental Activities:</i>				
<i>Capital Assets, not being depreciated:</i>				
Construction in Progress	\$321,344	\$1,856,758	\$0	\$2,178,102
Land	463,538	0	0	463,538
<i>Total Capital Assets, not being depreciated</i>	<u>784,882</u>	<u>1,856,758</u>	<u>0</u>	<u>2,641,640</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	18,821,074	0	(2,252)	18,818,822
Furniture and Fixtures	1,476,116	7,055	0	1,483,171
Vehicles	1,314,919	78,606	(42,544)	1,350,981
<i>Total Capital Assets, being depreciated</i>	<u>21,612,109</u>	<u>85,661</u>	<u>(44,796)</u>	<u>21,652,974</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Land Improvements	(4,712,379)	(545,622)	2,239	(5,255,762)
Furniture and Fixtures	(677,368)	(82,467)	0	(759,835)
Vehicles	(809,821)	(50,881)	42,544	(818,158)
<i>Total Accumulated Depreciation</i>	<u>(6,199,568)</u>	<u>(678,970)*</u>	<u>44,783</u>	<u>(6,833,755)</u>
<i>Total Capital Assets, being depreciated, Net</i>	<u>15,412,541</u>	<u>(593,309)</u>	<u>(13)</u>	<u>14,819,219</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$16,197,423</u>	<u>\$1,263,449</u>	<u>(\$13)</u>	<u>\$17,460,859</u>

*Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
Regular	\$254,950
Special	61,472
Vocational	8,732
<i>Support Services:</i>	
Pupils	42,971
Instructional Staff	38,517
Administration	51,239
Fiscal	11,551
Operation and Maintenance of Plant	41,316
Pupil Transportation	76,158
Operation of Non-Instructional Services	57,510
Extracurricular Activities	34,554
<i>Total Depreciation Expense</i>	<u>\$678,970</u>

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 10 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2010, the School District contracted with Leonard Insurance Services for property and fleet coverage and Hylant Administrative Services, LLC through the Ohio School Plan for liability coverage. There has not been a significant reduction in coverage from the prior year and settled claims have not exceeded this commercial coverage in any of the past three years. Coverage type, limits and deductibles are as follows:

<i>Type of Coverage</i>	<i>Coverage</i>	<i>Deductible</i>
Buildings and Contents	\$42,054,091	\$5,000
Inland Marine Coverage	252,738	500
Automobile Liability	1,000,000	0
Uninsured Motorists	50,000	0
Medical Payments	5,000	0
Commercial Crime Insurance	50,000	1,000
General Liability:		
Per Occurrence	4,000,000	0
Aggregate	6,000,000	0
Umbrella	3,000,000	0

The School District is a participant in the Stark County Council of Governments' Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). 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 insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc., provides administrative, cost control and actuarial services of the GRP.

The School District has contracted with the Stark County Schools Council of Governments Health Benefits Program to provide employee medical/surgical and dental benefits. Rates are set through an annual calculation process. The School District pays a monthly contribution which is paid in a common fund from which claim payments are made for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting school district subsequent to the settlements of all expenses and claims. The School District pays premiums of \$1,314.18 for family coverage and \$539.77 for single coverage per employee per month.

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 11 - Employee Benefits

A. Compensated Absences

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn 10 to 20 days of vacation per year, depending upon length of service and hours worked. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and principals do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. There is a limit of 345 days of sick leave that may be accumulated for certified employees and classified employees. Upon retirement employees receive payment for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 73 days.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees. Life insurance is provided through the Stark County Schools Council of Governments Health Benefits Program.

Note 12 - Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer 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 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 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - 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 School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 were \$210,978, \$146,071, and \$159,890, respectively; 32.46 percent has been contributed for fiscal year 2010 and 100 percent has been contributed for fiscal year 2009 and 2008.

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that 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 web site at www.strsoh.org.

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 12 - Pension Plans (Continued)

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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the combined plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime annuity at age 50. 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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, the portion used to fund pension obligation was also 13 percent. 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. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$673,713, \$653,744, and \$625,664, respectively; 84.14 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$11,132 made by the School District and \$7,951 made by the plan members.

Note 13 - Postemployment Benefits

A. School Employees Retirement System

Plan Description - The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 13 - Postemployment Benefits (Continued)

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, .46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$40,611, \$66,849, and \$68,059 respectively; 32.46 percent has been contributed for fiscal years 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008, were \$12,546, \$12,052, and \$10,746 respectively; 32.46 percent has been contribution for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$51,824, \$50,288, and \$48,128, respectively; 84.14 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Note 14 - Capital Leases

The School District has entered into a capitalized lease for replacement windows. This lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", and has been recorded on the government-wide financial statements. The payments for these capital leases are shown on a GAAP basis as debt service expenditures in the General Fund.

Capital assets consisting of buildings and improvements have been capitalized in the amount of \$130,000 and have accumulated depreciation of \$24,700, leaving a net book value of \$105,300.

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 14 - Capital Leases (Continued)

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2010.

<i>Fiscal Year Ending June 30,</i>	<i>Amount</i>
2011	\$17,194
Less: Amount Representing Interest	(702)
<i>Present Value Minimum Lease Payments</i>	<i>\$16,492</i>

Note 15 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2010 were as follows:

	<i>Balance</i>		<i>Balance</i>	<i>Amounts Due</i>
	<i>6/30/09</i>	<i>Additions</i>	<i>Deductions</i>	<i>6/30/10</i>
				<i>In One Year</i>
<i>Compensated Absences</i>	\$677,446	\$151,433	(\$58,164)	\$770,715
<i>Capital Leases:</i>				
Citibank - Window Replacement	32,091	0	(15,599)	16,492
<i>HB 264 Qualified School Construction Bonds:</i>				
\$878,000 6.15% Energy Conservation Bonds	0	878,000	0	878,000
<i>2002 OSFC High School Bonds:</i>				
\$14,715,000 2.00-5.00% Serial/Term Bonds	12,400,010	0	(445,000)	11,955,010
\$284,990 14.852% Capital Appreciation Bonds	284,990	0	0	284,990
Accretion on Capital Appreciation Bonds	448,936	113,053	0	561,989
<i>Total General Obligation Bonds</i>	13,133,936	113,053	(445,000)	12,801,989
<i>Total Governmental Activities</i>				
<i>Long-Term Liabilities</i>	\$13,843,473	\$1,142,486	(\$518,763)	\$14,467,196

Compensated absences payments are paid from the general fund. Capital lease payments are paid from the general fund.

On October 24, 2002, the School District issued \$15,000,000 in general obligation school facilities construction and improvement bonds to pay off the bond anticipation notes. The bonds were issued for a twenty-eight year period with a final maturity at December 2, 2030. The bond issue consists of serial, term and capital appreciation bonds. Accretion in the amount of \$113,053 was added and represents the annual accretion of discounted interest for the capital appreciation bonds. At maturity, the final amount of the capital appreciation bonds will be \$1,030,000. The principal and interest requirements will be recorded in the debt service fund.

During fiscal year 2010, \$878,000 in energy conservation bonds were issued for the purpose of purchasing and installing energy conservation measures throughout the School District. This debt will be fully repaid in the year 2025.

The School District's overall debt margin is \$3,238,085 and the unvoted debt margin is \$181,734.

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 15 - Long-Term Obligations (Continued)

The following is a summary of the School District's future annual principal and interest requirements to retire the general obligation bonds and note

2002 OSFC Bonds				
<i>Fiscal Year</i>	<i>Serial and Term Bonds</i>		<i>Capital Appreciation Bonds</i>	
<i>Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
<i>2011</i>	\$ 0	\$ 538,589	\$142,515	\$312,485
<i>2012</i>	0	538,589	54,282	145,718
<i>2013</i>	0	538,589	88,193	286,807
<i>2014</i>	455,000	530,512	0	0
<i>2015</i>	470,000	513,741	0	0
<i>2016-2020</i>	2,625,000	2,266,339	0	0
<i>2021-2025</i>	3,285,000	1,599,599	0	0
<i>2026-2030</i>	4,165,000	724,325	0	0
<i>2031</i>	955,010	22,084	0	0
<i>Total</i>	<u>\$11,955,010</u>	<u>\$7,272,367</u>	<u>\$284,990</u>	<u>\$745,010</u>

2010 Energy Conservation Bonds		
<i>Fiscal Year</i>		
<i>Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>
<i>2011</i>	\$ 44,106	\$ 24,952
<i>2012</i>	51,817	17,241
<i>2013</i>	52,911	16,147
<i>2014</i>	54,028	15,030
<i>2015</i>	55,168	13,890
<i>2016-2020</i>	293,810	51,480
<i>2021-2025</i>	326,160	19,131
<i>Total</i>	<u>\$878,000</u>	<u>\$157,871</u>

Note 16 - Jointly Governed Organizations

A. Stark Portage Area Computer Consortium

Stark-Portage Area Computer Consortium (SPARCC) is a jointly governed organization among 31 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 among member districts. Each of the governments of these schools supports SPARCC based on a per pupil charge. SPARCC is governed by a board consisting of superintendents from all participating school districts. This board has the responsibility to study, review and approve SPARCC's annual budget and ascertain that costs are divided equally among participating school districts. During fiscal year 2010, the District paid \$59,110 to SPARCC for services rendered.

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 16 - Jointly Governed Organizations (Continued)

B. Stark County Area Joint Vocational School

The Stark County Area Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a seven member Board, consisting of one representative from each of the six participating school district's elected boards and one board member that rotates from each participating school district. The Stark County Area Joint Vocational School possesses its own budgeting and taxing authority. The Stark County Area Joint Vocational School provides vocational instruction to students of participating districts. To obtain financial information write to the Stark County Area Joint Vocational School, 2800 Richville Drive, S.E., Massillon, Ohio 44646.

Note 17 - Public Entity Risk Pools

A. Stark County Schools Council of Government

The Stark County Schools Council of Government (Council) is a shared risk pool which is governed by an assembly which consists of one representative from each participating member. The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council has a Health Benefits Program which is a shared risk pool and a Workers Compensation Group Rating Program (GRP), an insurance purchasing pool. Each year, the participating members pay enrollment fees to the GRP's to cover the costs of administering the program.

B. Ohio School Plan

The Ohio School Plan (Plan) is a shared liability, property and fleet insurance risk pool which is governed by a board of thirteen school superintendents, business managers and treasurers. Harcum-Schuett, the insurance agency, has one board seat. OSBA, BASA and OASBO executive directors serve as ex-officio members. Approximately 230 educational entities are members of the Plan. The Plan's board elects officers for two year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Plan. All Plan revenues are generated from charges for services. For more information write to the Ohio School Plan, Hylant Administrative Services, 811 Madison Avenue, Toledo, Ohio 43604.

Note 18 - Contingencies

The School District receives 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 19 - Set-Asides

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

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

	<i>Textbooks</i>	<i>Capital Acquisition</i>
<i>Set-Aside Reserve Balance as of June 30, 2009</i>	(\$156,158)	\$0
Current Year Set-Aside Requirement	233,649	233,649
Qualifying Disbursements	(133,380)	(1,907,844)
<i>Total</i>	(\$55,889)	(\$1,674,195)
<i>Set-Aside Balance Carried Forward to Future Years</i>	(\$55,889)	\$0
<i>Set-Aside Reserve Balance as of June 30, 2010</i>	\$0	\$0

The School District had qualifying disbursements during the fiscal year that reduced the text book set-aside amount below zero. This extra amount may be used to reduce the set-aside requirements of future fiscal years. Although the School District had qualifying disbursements during the fiscal year that reduced the capital acquisition set-aside amounts below zero, these extra amounts will not be used to reduce the set-aside requirements of future years. The negative amounts will not be presented as being carried forward to the next fiscal year.

Note 20 – Contractual Commitments

During fiscal year 2009, the School District was approved by the Ohio Schools Facility Commission (OSFC) to build a new elementary building under the classroom facilities assistance program. During fiscal year 2010, OSFC approved the issuance of Qualified School Construction Bonds to be issued to renovate buildings through a HB 264 energy conservation retrofit project.

Tuslaw Local School District
Notes to the Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2010

Note 20 – Contractual Commitments (Continued)

As of June 30, 2010, the School District had entered into contractual commitments for both projects as follows:

<u>Project/Vendor</u>	<u>Total Contract</u>	<u>Amount Paid</u>	<u>Remaining Commitment 6/30/2010</u>
Brewer-Garrett Co.	\$ 34,412	\$ 9,635	\$ 24,777
Brookside Lawn Service	91,066	0	91,066
CCG Energy Solutions	987,267	809,600	177,667
Jeffrey Carr Construction	657,816	605,390	52,426
Knoch Corporation	5,070,300	0	5,070,300
MKC Associates	680,205	510,156	170,049
Mecon	1,649,000	0	1,649,000
RNL Fire Systems	109,750	0	109,750
RT Hampton Plumbing	367,463	0	367,463
Wood Electric	1,389,514	0	1,389,514

TUSLAW LOCAL SCHOOL DISTRICT
STARK COUNTY

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<i>Federal Grantor/Pass Through Grantor Program Title</i>	<i>Federal CFDA Number</i>	<i>Receipts</i>	<i>Non-Cash Receipts</i>	<i>Expenditures</i>	<i>Non-Cash Expenditures</i>
U.S. DEPARTMENT OF AGRICULTURE					
<i>Passed through the Ohio Department of Education:</i>					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution)					
National School Lunch Program	10.555		\$63,996		\$63,996
Cash Assistance:					
National School Lunch Program	10.555	\$170,663		\$170,663	
<i>Total Child Nutrition Cluster</i>		<u>170,663</u>	<u>63,996</u>	<u>170,663</u>	<u>63,996</u>
Total U.S. Department of Agriculture		<u>170,663</u>	<u>63,996</u>	<u>170,663</u>	<u>63,996</u>
U.S. DEPARTMENT OF EDUCATION					
<i>Passed through the Ohio Department of Education:</i>					
Special Education Cluster (IDEA):					
ARRA - Special Education Grants to States	84.391	315,695		311,618	
Special Education Grants to States	84.027	55,269			
		<u>276,149</u>		<u>266,792</u>	
<i>Total Special Education Cluster</i>		<u>647,113</u>		<u>578,410</u>	
Title I, Part A Cluster:					
ARRA - Title I Grants to Local Educational Agencies	84.389	64,720		58,291	
Title I Grants to Local Educational Agencies	84.010	119,855		121,282	
		<u>12,255</u>		<u>20,112</u>	
<i>Total Title I, Part A Cluster</i>		<u>196,830</u>		<u>199,685</u>	
Innovative Education Program Strategies	84.298	959			
Safe and Drug Free Schools and Communities State Grant	84.186	3,516		3,516	
Improving Teacher Quality	84.367	232		118	
		<u>15,935</u>		<u>17,895</u>	
<i>Total Improving Teacher Quality</i>		<u>16,167</u>		<u>18,013</u>	
ARRA - State Fiscal Stabilization Fund (SFSF) Education State Grants, Recovery Act	84.394	384,595		374,760	
Javits Gifted Grant	84.206	100			
Education Technology State Grant	84.318	1,674		1,328	
Total U.S. Department of Education		<u>1,250,954</u>		<u>1,175,712</u>	
Total		<u>\$1,421,617</u>	<u>\$63,996</u>	<u>\$1,346,375</u>	<u>\$63,996</u>

See Accompanying Notes to the Federal Awards Receipts and Expenditures Schedule

**TUSLAW LOCAL SCHOOL DISTRICT
STARK COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – NATIONAL SCHOOL LUNCH PROGRAM

The 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 District reports commodities on the schedule at the fair value. The 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 ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Tuslaw Local School District
Stark County
1835 Manchester Avenue NW
Massillon, Ohio 44647

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tuslaw Local School District, Stark County, Ohio, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 25, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for 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 grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

February 25, 2011



Dave Yost • Auditor of State

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

Tuslaw Local School District
Stark County
1835 Manchester Avenue NW
Massillon, Ohio 44647

To the Board of Education:

Compliance

We have audited the compliance of Tuslaw Local School District (the District), Stark County, Ohio, with the types of compliance 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 Tuslaw Local School District's 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, the Tuslaw Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over 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 management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

February 25, 2011

**TUSLAW LOCAL SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	ARRA – State Fiscal Stabilization - Education State Grants CFDA #84.394 Special Education Cluster – CFDA #84.027 and 84.391 (ARRA)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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TUSLAW LOCAL SCHOOL DISTRICT

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 29, 2011**