Toronto City School District
Jefferson County, Ohio
Audited Financial Statements

June 30, 2011

Dave Yost • Auditor of State

Board of Education
Toronto City School District
1307 Dennis Way
Toronto, Ohio 43964

We have reviewed the *Independent Auditor's Report* of the Toronto City School District, Jefferson County, prepared by Rea & Associates, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

April 4, 2012

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TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY

JUNE 30, 2011

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JEFFERSON COUNTY

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Rea & associates a brighter way

January 31, 2012

The Board of Education
Toronto City School District
1307 Dennis Way
Toronto, Ohio 43964

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Toronto City School District (the District), as of and for the year ended June 30, 2011, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 the District, as of June 30, 2011, and the respective changes in financial position and the cash flows, where applicable, thereof and the respective 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 January 31, 2012, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Rea & Associates, Inc.

The discussion and analysis of the financial performance of Toronto City School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

> In total, net assets increased $11,669,144.
>
> General revenues accounted for $17,986,243, or 88 percent of all revenues. Program specific revenues in the form of operating grants and contributions accounted for $2,454,875, or 12 percent of total revenues of $20,441,118.
>
> The District's major funds are the General Fund and the Classroom Facilities Fund.
>
> The General Fund had $6,378,745 in revenues and other financing sources and $7,161,926 in expenditures and other financing uses. The General Fund's balance decreased $783,181 from the prior fiscal year.
>
> The Classroom Facilities Fund had $9,323,864 in revenues and other financing sources and $619,590 in expenditures. The Classroom Facilities Fund's balance increased $8,704,274 from the prior fiscal year.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column.

For the District, the General Fund and Classroom Facilities Fund are by far the most significant funds. The General Fund and the Classroom Facilities Fund are the only major funds.

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities reflect how the District did financially during fiscal year 2011. These statements include all assets and liabilities using the accrual basis of accounting similar to which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets and the statement of activities, the District discloses a single type of activity:

> Governmental Activities - All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and the Classroom Facilities Fund.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using 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 District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the accrual basis of accounting.

The District as a Whole

Table 1 provides a summary of the District's net assets for fiscal year 2011 compared to fiscal year 2010.

Table 1
Net Assets
Governmental Activities

	2011	2010
Assets:		
Current and Other Assets	$26,829,186	$6,666,318
Capital Assets, Net	2,136,892	1,613,450
Total Assets	28,966,078	8,279,768
Liabilities:		
Current and Other Liabilities	2,694,539	2,212,230
Long-Term Liabilities	9,022,725	487,868
Total Liabilities	11,717,264	2,700,098
Net Assets:		
Invested in Capital Assets, Net of Related Debt	2,105,947	1,572,898
Restricted	11,813,127	232,027
Unrestricted	3,329,740	3,774,745
Total	$17,248,814	$5,579,670

Table 2 reflects the changes in net assets for fiscal year 2011 compared to fiscal year 2010. The increase in net assets was attributed to the issuance of construction bonds.

Table 2
Change in Net Assets
Governmental Activities

	2011	2010
Revenues:		
Program Revenues:		
Charges for Services and Sales	$803,463	$876,329
Operating Grants, Contributions and Interest	1,651,412	1,514,377
Total Program Revenues	2,454,875	2,390,706
General Revenues:		
Property Taxes	1,559,157	1,413,018
Grants and Entitlements not Restricted	4,598,546	4,583,215
Grants and Entitlements Restricted for Ohio School Facilities	11,739,413	-
Gifts and Donations	9,711	5,495
Interest	63,682	54,550
Miscellaneous	10,922	60,379
Gain on Sale of Capital Assets	4,812	77,325
Total General Revenues	17,986,243	6,193,982
Total Revenues	$20,441,118	$8,584,688

Expenses:		
Instruction	$5,057,738	$4,987,172
Support Services:		
Pupils	231,306	344,828
Instructional Staff	268,006	256,582
Board of Education	10,355	9,694
Administration	936,834	889,123
Fiscal	306,453	287,532
Business	65,971	61,583
Operation and Maintenance of Plant	857,018	989,839
Pupil Transportation	129,736	170,321
Central		766
Non-Instructional	399,797	372,546
Extracurricular Activities	278,436	272,782
Interest and Fiscal Charges	230,324	1,794
Total Expenses	8,771,974	8,644,562
Increase/(Decrease) in Net Assets	$11,669,144	($59,874)

The District had an increase in program revenue due mainly to the increase in intergovernmental revenue for the new building construction project.

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

Table 3
Governmental Activities

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Instruction	$5,057,738	$3,366,520	$4,987,172	$3,418,211
Support Services:				
Pupils	231,306	223,015	344,828	285,401
Instructional Staff	268,006	141,237	256,582	136,611
Board of Education	10,355	10,355	9,694	9,694
Administration	936,834	867,888	889,123	774,320
Fiscal	306,453	305,831	287,532	286,382
Business	65,971	65,971	61,583	12,376
Operation and Maintenance of Plant	857,018	841,967	989,839	950,232
Pupil Transportation	129,736	129,736	170,321	166,900
Central			766	766
Non-Instructional	399,797	9,755	372,546	29,102
Extracurricular Activities	278,436	124,500	272,782	182,067
Interest and Fiscal Charges	230,324	230,324	1,794	1,794
Total Expenses	$8,771,974	$6,317,099	$8,644,562	$6,253,856

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 67 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 72 percent. The remaining 28 percent is derived from tuition and fees, specific grants, and donations.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. The District's major governmental funds are the General Fund and the Classroom Facilities Fund.

Total governmental funds had revenues and other financing sources of $19,049,328 and expenditures of $9,889,924. The net positive change of $9,159,404 in fund balance for the year indicates the District's was able to meet current costs.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2011, the District amended its General Fund budget as needed.

Final expenditures were budgeted at $7,278,242 while actual expenditures were $7,115,204. The $163,038 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the District had $2,136,892 invested in capital assets (net of accumulated depreciation) for governmental activities.

For further information regarding the District's capital assets, see Note 7 to the basic financial statements.

Debt

At June 30, 2011, the District had $8,622,619 in classroom facilities and school improvement general obligation bonds, capital appreciation bonds and accretion on bonds for construction and building improvements. The bonds were issued in the amount of $8,652,806 for a thirty-five year period, with final maturity on December 1, 2045.

At June 30, 2011, the District's overall legal debt margin was ($2,283,615), with an un-voted debt margin of $65,738.

For further information regarding the District's debt, see Note 12 to the basic financial statements.

Current Issues

The District is holding its own in the state of a declining economy and uncertainty in State funding. Toronto is a small residential community of 6,160 people along the Ohio River in Eastern Ohio. Its major business is TIMET, a worldwide producer/distributor of titanium sheet metal products. Many of its residents are employed in the area gaming industry at Mountaineer Park and Wheeling Downs as well as The Franciscan University of Steubenville, Trinity Health Systems and Wal Mart Distribution Center. It also has a number of small and medium businesses.

The District is currently operating in the first year of the state biennium budget. 63 percent of District revenue sources are from local funds, 31 percent is from state funds, and the remaining 6 percent is from federal funds. The total expenditure per pupil was calculated at $9,747
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Over the past several years, the District has remained in a good financial position. In May 1995, the District passed a 5 mill five-year operating levy. Voters have approved a replacement of the levy in November 1999, November 2004, and again in November 2009. The replacement levy will generate $398,368 annually. The last collection on that levy will occur in calendar year 2015. This levy provides a source of funds for the financial operations and stability of the District. However, future finances are not without challenges as our community changes and state funding is revised. Some of these challenges are in the future of state funding for schools in light of federal and state budget crisis and the long term effects of public utility deregulation, as well as the reduction of personal property for business inventory.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Cheryl Vukelic, Treasurer, Toronto City School District, 1307 Dennis Way., Toronto, Ohio 43964.

TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY

Statement of Net Assets
June 30, 2011

		Governmental Activities
Assets:		
Equity in Pooled Cash and Cash Equivalents	$	4,047,675
Cash and Cash Equivalents with Fiscal Agents		2,120,368
Investments		8,230,994
Materials and Supplies Inventory		16,394
Intergovernmental Receivable		10,233,316
Accounts Receivable		11,478
Prepaid Items		6,255
Taxes Receivable		1,964,858
Deferred Charges		197,848
Capital Assets:		
Non-Depreciable Capital Assets		879,184
Depreciable Capital Assets, net		1,257,708
Total Assets		28,966,078
LIABILITIES:		
Accounts Payable		98,146
Accrued Wages and Benefits		751,454
Intergovernmental Payable		201,671
Matured Compensated Absences Payable		41,058
Deferred Revenue		1,490,357
Claims Payable		111,853
Long-Term Liabilities:		
Due Within One Year		155,727
Due in More Than One Year		8,866,998
Total Liabilities		11,717,264
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt		2,105,947
Restricted for Debt Service		517,396
Restricted for Capital Outlay		769,895
Restricted for Ohio School Facilities Commission		10,220,170
Restricted for Other Purposes		305,666
Unrestricted		3,329,740
Total Net Assets	$	17,248,814

See Accompanying Notes to the Basic Financial Statements

TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY

Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net(Expense) Revenue and Changes in Net Assets: Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$ 3,209,855	$ 555,783	$ 468,050	$ (2,186,022)
Special	1,051,999		630,956	(421,043)
Vocational	84,165		30,900	(53,265)
Student Intervention Services	84,641			(84,641)
Other	627,078		5,529	(621,549)
Support Services:				
Pupils	231,306		8,291	(223,015)
Instructional Staff	268,006		126,769	(141,237)
Board of Education	10,355			(10,355)
Administration	936,834		68,946	(867,888)
Fiscal	306,453		622	(305,831)
Business	65,971			(65,971)
Operation and Maintenance of Plant	857,018		15,051	(841,967)
Pupil Transportation	129,736			(129,736)
Operation of Non-Instructional Services	399,797	93,744	296,298	(9,755)
Extracurricular Activities	278,436	153,936		(124,500)
Interest and Fiscal Charges	230,324			(230,324)
Totals	$ 8,771,974	$ 803,463	$ 1,651,412	(6,317,099)

General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	1,277,894
Property Taxes, Levied for Debt Service	259,461
Property Taxes, Levied for Other	21,802
Grants and Entitlements not Restricted to Specific Programs	4,598,546
Grants and Entitlements Restricted for Ohio School Facilities	11,739,413
Gifts and Donations	9,711
Investment Earnings	63,682
Miscellaneous	10,922
Gain on Sale of Capital Assets	4,812
Total General Revenues	17,986,243
Change in Net Assets	11,669,144
Net Assets Beginning of Year	5,579,670
Net Assets End of Year	$ 17,248,814

See Accompanying Notes to the Basic Financial Statements

TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY

Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	$ 2,210,480	$ 1,184,355	$ 652,840	$ 4,047,675
Investments		7,519,919	711,075	8,230,994
Materials and Supplies Inventory			16,394	16,394
Accounts Receivable	11,478			11,478
Intergovernmental Receivable		9,940,667	292,649	10,233,316
Prepaid Items	6,255			6,255
Taxes Receivable	1,563,100		401,758	1,964,858
Total Assets	$ 3,791,313	$ 18,644,941	$ 2,074,716	$ 24,510,970
Liabilities				
Current Liabilities:				
Accounts Payable	$ 98,146	$	$	$ 98,146
Accrued Wages and Benefits	632,134		119,320	751,454
Intergovernmental Payable	166,247		35,424	201,671
Matured Compensated Absences Payable	33,700		7,358	41,058
Deferred Revenue	1,411,844	9,940,667	532,871	11,885,382
Total Liabilities	2,342,071	9,940,667	694,973	12,977,711
Fund Balances				
Nonspendable	6,255		16,394	22,649
Restricted		8,704,274	1,363,349	10,067,623
Assigned	131,624			131,624
Unassigned	1,311,363			1,311,363
Total Fund Balances	1,449,242	8,704,274	1,379,743	11,533,259
Total Liabilities and Fund Balances	$ 3,791,313	$ 18,644,941	$ 2,074,716	$ 24,510,970

See Accompanying Notes to the Basic Financial Statements

TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY

Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2011

Total Governmental Fund Balances			$	11,533,259
Amounts reported for governmental activities on the statement of net assets are different because of the following:				
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.				2,136,892
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:				
Delinquent Property Taxes	$	282,455		
Intergovernmental		10,112,570		
				10,395,025
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.				2,008,515
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.				197,848
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:				
Capital Leases Payable		(30,945)		
Bonds Payable		(8,622,619)		
Compensated Absences Payable		(369,161)		
				(9,022,725)
Net Assets of Governmental Activities			$	17,248,814

See Accompanying Notes to the Basic Financial Statements

TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General Fund	Classroom Facilities Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property and Other Local Taxes	$ 1,277,463	$	$ 239,952	$ 1,517,415
Intergovernmental	4,380,364	1,798,746	1,744,862	7,923,972
Interest	4,308	19,545	521	24,374
Tuition and Fees	637,636		5,970	643,606
Extracurricular Activities	64,992		88,944	153,936
Gifts and Donations	500		9,211	9,711
Customer Sales and Services			87,774	87,774
Miscellaneous	8,670	50	2,202	10,922
Total Revenues	6,373,933	1,818,341	2,179,436	10,371,710
EXPENDITURES:				
Current:				
Instruction:				
Regular	2,887,328		404,294	3,291,622
Special	568,387		494,062	1,062,449
Vocational	121,914			121,914
Student Intervention Services	84,641			84,641
Other	625,479		5,529	631,008
Support Services:				
Pupils	239,449		9,441	248,890
Instructional Staff	139,760		137,902	277,662
Board of Education	10,355			10,355
Administration	897,099		81,967	979,066
Fiscal	307,965		6,908	314,873
Business	65,715			65,715
Operation and Maintenance of Plant	821,560		15,161	836,721
Pupil Transportation	124,722			124,722
Operation of Non-Instructional Services	1,520		405,380	406,900
Extracurricular Activities	186,351		90,434	276,785
Capital Outlay	48,614	619,590	431	668,635
Debt Service:				
Principal	9,607			9,607
Interest	1,460		256,184	257,644
Issuance Costs			200,715	200,715
Total Expenditures	7,141,926	619,590	2,108,408	9,869,924
Excess of Revenues Over (Under) Expenditures	(767,993)	1,198,751	71,028	501,786
OTHER FINANCING SOURCES AND USES:				
Transfers In			20,000	20,000
General Obligation Bonds Issued		7,505,523	694,473	8,199,996
Premium on Bonds and Notes Issued			452,810	452,810
Proceeds from Sale of Capital Assets	4,812			4,812
Transfers Out	(20,000)			(20,000)
Total Other Financing Sources and Uses	(15,188)	7,505,523	1,167,283	8,657,618
Net Change in Fund Balances	(783,181)	8,704,274	1,238,311	9,159,404
Fund Balance at Beginning of Year - Restated (See Note 19)	2,232,423		141,432	2,373,855
Fund Balance at End of Year	$ 1,449,242	$ 8,704,274	$ 1,379,743	$ 11,533,259

See Accompanying Notes to the Basic Financial Statements

TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement Activities
For the Fiscal Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds			$ 9,159,404
Amounts reported for governmental activities on the statement of activities are different because of the following:			
Governmental funds report capital outlay as expenditures. However, on 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 exceeds depreciation in the current year.			
Capital Outlay	$	679,441	
Depreciation		(131,079)	
			548,362
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.			(24,920)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:			
Intergovernmental		10,065,399	
Tuition		(81,853)	
Delinquent Property Taxes		41,742	
			10,025,288
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.			9,607
Proceeds from bonds issued in the governmental funds that increase long-term debt in the statement of net assets are not reported as revenues.			(8,199,996)
Premiums on debt issuances are recognized as revenues in the governmental funds, however they are amortized over the life of the issuance on the statement of activities.			(452,810)
Issuance Costs are reported as an expenditure when paid in the governmental funds, but are deferred on the statement of net assets.			200,715
In the statement of activities, bond premium and bond issuance costs are amortized over the term of the bonds, whereas in governmetnal funds, an interest expenditure is reported when bonds are issued.			
Amortization of Premium on Bonds		30,187	
Amortization of Issuance Costs		(2,867)	
			27,320
The internal service fund used by management to charge the costs of issuance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.			298,019
Some expenses reported on the statement of activities, such as compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:			
Compensated Absences Payable		78,155	
			78,155
Change in Net Assets of Governmental Activities			$ 11,669,144

See Accompanying Notes to the Basic Financial Statements

TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
GENERAL FUND
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/(Negative)
REVENUES:				
Property and Other Local Taxes	$ 1,298,435	$ 1,308,482	$ 1,308,487	$ 5
Intergovernmental	4,359,064	4,174,472	4,291,814	117,342
Interest	34,500	8,500	7,273	(1,227)
Tuition and Fees	531,335	649,918	648,954	(964)
Extracurricular Activities	42,000	65,500	64,992	(508)
Gifts and Donations			500	500
Miscellaneous		100	100	0
Total Revenues	6,265,334	6,206,972	6,322,120	115,148
EXPENDITURES:				
Current:				
Instruction:				
Regular	2,737,815	2,737,815	2,779,692	(41,877)
Special	584,010	584,010	564,187	19,823
Vocational	136,059	136,059	129,395	6,664
Student Intervention Services	88,808	88,808	84,641	4,167
Other	510,630	510,630	638,654	(128,024)
Support Services:				
Pupils	254,751	254,751	247,157	7,594
Instructional Staff	156,834	156,834	134,840	21,994
Board of Education	11,576	11,576	10,273	1,303
Administration	970,767	970,767	911,854	58,913
Fiscal	307,171	307,171	306,406	765
Business	57,942	72,942	67,865	5,077
Operation and Maintenance of Plant	1,010,478	1,010,478	851,989	158,489
Pupil Transportation	168,983	168,983	155,297	13,686
Extracurricular Activities	192,418	192,418	186,606	5,812
Total Expenditures	7,188,242	7,203,242	7,068,856	134,386
Excess of Revenues Over (Under) Expenditures	(922,908)	(996,270)	(746,736)	249,534
Other Financing Sources and Uses:				
Refund of Prior Year Expenditures	100,000	50,000	39,423	(10,577)
Transfers Out	(50,000)	(50,000)	(20,000)	30,000
Refund of Prior Year Receipts	(25,000)	(25,000)	(26,348)	(1,348)
Total Other Financing Sources and Uses	25,000	(25,000)	(6,925)	18,075
Net Change in Fund Balances	(897,908)	(1,021,270)	(753,661)	267,609
Fund Balance at Beginning of Year - Restated (See Note 19)	2,689,513	2,689,513	2,689,513	0
Prior Year Encumbrances Appropriated	109,301	109,301	109,301	0
Fund Balance at End of Year	$ 1,900,906	$ 1,777,544	$ 2,045,153	$ 267,609

See Accompanying Notes to the Basic Financial Statements

TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY

Statement of Fund Net Assets
Proprietary Fund
June 30, 2011

		Governemental Activities - Internal Service
ASSETS:		
Current Assets:		
Cash and Cash Equivalents with Fiscal Agents	$	2,120,368
Total Current Assets		2,120,368
Total Assets		2,120,368
LIABILITIES:		
Current Liabilities:		
Claims Payable		111,853
Total Current Liabilities		111,853
Total Liabilities		111,853
NET ASSETS:		
Unrestricted		2,008,515
Total Net Assets	$	2,008,515

See Accompanying Notes to Basic Financial Statements

TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2011

OPERATING REVENUES:		
Charges for Services	$	1,294,323
Total Operating Revenues		1,294,323
OPERATING EXPENSES:		
Fringe Benefits		
Purchased Services		68,088
Claims		967,524
Total Operating Expenses		1,035,612
Operating Income (Loss)		258,711
NON-OPERATING REVENUES (EXPENSES):		
Interest		39,308
Total Non-Operating Revenues (Expenses)		39,308
Net Change in Net Assets		298,019
Net Assets (Deficit) at Beginning of Year		1,710,496
Net Assets (Deficit) at End of Year	$	2,008,515

See Accompanying Notes to Basic Financial Statements

TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2011

		Governemental Activities - Internal Service
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities:		
Cash Received from Charges for Services	$	1,294,323
Cash Payments for Purchased Services		(68,088)
Cash Payments for Claims		(899,189)
Net Cash Provided by Operating Activities		327,046
Cash Flows from Investing Activities:		
Interest Received		42,483
Net Cash Provided by Investing Activities		42,483
Net Increase in Cash and Cash Equivalents		369,529
Cash and Cash Equivalents at Beginning of Year		1,750,839
Cash and Cash Equivalents at End of Year	$	2,120,368
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	$	258,711
Adjustments		
Increase (Decrease) in Liabilities:		
Claims Payable		68,335
Net Cash Provided by Operating Activities	$	327,046

See Accompanying Notes to Basic Financial Statements

TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Trust	Agency Fund
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	$ 1,152	$ 20,731
Investments	23,883	
Total Assets	25,035	20,731
Liabilities		
Current Liabilities:		
Undistributed Monies		20,731
Total Liabilities	0	$ 20,731
Net Assets		
Held in Trust for Scholarships	25,035	
Total Net Assets	$ 25,035	

See Accompanying Notes to the Basic Financial Statements

TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY

Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2011

		Private Purpose Trust
ADDITIONS:		
Interest	$	198
Gifts and Contributions		75
Total Additions		273
DEDUCTIONS:		
Payments in Accordance with Trust Agreements		875
Total Deductions		875
Change in Net Assets		(602)
Net Assets Beginning of Year		25,637
Net Assets End of Year	$	25,035

See Accompanying Notes to the Basic Financial Statements

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Toronto City School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Toronto City School District is a city school district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's seven instructional/support facilities staffed by 43 non-certified and 82 certified full-time teaching personnel who provide services to 857 students and other community members.

The Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The District is associated with four organizations, which are defined as jointly governed organizations and insurance purchasing pools. These organizations include the Ohio Mid-Eastern Regional Education Service Agency, the Jefferson County Career Center, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Ohio Mid-Eastern Regional Education Service Agency Health Benefits Plan. These organizations are presented in Notes 14 and 15 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 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 District's accounting policies.

A. Basis of Presentation

The 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 District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of net assets presents the financial condition of the governmental activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore are 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 District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which the governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental and enterprise fund financial 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 District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

Governmental Funds

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 General Fund and the Classroom Facilities Fund are the District's major governmental funds:

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

Classroom Facilities Fund - The Classroom Facilities Fund is used to account for revenues and expenditures related to the construction of new school buildings.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds

Proprietary funds are used to account for the District's ongoing activities that are similar to those found in the private sector. The following is the District's proprietary fund:

Internal Service Fund - The Internal Service Fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's only internal service fund accounts for the operation of the District's self-insurance program for employee medical, vision, prescription drug, and dental claims.

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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's trust funds are private purpose trusts, which account for programs that provide college scholarships to students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for various student managed activity.

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 District are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) of 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.

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 use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. “Measurable” means the amount of the transaction can be determined, and “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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the 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, income taxes, grants, investment earnings, tuition, and student 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, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On the governmental fund financial statements, receivables that will not be collected within the available period have 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 amount the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by the Board of Education. Budgetary allocations at the function and object level in all funds are made by the Treasurer.

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

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

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 amounted to $4,308 and $86 to other District funds.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

G. Inventory

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

General capital assets are those assets not specifically related to activities. 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 on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District's capitalization threshold is two thousand five hundred dollars. The 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 capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	15 - 30 years
Buildings and Building Improvements	30 - 50 years
Furniture and Fixtures	5 - 20 years
Vehicles	5 - 15 years
Equipment	10 years

I. Deferred Charges

On the governmental fund statements, bond issuance costs are recorded as expenditures when incurred. Bond issuance costs are reported as deferred and amortized over the term of the bonds using the straight-line method on the government-wide statements since the results are not significantly different from the effective interest method.

J. 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 District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

K. 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, compensated absences, and special termination benefits that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the governmental fund financial statements when due.

L. 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 District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

M. Fund Balance

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

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

N. Interfund Activity

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.

O. 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 in the financial statements and accompanying notes. Actual results may differ from those estimates.

P. 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 District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2011.

Q. New Accounting Principles

For the year ended June 30, 2011, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions"* and GASB Statement No. 59, *"Financial Instruments Omnibus."*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned and/or unassigned.

GASB Statement No. 59 updated and improved existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Implementation of this GASB statement did not affect the presentation of the financial statements of the District.

3. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances 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 (Non-GAAP Basis) and Actual 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 fund financial statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

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

Net Change in Fund Balance Major Governmental Fund	
GAAP Basis	($783,181)
Increase (Decrease) Due To:	
Revenue Accruals:	
Accrued FY 2010, Received In Cash FY 2011	207,734
Accrued FY 2011, Not Yet Received in Cash	(202,157)
Expenditure Accruals:	
Accrued FY 2010, Paid in Cash FY 2011	(774,130)
Accrued FY 2011, Not Yet Paid in Cash	963,395
Encumbrances Outstanding at Year End (Budget Basis)	(165,322)
Budget Basis	($753,661)

4. DEPOSITS AND INVESTMENTS

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

Active monies are public monies determined to be necessary to meet current demands upon the District Treasury. Active monies must be maintained either as cash in the 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 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.

Interim monies held by the 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above;

4. Bonds and other obligations of the State of Ohio or Ohio local governments;

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) and repurchase agreements secured by such obligations;

7. The State Treasurer's investment pool (STAR Ohio); 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.

4. DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2011, the District's internal service fund had a balance of $2,120,368 with OME-RESA, a claims servicing pool (See Note 8). The balance is held by the claims administrator in a pooled account that is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the District. Disclosures for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid Eastern Regional Educational Service Agency Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43695.

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year-end, the carrying amount of the District's deposits was $4,109,886. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2011, $3,177,202 of the District's bank balance of $4,221,835 was uninsured and uncollateralized. Although the securities were held by the pledging institution's trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

The 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 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, 2011, the District had the following investments:

Investment Type	Fair Value	Maturing in Less than One year	Maturing in One to Two Years	Maturing in Two to Three Years
Federal Farm Credit Discount Notes	$89,761	$89,761		
Federal Home Loan Bank Notes	2,654,932	1,599,932	$1,055,000	
Federal Home Loan Bank Discount Notes	1,146,585	1,146,585		
Federal Home Loan Mortgage Credit Notes	2,539,475	100,000	2,439,475	
Federal Home Loan Mortgage Credit Discount Notes	724,046	724,046		
Federal National Mortgage Association Notes	1,012,584		738,364	$274,219
Money Market	47,166	47,166		
Total Investments	$8,214,549	$3,707,490	$4,232,840	$274,219

4. DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk - The Federal Home Loan Mortgage Credit Notes, Federal National Mortgage Association Notes, and Federal Home Loan Bank Notes carry a rating of Aaa by Moody's and AAA by Standard and Poor's. STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The District has no investment policy that would further limit its investment choices.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Mortgage Credit Notes, Federal National Mortgage Association Notes, and the Federal Home Loan Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The District's investment in the Federal Farm Credit Discount Notes, the Federal Home Loan Bank Notes, the Federal Home Loan Bank Discount Notes, the Federal Home Loan Mortgage Credit Notes, the Federal Home Loan Mortgage Credit Discount Notes, and the Federal National Mortgage Association Notes and the money market account represent 1 percent, 32 percent, 14 percent, 31 percent, 9 percent, and 12 percent and 1 percent, respectively, of the District's total investments.

5. **PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis, while the District's fiscal year runs from July through June. First-half tax distributions are received by the 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 District. Real and public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes for 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 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.

5. PROPERTY TAXES (Continued)

Public utility real and tangible personal property taxes for 2011 were levied after April 1, 2010, on the assessed values as of December 31, 2009, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes. Tangible personal property taxes for 2011 were levied after April 1, 2010, on the value as of December 31, 2009. Tangible personal property is currently assessed at 25 percent of true value. 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 semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated by calendar year 2009, and the tax on telephone and telecommunications property was eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2007-2010, the District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Jefferson County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2011 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue.

The amount available as an advance at June 30, 2011, was $151,256 in the General Fund, $37,628 in the Bond Retirement Fund, and $3,162 in the Classroom Facilities Maintenance Fund.

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second-Half Collections		2011 First-Half Collections	
	Amount	**Percent**	**Amount**	**Percent**
Agricultural/Residential	$52,228,330	80%	$52,214,520	79%
Industrial/Commercial	9,772,180	15%	9,626,320	15%
Public Utility	3,608,270	5%	3,896,730	6%
Total Assessed Value	$65,608,780	100%	$65,737,570	100%
Tax rate per $1,000 of assessed valuation	$37.65		$44.10	

6. RECEIVABLES

Receivables at June 30, 2011, consisted of property, accounts (rent and student fees) and intergovernmental. 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 year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Ohio School Facilities Commission	$9,940,667
Education Jobs	150,257
Race to the Top	4,919
Title VI-B	47,272
Title I	90,108
Early Childhood Special Ed	93
Total Intergovernmental Receivables	$10,233,316

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance at 6/30/10	Additions	Reductions	Balance at 6/30/11
Governmental Activities				
Non-Depreciable Capital Assets				
Land	$215,638	$	$	$215,638
Construction in Progress		663,546		663,546
Total Non-Depreciable Capital Assets	215,638	663,546		879,184
Depreciable Capital Assets				
Land Improvements	886,148			886,148
Buildings and Building Improvements	5,194,605		62,300	5,132,305
Furniture, Fixtures, and Equipment	441,659	15,895		457,554
Vehicles	577,987			577,987
Books	233,584			233,584
Total Depreciable Capital Assets	7,333,983	15,895	62,300	7,287,578
Less Accumulated Depreciation				
Land Improvements	687,535	20,044		707,579
Buildings and Building Improvements	4,230,725	63,214	37,380	4,256,559
Furniture, Fixtures, and Equipment	374,841	14,491		389,332
Vehicles	409,486	33,330		442,816
Books	233,584			233,584
Total Accumulated Depreciation	5,936,171	131,079	37,380	6,029,870
Depreciable Capital Assets, Net	1,397,812	(115,184)	24,920	1,257,708
Governmental Activities Capital Assets, Net	$1,613,450	$548,362	$24,920	$2,136,892

7. CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$72,653
Special	1,246
Vocational	1,170
Support Services:	
Administration	4,072
Business	256
Operation and Maintenance of Plant	30,420
Pupil Transportation	8,478
Non-Instructional Services	1,578
Extracurricular	11,206
Total Depreciation Expense	$131,079

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the District's insurance coverage was as follows:

Type of Coverage	Insurance Carrier	Deductible	Liability Limit
Building and Contents	Ohio Casualty Insurance Company/Netherlands Insurance	$5,000	$30,135,096
Boiler and Machinery	Travelers Property Casualty	5,000	5,000,000
Commercial Auto	Ohio Casualty/ Peerless Insurance		1,000,000
Comprehensive		100	
Collision		250	
Uninsured Motorists/Underinsured	Ohio Casualty/Peerless Insurance	250	1,000,000
Commercial Inland Marine	Ohio Casualty/Netherlands Insurance		
Musical Instruments		500	134,946
Other		250	214,878
Commercial Umbrella Liability	Ohio Casualty/Midwestern Indemnity Insurance		
Per occurrence		0	3,000,000
Aggregate		0	3,000,000
Sexual Misconduct/ Molestation Liability	Ohio Casualty/Netherlands Insurance		
Per occurrence		2,500	1,000,000
Aggregate			1,000,000

8. RISK MANAGEMENT (Continued)

School Leaders Errors & Omissions	Ohio Casualty/Netherlands Insurance	2,500	1,000,000
Employee Benefits Liability	Ohio Casualty/Netherlands		
Per Employee	Insurance	1,000	1,000,000
Aggregate			3,000,000
Commercial General Liability	Ohio Casualty/Netherlands		
Per occurrence	Insurance		1,000,000
Aggregate			2,000,000

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

For fiscal year 2011, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the 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 Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The District is a member of the Ohio Mid-Eastern Regional Education Service Agency Health Benefit Plan, a public entity risk management, insurance, and claims servicing pool, consisting of school districts within the region, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the District's behalf.

The claims liability of $111,853 reported in the Internal Service Fund at June 30, 2011 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2010	$60,531	$909,672	$926,685	$43,518
2011	$43,518	$967,524	$899,189	$111,853

9. DEFINED PENSION BENEFIT PLANS

A. School Employee Retirement System

Plan Description - The 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, by calling (800) 878-5853, or by visiting the SERS website at www.ohsers.org, under Forms and Publications.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 11.81 percent of annual covered salary was the portion used to fund pension obligations and death benefits. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B funds. 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 District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were $132,295, $141,562, and $122,343, respectively; 54 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System

Plan Description - The 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.

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 monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

9. DEFINED PENSION BENEFIT PLANS (Continued)

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, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations 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 District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were $524,102, $480,469, and $461,074, respectively; 84 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2011, all members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

10. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The 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 St., Suite 100, Columbus, Ohio 43215-3746.

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 2010, 1.43 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 2011, this amount was $35,800.

10. POSTEMPLOYMENT BENEFITS – (Continued)

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.

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The District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were $13,512, $42,064, and $55,990 respectively; 54 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 was $7,182, $7,584 and $10,094, respectively; 54 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System

Plan Description – The 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 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were $37,436, $34,319, and $35,647 respectively; 84 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

11. COMPENSATED ABSENCES

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for certified personnel and 265 days for classified personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 55 days for certified employees and 57 days classified employees.

12. LONG-TERM OBLIGATIONS

During the year ended June 30, 2011, the following changes occurred in obligations reported in the Government-Wide Financial Statements:

	Balance at 6/30/10	Additions	Reductions	Balance at 6/30/11	Amounts Due Within One Year
Governmental Activities:					
Classroom Facilities & School Improvement Bonds					
Series 2010 A	$-	$249,996	$-	$249,996	$75,880
Series 2010 B		6,200,000		6,200,000	
Series 2010 C		1,750,000		1,750,000	
Premium on Bonds		452,810	30,187	422,623	30,187
Total		8,652,806	30,187	8,622,619	106,067
Capital Leases	40,552		9,607	30,945	9,954
Compensated Absences	447,316	11,308	89,463	369,161	39,706
Total	$487,868	$8,664,114	$129,257	$9,022,725	$155,727

2010 School Facilities Loan – On December 20, 2010, the District issued $8,199,996 in voted general obligation bonds for permanent improvements and classroom additions. The bonds were issued for a thirty-five year period, with final maturity in fiscal year 2045. The bonds consisted of $249,996 of tax exempt bonds, $6,200,000 in federally taxable Build America Term Bonds, and $1,750,000 in federally taxable Qualified School Construction Bonds. The bonds are being retired through the Bond Retirement Debt Service Fund.

The Build America Bonds maturing on December 1, 2034 (the 2034 Build America Bonds Term Bonds), on December 1, 2039 (the Build America Bonds Term Bonds), and the December 1, 2045 (the 2045 Build America Bonds Term Bonds, and, together with the 2034 Build America Bonds Term Bonds and the 2039 Build America Bonds Term Bonds, collectively, the Build America Term Bonds), are subject to mandatory redemption in part by lot pursuant to the terms of the mandatory redemption requirements of the Authorizing Legislation. The mandatory redemption of the 2034 Build America Bonds Term Bonds is to occur on December 1 in each of the years 2029 through 2033 (with the balance of $260,000 to be paid at stated maturity on December 1, 2034), of the 2039 Build America Bonds Term Bonds is to occur on December 1 in each of the years 2035 through 2038 (with the balance of $410,000 to be paid at stated maturity on December 1, 2039), and of the 2045 Build America Bonds Term Bonds is to occur on December 1 in each of the years 2040 through 2044 (with the balance of $525,000 to be paid at stated maturity on December 1, 2045), at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date, according to the following schedule:

2034 Build America Bonds Term Bonds		2039 Build America Bonds Term Bonds		2045 Build America Bonds Term Bonds	
Year	Amount	Year	Amount	Year	Amount
2029	$ 210,000	2035	$ 300,000	2040	$ 440,000
2030	180,000	2036	320,000	2041	465,000
2031	225,000	2037	370,000	2042	490,000
2032	230,000	2038	390,000	2043	555,000
2033	245,000			2044	585,000

12. LONG-TERM OBLIGATIONS (Continued)

The Build America Bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement.

The Qualified School Construction Bonds are subject to mandatory redemption in part by lot pursuant to the terms of the mandatory redemption requirements of the Authorizing Legislation. The mandatory redemption of the Qualified School Construction Bonds is to occur on December 1 in each of the years 2018 through 2027 (with the balance of $210,000 to be paid at stated maturity on December 1, 2028), at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date, according to the following schedule:

Year	Amount
2018	$ 90,000
2019	115,000
2020	130,000
2021	150,000
2022	155,000
2023	160,000
2024	160,000
2025	185,000
2026	190,000
2027	205,000

The Qualified School Construction Bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement.

The Capital Appreciation Serial Bonds will mature in fiscal years 2012 through 2018. The maturity amounts of these bonds each year are $105,000, $120,000, $115,000, $115,000, $110,000, $110,000 and $110,000, for a total maturity of $785,000.

Principal and interest requirements to retire general long-term obligations at June 30, 2011, were as follows:

Year Ending June 30, 2011	Principal	Interest/ Accretion	Total
2012	$75,880	$631,905	$707,785
2013	61,040	661,745	722,785
2014	41,176	676,609	717,785
2015	28,982	688,803	717,785
2016	19,514	693,271	712,785
2017 – 2021	358,404	3,178,146	3,536,550
2022 – 2026	810,000	2,760,175	3,570,175
2027 – 2031	995,000	2,436,785	3,431,785
2032 – 2036	1,260,000	2,041,740	3,301,740
2037 – 2041	1,930,000	1,445,463	3,375,463
2042 - 2046	2,620,000	541,200	3,161,200
Total	$8,199,996	$15,755,841	$23,955,838

12. LONG-TERM OBLIGATIONS (Continued)

Compensated absences will be paid from the fund from which the employees' salaries are paid. The capital lease will be paid from the General Fund.

The District's voted legal debt margin was ($2,283,615), with an unvoted debt margin of $65,738 at June 30, 2011.

13. SET-ASIDE CALCULATIONS AND FUND RESERVES

The 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 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 purposes 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.

	Textbooks	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2010	$ 0	$ 27,259
Current Year Set-Aside Requirement	111,275	111,275
Current Year Qualifying Disbursements	(96,476)	(55,559)
Excess Qualified Expenditures from Prior Years	(71,421)	0
Current Year Offsets from Bond Proceeds	0	(82,975)
Totals	$ (56,622)	$ 0
Balance Carried Forward to Fiscal Year 2012	$ 0	$ 0
Set-Aside Reserve Balance as of June 30, 2011	$ 0	$ 0

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. Effective July 1, 2011, textbook set-aside laws have been repealed. Therefore, the negative amount is not presented as being carried forward to future years.

14. JOINTLY GOVERNED ORGANIZATIONS

A. Ohio Mid Eastern Regional Educational Service Agency (OME-RESA)

Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an educational management information system, cooperative purchase services and legal services, to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The Jefferson County Educational Service Center office serves as fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the District's continued participation and no equity interest exists. OME-RESA has no outstanding debt. To obtain financial information write to the Ohio Mid-Eastern Regional Service Agency, Debra Angelo, who serves as Treasurer, Steubenville, Ohio 43952.

B. Jefferson County Career Center

The Jefferson County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Jefferson County Career Center, Karen S. Spoonemore, who serves as Treasurer, at 1509 County Highway 22A, Bloomingdale, Ohio 43910-9781.

15. GROUP PURCHASING POOLS

A. Ohio School Boards Association Workers' Compensation Group Rating Plan

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

The intent of the GRP is to achieve the benefit of a reduced premium for the 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 Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

15. GROUP PURCHASING POOLS (Continued)

B. Ohio Mid-Eastern Regional Education Service Agency Health Benefits Plan

The District participates in the Ohio Mid-Eastern Regional Education Service Agency Health Benefits Plan, an insurance purchasing pool. The Plan's business and affairs are conducted by a Board of Trustees consisting of the current Superintendent of each of the school districts and county boards of education in the Plan. The Executive Director, or his designee, serves as coordinator of the program. Each month, the participating school districts pay a premium to the Plan to cover the costs of administering the program.

16. INTERFUND TRANSFERS

During the year ended June 30, 2011, the District transferred $20,000 from the General Fund to the Food Service Fund to provide additional resources for current operations.

17. CAPITAL LEASE COMMITMENTS

The District is obligated under one lease accounting for as capital leases. The cost of the leased assets (school bus) is accounted for in the Government Activities Capital Assets and the related liability in the Government Activities Long-Term Liabilities. The original cost of the asset under capital lease was $72,126 at 3.60% interest.

The following is a schedule of the future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2011:

Fiscal Year Ending June 30,	General Long-Term Obligations
2012	$11,067
2013	11,066
2014	11,067
Total Future Minimum Lease Payments	33,200
Less: Amount Representing Interest	(2,255)
Present Value of Future Minimum Lease Payments	$30,945

18. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2011.

B. Litigation

There are currently no matters in litigation with the District as defendant.

19. CHANGE IN BASIS OF ACCOUNTING

For fiscal year 2011, the District modified its financial statements to reflect the modifications outlined in GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned. The statement also, requires certain funds to be included with the General fund.

The fund balance restatements are as follows:

	General Fund	Other Governmental Funds
Fund Balance, June 30, 2010	$2,210,210	$163,645
Reclassify Principal Funds	22,213	(22,213)
Restated Fund Balance, June 30, 2010	$2,232,423	$141,432

The restatement of the general fund’s budgetary basis fund balance at June 30, 2010 is as follows:

	General Fund
Balance at June 30, 2010	$ 2,670,248
Reclassify Principal Funds	19,265
Restated Balance at July 1, 2010	$ 2,689,513

20. FUND DEFICITS

The following funds had deficit fund balances as of June 30, 2011:

Special Revenue Funds:	
Public School Support	$ 29,163
Special Ed Preschool	687
Title II-A	4,358

These deficits resulted from adjustments for accrued liabilities. The general fund is liable for any deficits in these funds and will provide operating transfers when cash is required, not when accruals occur.

21. FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Classroom Facilities	Other Governmental	Total Governmental Funds
Nonspendable for:				
Prepaid Items	$6,255			$6,255
Materials and Supplies			$16,394	16,394
Total Nonspendable	6,255		16,394	22,649
Restricted for:				
Regular Instruction			(18,476)	(18,476)
Special Instruction			40,048	40,048
Instructional Staff			11,622	11,622
Administration			1,335	1,335
Athletics			22,706	22,706
Food Service Operations			(1,467)	(1,467)
Non-instruction			16,445	16,445
Facilities Maintenance			41,953	41,953
Debt Retirement			479,288	479,288
Building Construction		$8,704,274	769,895	9,474,169
Total Restricted		8,704,274	1,363,349	10,067,623
Assigned for:				
Principal Funds	21,989			21,989
Encumbrances	109,635			109,635
Total Assigned	131,624			131,624
Unassigned	1,311,363			1,311,363
Total Fund Balance	$1,449,242	$8,704,274	$1,379,743	$11,533,259

22. SUBSEQUENT EVENTS

On July 8, 2011, the District entered into a contract with Rudzik Excavation, Inc. for the early site development of the Ohio School Facilities Commission project in an amount not to exceed $1,137,520. Also, on November 17, 2011, the District entered into a contract with Hammond Construction to serve as construction manager for the grades 6-12 project in the amount of $995,517.

January 31, 2012

To the Board of Education
Toronto City School District
1307 Dennis Way
Toronto, Ohio 43964

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Toronto City School District (the District), as of and for the year ended June 30, 2011, which collectively comprise the District’s basic financial statements and have issued our report thereon dated January 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Education, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Rea & Associates, Inc.

January 31, 2012

To the Board of Education
Toronto City School District
1307 Dennis Way
Toronto, Ohio 43964

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of Toronto City School District (the District) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion 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 expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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.

This report is intended solely for the information and use of management, the Board of Education, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Rea & Associates, Inc.

TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Grant Number	Federal Receipts	Non-Cash Receipts	Federal Disbursements	Non-Cash Disbursements
U. S. Department of Education						
(Passed Through Ohio Department of Education):						
Title I Cluster:						
Title I	84.010	2010	$ 53,500	$ 0	$ 32,863	$ 0
	84.010	2011	225,641	0	247,301	0
Title I - ARRA	84.389	2010	15,306	0	53,000	0
	84.389	2011	40,373	0	23,152	0
Total Title I Cluster			334,820	0	356,316	0
Special Education Cluster:						
IDEA-B	84.027	2010	20,691	0	24,020	0
	84.027	2011	152,788	0	156,901	0
IDEA-B - ARRA	84.391	2010	9,100	0	15,305	0
	84.391	2011	42,638	0	42,713	0
Early Childhood Special Education	84.173	2010	931	0	931	0
	84.173	2011	5,095	0	4,364	0
Early Childhood Special Education - ARRA	84.392	2010	971	0	1,007	0
Total Special Education Cluster			232,214	0	245,241	0
Safe and Drug-Free Schools and Communities	84.186	2010	0	0	601	0
Title II-D	84.318	2011	930	0	865	0
Title II-A	84.367	2010	0	0	572	0
		2011	55,289	0	47,457	0
Total Title II-A			55,289	0	48,029	0
State Fiscal Stabilization Fund - ARRA	84.394	2011	281,922	0	281,922	0
Race to the Top	84.395	2011	33,204	0	26,770	0
Education Jobs	84.410	2011	43,440	0	43,440	0
Total U.S. Department of Education			981,819	0	1,003,184	0
U. S. Department of Agriculture						
(Passed Through Ohio Department of Education):						
Child Nutrition Cluster:						
School Breakfast Program	10.553	2011	54,863	0	54,863	0
National School Lunch Program	10.555	2011	176,311	18,813	176,311	18,813
Total Child Nutrition Cluster			231,174	18,813	231,174	18,813
Total U.S. Department of Agriculture			231,174	18,813	231,174	18,813
Total Federal Assistance			$ 1,212,993	$ 18,813	$ 1,234,358	$ 18,813

See accompanying notes to the Schedule of Expenditure of Federal Awards.

TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS – CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2011

Note A - Child Nutrition Cluster

Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.

Note B – Food Donation Program

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance and related expenditures are reported in this schedule at the value of the commodities received as assessed by the U.S. Department of Agriculture (entitlement value).

Note C - Transfers

The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30 and spent by September 30). However, with Ohio Department of Education's (ODE) approval, a district can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. During fiscal year 2011, the ODE authorized the following transfers:

CFDA #	Grant Title	Grant Year	Transfers Out	Transfers In
84.010	Title I	2010	$ 22,835	
84.010	Title I	2011		$ 22,835
84.027	IDEA-B	2010	$ 5,713	
84.027	IDEA-B	2011		$ 5,713
84.391	IDEA-B - ARRA	2010	$ 75	
84.391	IDEA-B - ARRA	2011		$ 75

TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS

A-133 Ref.
.505(d)

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other internal control deficiencies reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any internal control deficiencies reported for major programs which were not considered to be material?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section 510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Title I Cluster	CFDA# 84.010 & 84.389
(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

January 31, 2012

The Board of Education
Toronto City School District
1307 Dennis Way
Toronto, Ohio 43964

Independent Accountant's Report on Applying Agreed-Upon Procedure

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on September 30, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

Rea & Associates, Inc.

TORONTO CITY SCHOOL DISTRICT

JEFFERSON 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
APRIL 17, 2012

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