

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS
(AUDITED)***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2010***

CONNIE COHN, TREASURER



Mary Taylor, CPA
Auditor of State

Board of Education
Triad Local School District
7920 Brush Lake Road
North Lewisburg, Ohio 43060

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 17, 2010

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**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

Triad Local School District
7920 Brush Lake Rd.
North Lewisburg, Ohio 43060

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Triad Local School District, Champaign County, Ohio, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Triad Local School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Triad Local School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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, its major fund, and the aggregate remaining fund information of the Triad Local School District, as of June 30, 2010, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the fiscal 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 November 12, 2010 on our consideration of the Triad Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting of the required supplementary information. However, we did not audit the information and express no opinion on it.

Independent Auditor's Report
Triad Local School District
Page Two

We conducted our audit to opine on the financial statements that collectively comprise the Triad Local School District's basic financial statements. The schedule of receipts and expenditures of federal awards is 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. We subjected the schedule of receipts and expenditures of federal awards to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
November 12, 2010

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The management's discussion and analysis of the Triad Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. 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 the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- In total, net assets of governmental activities decreased \$724,982, which represents a 4.93% decrease from 2009.
- General revenues accounted for \$8,847,262 or 81.07% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,065,387 or 18.93% of total revenues of \$10,912,649.
- The District had \$11,637,631 in expenses related to governmental activities; \$2,065,387 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,847,262 were not adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$9,263,526 in revenues and \$9,657,251 in expenditures and other financing uses. During fiscal year 2010, the general fund's fund balance decreased \$393,725 from \$1,383,862 to \$990,137.

Using these Basic Financial Statements

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

The *statement of net assets* and *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 the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund, and the only governmental fund reported as major fund.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

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

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the 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 governmental activities include the District's programs and services, including instruction, administration, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 9. Fund financial reports provide detailed information about the District's major fund. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant fund. The District's major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. This activity is reported in the agency fund. All of the District's fiduciary activities are reported in the statement of fiduciary net assets and the statement of changes in fiduciary net assets on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-50 of this report.

The District as a Whole

The table below provides a summary of the District's net assets at June 30, 2010 and June 30, 2009:

	Net Assets	
	Governmental Activities	Governmental Activities
	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Current and other assets	\$ 4,420,793	\$ 4,699,381
Capital assets, net	<u>17,289,034</u>	<u>17,656,890</u>
Total assets	<u>21,709,827</u>	<u>22,356,271</u>
<u>Liabilities</u>		
Current liabilities	2,850,387	2,657,459
Long-term liabilities	<u>4,875,443</u>	<u>4,989,833</u>
Total liabilities	<u>7,725,830</u>	<u>7,647,292</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	13,010,081	13,168,431
Restricted	409,716	353,246
Unrestricted	<u>564,200</u>	<u>1,187,302</u>
Total net assets	<u>\$ 13,983,997</u>	<u>\$ 14,708,979</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$13,983,997. Of this total, \$409,716 is restricted in use.

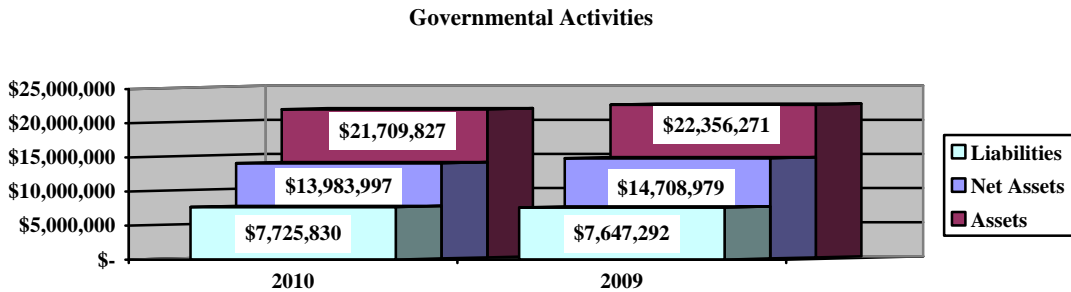
**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

At fiscal year-end, capital assets represented 79.64% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2010, were \$13,010,081. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$409,716, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is \$564,200 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below presents the District's assets, liabilities and net assets at June 30, 2010 and June 30, 2009:



The table below shows the change in net assets for fiscal year 2010 and 2009.

Change in Net Assets

	Governmental Activities 2010	Governmental Activities 2009
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 970,689	\$ 889,267
Operating grants and contributions	1,094,698	1,020,657
Capital grants and contributions	-	16,957
General revenues:		
Property taxes	2,056,600	1,935,493
School district income tax	1,557,366	1,668,094
Grants and entitlements	5,191,142	5,212,233
Investment earnings	10,092	38,268
Other	32,062	6,583
Total revenues	10,912,649	10,787,552

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Change in Net Assets

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 4,893,257	\$ 4,590,649
Special	1,394,763	1,009,743
Vocational	224,988	212,405
Other	45,490	-
Support services:		
Pupil	342,011	558,995
Instructional staff	256,484	248,662
Board of education	44,284	69,691
Administration	824,262	840,487
Fiscal	289,972	285,814
Business	39,528	8,074
Operations and maintenance	1,063,559	1,251,520
Pupil transportation	802,184	625,723
Central	207,161	239,669
Operation of non-instructional services:		
Other non-instructional services	4,382	-
Food service operations	495,844	428,536
Extracurricular activities	438,805	483,249
Interest and fiscal charges	<u>270,657</u>	<u>270,316</u>
Total expenses	<u>11,637,631</u>	<u>11,123,533</u>
Change in net assets	(724,982)	(335,981)
Net assets at beginning of year	<u>14,708,979</u>	<u>15,044,960</u>
Net assets at end of year	<u>\$ 13,983,997</u>	<u>\$ 14,708,979</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$724,982. Total governmental expenses of \$11,637,631 were offset by program revenues of \$2,065,387 and general revenues of \$8,847,262. Program revenues supported 17.75% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources represent \$8,805,108 or 80.69% of total governmental revenues.

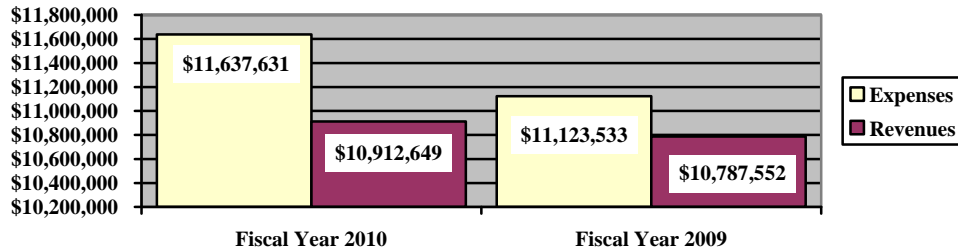
The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,558,498 or 56.36% of total governmental expenses for fiscal year 2010.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2010 and 2009.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Program expenses				
Instruction:				
Regular	\$ 4,893,257	\$ 3,998,285	\$ 4,590,649	\$ 4,115,523
Special	1,394,763	1,077,140	1,009,743	483,934
Vocational	224,988	174,363	212,405	176,396
Other	45,490	4,899	-	-
Support services:				
Pupil	342,011	339,587	558,995	389,124
Instructional staff	256,484	256,484	248,662	235,294
Board of education	44,284	44,284	69,691	69,691
Administration	824,262	796,018	840,487	797,166
Fiscal	289,972	289,972	285,814	285,814
Business	39,528	39,528	8,074	8,074
Operations and maintenance	1,063,559	1,063,559	1,251,520	1,246,437
Pupil transportation	802,184	695,816	625,723	589,144
Central	207,161	199,866	239,669	225,669
Operation of non-instructional services:				
Other non-instructional services	4,382	(182)	-	-
Food service operations	495,844	63,358	428,536	16,401
Extracurricular activities	438,805	258,610	483,249	287,669
Interest and fiscal charges	270,657	270,657	270,316	270,316
Total expenses	\$ 11,637,631	\$ 9,572,244	\$ 11,123,533	\$ 9,196,652

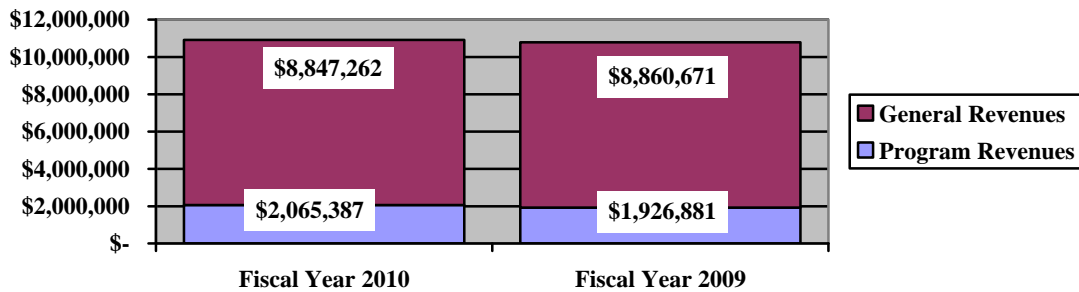
**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The dependence upon tax and other general revenues for governmental activities is apparent, 80.12% of instructional activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 82.25%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are the most significant sources of support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2010 and 2009.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$1,395,585, which is lower than last year's total of \$1,764,315. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	Fund Balance June 30, 2010	Fund Balance June 30, 2009	Increase (Decrease)	Percentage Change
General	\$ 990,137	\$ 1,383,862	\$ (393,725)	(28.45) %
Other Governmental	405,448	380,453	24,995	6.57 %
Total	<u>\$ 1,395,585</u>	<u>\$ 1,764,315</u>	<u>\$ (368,730)</u>	(20.90) %

General Fund

The District's general fund balance decreased \$393,725. The decrease in fund balance can be attributed primarily to transfers that the general fund made to other nonmajor governmental funds and also to several items related to lower revenues and higher expenditures. Expenditures exceed revenues for fiscal year 2010 by \$229,783.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 3,427,734	\$ 3,219,234	\$ 208,500	6.48 %
Tuition	507,166	396,656	110,510	27.86 %
Earnings on investments	10,092	38,268	(28,176)	(73.63) %
Intergovernmental	5,231,780	5,633,608	(401,828)	(7.13) %
Other revenues	<u>86,754</u>	<u>65,498</u>	<u>21,256</u>	32.45 %
Total	<u>\$ 9,263,526</u>	<u>\$ 9,353,264</u>	<u>\$ (89,738)</u>	(0.96) %
<u>Expenditures</u>				
Instruction	\$ 5,541,963	\$ 5,410,656	\$ 131,307	2.43 %
Support services	3,668,162	3,703,826	35,664	0.96 %
Extracurricular activities	283,184	294,778	(11,594)	(3.93) %
Facilities acquisition and construction	<u>-</u>	<u>1,800</u>	<u>(1,800)</u>	(100.00) %
Total	<u>\$ 9,493,309</u>	<u>\$ 9,411,060</u>	<u>\$ 82,249</u>	0.87 %

The minor increase in taxes is primarily due to the small amount of new construction in the District. The increase in open enrollment is because the District has more students coming into the District than choosing to attend neighboring districts. The decrease in earnings on investments is due to the downturn in the financial economic markets causing interest rates to be less than 1%. The decrease in intergovernmental revenue is due to a lower student count and the new PASS formula being used by the State for funding (versus the SF-3). The increase in other revenues is due to the increase in miscellaneous receipts for items such as Medicaid reimbursements and Pay to Transport fees.

The increase in instruction expenditures is due to increases in salaries and cost of benefits as a result of salary raises and steps as well as increased insurance costs. The decrease in extracurricular activities is due to tightening of the budgets for those funds when possible. The decrease in facilities acquisition and construction is due to completion of building improvements made during 2009.

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.

For the general fund, original budgeted revenues and other financing sources of \$9,422,464 were the same as the final budget. Actual revenues and other financing sources for fiscal year 2010 was \$9,274,751. This represents a \$147,713 decrease from final budgeted revenues.

During the course of fiscal year 2010, the District amended its general fund budget several times. General fund original appropriations (appropriated expenditures including other financing uses) of \$9,922,264 were increased to \$10,024,368 in the final appropriations. The actual budget basis expenditures for fiscal year 2010 totaled \$9,759,941, which was \$264,427 less than the final budget appropriations.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the District had \$17,289,034 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2010 balances compared to June 30, 2009:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2010	2009
Land	\$ 414,157	\$ 414,157
Land improvements	61,174	63,211
Building and improvements	16,288,689	16,689,581
Furniture and equipment	156,054	196,728
Vehicles	368,960	293,213
Total	\$ 17,289,034	\$ 17,656,890

The overall decrease in capital assets of \$367,856 is due to depreciation expense of \$525,506 exceeding capital outlays of \$157,650. See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2010 the District had \$2,390,828 in general obligation bonds outstanding. The issue is comprised of current issue bonds and capital appreciation bonds. Of this total, \$155,996 is due within one year and \$2,234,832 is due in greater than one year. The District also has \$2,038,000 in a lease-purchase agreement outstanding. Of this amount, \$48,000 is due within one year and \$1,990,000 is due within greater than one year. The following table summarizes the bonds and lease-purchase agreement outstanding.

Outstanding Debt, at Year End

	Governmental	Governmental
	Activities	Activities
	2010	2009
General Obligation Bonds	\$ 2,390,828	\$ 2,489,086
Lease-purchase agreement	2,038,000	2,083,000
Total	\$ 4,428,828	\$ 4,572,086

See Note 10 to the basic financial statements for additional information on the District's debt administration.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Current Financial Related Activities

The District continues to manage its general fund budget prudently in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed periodically from the community's citizens. The District, like most other school districts, is facing many difficult challenges in the area of managing budgets. Due to the real estate downturn and the potential for further loss in revenue, the District is approaching anticipated future revenue very conservatively. The District relies heavily upon real estate taxes, income taxes (1% continuing and 1/2% for a five-year term) and State aid to support its budget. These three areas of revenue accounted for approximately 93% of the general fund revenue in fiscal year 2010 with State aid providing the largest percentage of the three at around 55%. The District has very little industry within the school district boundaries allowing for little to no personal property tax revenues, and making the income tax and the real estate tax even more vital to the school's operation and existence. Fortunately, the voters of the District were very supportive in November 2009 and renewed a 1/2% income tax for a five year period beginning in January 2010.

In an effort to reduce costs in future years the District continues to look at ways of lowering expenses where possible while still continuing to provide quality education services. One area the District has researched is in energy costs via an energy audit to see how expenses in electric and propane can be saved by becoming more efficient in our usage. Beginning late fiscal year 2011 and early fiscal year 2012, the District will hopefully hold great savings in energy costs for years to come. All areas of expenses are reviewed often with the entire administrative team for possible changes and reductions. When any District staff member leaves, the current administration looks at all possible alternatives before hiring someone to replace that employee.

The superintendent has formed a Superintendent Advisory Council (SAC) in order to get input from additional stakeholders in the community as to the direction they feel the District should be going. It is imperative that the District's Board of Education and administrative staff continue to work together with the community in order to have the tools necessary to meet the challenges the next few years will bring.

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 show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Connie Cohn, Treasurer, Triad Local School District, 7920 Brush Lake Rd, North Lewisburg, Ohio 43060.

**BASIC
FINANCIAL STATEMENTS**

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 1,484,055
Receivables:	
Property taxes	2,247,882
Income taxes.	521,271
Accounts.	7,417
Accrued interest	8
Intergovernmental	48,895
Prepayments	46,938
Materials and supplies inventory.	8,374
Unamortized bond issue costs	55,953
Capital assets:	
Land.	414,157
Depreciable capital assets, net.	16,874,877
Capital assets, net	17,289,034
Total assets.	21,709,827
Liabilities:	
Accounts payable.	26,599
Accrued wages and benefits	702,430
Pension obligation payable.	248,390
Intergovernmental payable	31,813
Unearned revenue	1,827,230
Accrued interest payable	13,925
Long-term liabilities:	
Due within one year.	250,921
Due in more than one year	4,624,522
Total liabilities	7,725,830
Net Assets:	
Invested in capital assets, net of related debt.	13,010,081
Restricted for:	
Capital projects	8,843
Debt service.	182,410
Classroom facilities maintenance	76,124
State funded programs.	2,023
Federally funded programs	18,868
Public school support	31,897
Student activities	74,347
Other purposes	15,204
Unrestricted.	564,200
Total net assets	\$ 13,983,997

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 4,893,257	\$ 527,940	\$ 367,032	\$ (3,998,285)
Special	1,394,763	12,304	305,319	(1,077,140)
Vocational	224,988	-	50,625	(174,363)
Other	45,490	-	40,591	(4,899)
Support services:				
Pupil	342,011	-	2,424	(339,587)
Instructional staff	256,484	-	-	(256,484)
Board of education	44,284	-	-	(44,284)
Administration	824,262	23,435	4,809	(796,018)
Fiscal	289,972	-	-	(289,972)
Business	39,528	-	-	(39,528)
Operations and maintenance	1,063,559	-	-	(1,063,559)
Pupil transportation	802,184	-	106,368	(695,816)
Central	207,161	-	7,295	(199,866)
Operation of non-instructional services:				
Other non-instructional services	4,382	-	4,564	182
Food service operations	495,844	244,146	188,340	(63,358)
Extracurricular activities	438,805	162,864	17,331	(258,610)
Interest and fiscal charges	270,657	-	-	(270,657)
Totals	\$ 11,637,631	\$ 970,689	\$ 1,094,698	(9,572,244)

General Revenues:

Property taxes levied for:	
General purposes	1,764,821
Classroom facilities maintenance	39,987
Debt service	251,792
School district income tax	1,557,366
Grants and entitlements not restricted	
to specific programs	5,191,142
Investment earnings	10,092
Miscellaneous	32,062
Total general revenues	8,847,262
Change in net assets	(724,982)
Net assets at beginning of year	14,708,979
Net assets at end of year	\$ 13,983,997

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 1,041,340	\$ 440,215	\$ 1,481,555
Receivables:			
Property taxes.	1,944,581	303,301	2,247,882
Income taxes	521,271	-	521,271
Accounts.	7,417	-	7,417
Accrued interest	8	-	8
Intergovernmental	6,511	42,384	48,895
Prepayments.	46,938	-	46,938
Materials and supplies inventory.	-	8,374	8,374
Due from other funds	27,087	-	27,087
Restricted assets:			
Equity in pooled cash and cash equivalents	2,500	-	2,500
Total assets	<u>\$ 3,597,653</u>	<u>\$ 794,274</u>	<u>\$ 4,391,927</u>
Liabilities:			
Accounts payable	\$ 21,625	\$ 4,974	\$ 26,599
Accrued wages and benefits.	675,388	27,042	702,430
Compensated absences payable	28,211	-	28,211
Pension obligation payable	205,298	43,092	248,390
Intergovernmental payable	29,858	1,955	31,813
Deferred revenue	83,155	21,427	104,582
Unearned revenue.	1,563,981	263,249	1,827,230
Due to other funds	-	27,087	27,087
Total liabilities.	<u>2,607,516</u>	<u>388,826</u>	<u>2,996,342</u>
Fund Balances:			
Reserved for encumbrances	66,678	58,649	125,327
Reserved for prepayments.	46,938	-	46,938
Reserved for materials and supplies inventory	-	8,374	8,374
Reserved for property tax unavailable for appropriation	303,859	43,581	347,440
Reserved for debt service	-	148,395	148,395
Reserved for school bus purchases	2,500	-	2,500
Unreserved, undesignated, reported in:			
General fund	570,162	-	570,162
Special revenue funds.	-	137,606	137,606
Capital projects funds.	-	8,843	8,843
Total fund balances	<u>990,137</u>	<u>405,448</u>	<u>1,395,585</u>
Total liabilities and fund balances	<u>\$ 3,597,653</u>	<u>\$ 794,274</u>	<u>\$ 4,391,927</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

Total governmental fund balances		\$ 1,395,585
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,289,034
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes receivable	\$ 87,677	
Intergovernmental revenue	16,905	
Total	104,582	104,582
Unamortized deferred charges on refundings are not recognized in the funds.		114,626
Unamortized premiums on bond issuances are not recognized in the funds.		(170,585)
Unamortized bond issuance costs are not recognized in the funds.		55,953
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(13,925)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(2,390,828)	
Lease-purchase agreement	(2,038,000)	
Compensated absences payable	(362,445)	
Total	(4,791,273)	(4,791,273)
Net assets of governmental activities		\$ 13,983,997

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 1,870,368	\$ 306,802	\$ 2,177,170
Income taxes	1,557,366	-	1,557,366
Tuition	507,166	-	507,166
Charges for services	-	244,146	244,146
Classroom materials and fees	27,591	3,311	30,902
Earnings on investments	10,092	164	10,256
Extracurricular	27,101	161,374	188,475
Contributions and donations	-	21,018	21,018
Other local revenues	32,062	-	32,062
Intergovernmental - state	5,231,780	35,336	5,267,116
Intergovernmental - federal	-	1,002,462	1,002,462
Total revenue	<u>9,263,526</u>	<u>1,774,613</u>	<u>11,038,139</u>
Expenditures:			
Current:			
Instruction:			
Regular	4,287,854	373,226	4,661,080
Special	1,051,381	302,807	1,354,188
Vocational	202,728	11,019	213,747
Other	-	42,640	42,640
Support services:			
Pupil	324,975	2,852	327,827
Instructional staff	242,866	229	243,095
Board of education	43,536	-	43,536
Administration	756,521	23,371	779,892
Fiscal	276,567	6,971	283,538
Business	7,837	-	7,837
Operations and maintenance	1,031,515	39,675	1,071,190
Pupil transportation	794,575	101,199	895,774
Central	189,770	6,419	196,189
Operation of non-instructional services:			
Other non-instructional services	-	4,382	4,382
Food service operations	-	456,010	456,010
Extracurricular activities	283,184	136,131	419,315
Debt service:			
Principal retirement	-	205,000	205,000
Interest and fiscal charges	-	201,629	201,629
Total expenditures	<u>9,493,309</u>	<u>1,913,560</u>	<u>11,406,869</u>
Excess of expenditures over revenues	<u>(229,783)</u>	<u>(138,947)</u>	<u>(368,730)</u>
Other financing sources (uses):			
Transfers in	-	163,942	163,942
Transfers (out)	<u>(163,942)</u>	<u>-</u>	<u>(163,942)</u>
Total other financing sources (uses)	<u>(163,942)</u>	<u>163,942</u>	<u>-</u>
Net change in fund balances	(393,725)	24,995	(368,730)
Fund balances at beginning of year	<u>1,383,862</u>	<u>380,453</u>	<u>1,764,315</u>
Fund balances at end of year	<u>\$ 990,137</u>	<u>\$ 405,448</u>	<u>\$ 1,395,585</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds \$ (368,730)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital asset additions	\$ 157,650	
Current year depreciation	(525,506)	
Total		(367,856)

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

Taxes	(120,570)	
Intergovernmental revenue	1,365	
Total		(119,205)

Repayment of bonds and the lease-purchase agreement principal are an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.

205,000

In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the following:

Decrease in accrued interest payable	(7,286)	
Amortization of bond premium	13,738	
Amortization of deferred charges	(9,232)	
Amortization of bond issue costs	(4,506)	
Accreted interest on capital appreciation bonds	(61,742)	
Total		(69,028)

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

(5,163)

Change in net assets of governmental activities

\$ (724,982)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 1,720,000	\$ 1,720,000	\$ 1,810,561	\$ 90,561
Income taxes	1,694,725	1,694,725	1,597,814	(96,911)
Tuition	400,245	400,245	500,266	100,021
Classroom materials and fees	9,000	9,000	27,591	18,591
Earnings on investments	25,000	25,000	10,084	(14,916)
Extracurricular	22,100	22,100	27,101	5,001
Rental income	4,200	4,200	-	(4,200)
Other local revenues	6,700	6,700	32,062	25,362
Intergovernmental - state	<u>5,535,494</u>	<u>5,535,494</u>	<u>5,243,338</u>	<u>(292,156)</u>
Total revenue	<u>9,417,464</u>	<u>9,417,464</u>	<u>9,248,817</u>	<u>(168,647)</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,348,410	4,393,156	4,277,272	115,884
Special	1,063,553	1,074,498	1,046,154	28,344
Vocational	206,933	209,063	203,548	5,515
Support Services:				
Pupil	344,053	347,593	338,424	9,169
Instructional staff	253,296	255,902	249,152	6,750
Board of education	47,794	48,286	47,012	1,274
Administration	774,372	782,341	761,704	20,637
Fiscal	277,952	280,812	273,405	7,407
Business	7,967	8,049	7,837	212
Operations and maintenance	1,117,973	1,129,478	1,099,684	29,794
Pupil transportation	812,628	820,990	799,334	21,656
Central	207,089	209,220	203,701	5,519
Extracurricular activities	<u>293,575</u>	<u>296,596</u>	<u>288,772</u>	<u>7,824</u>
Total expenditures	<u>9,755,595</u>	<u>9,855,984</u>	<u>9,595,999</u>	<u>259,985</u>
Excess of revenues over (under) expenditures	<u>(338,131)</u>	<u>(438,520)</u>	<u>(347,182)</u>	<u>91,338</u>
Other financing sources (uses):				
Refund of prior year's expenditures	5,000	5,000	25,934	20,934
Transfers (out)	<u>(166,669)</u>	<u>(168,384)</u>	<u>(163,942)</u>	<u>4,442</u>
Total other financing sources (uses)	<u>(161,669)</u>	<u>(163,384)</u>	<u>(138,008)</u>	<u>25,376</u>
Net change in fund balance	(499,800)	(601,904)	(485,190)	116,714
Fund balance at beginning of year	1,458,730	1,458,730	1,458,730	-
Prior year encumbrances appropriated	15,768	15,768	15,768	-
Fund balance at end of year	<u>\$ 974,698</u>	<u>\$ 872,594</u>	<u>\$ 989,308</u>	<u>\$ 116,714</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 500	\$ 78,312
Total assets.	500	\$ 78,312
Liabilities:		
Accounts payable.	-	\$ 103
Due to students.	-	78,209
Total liabilities	-	\$ 78,312
Net assets:		
Held in trust for scholarships	500	
Total net assets	\$ 500	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Private-Purpose Trust</u>
	<u>Scholarship</u>
Net assets at beginning of year	\$ 500
Net assets at end of year.	<u>\$ 500</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Triad Local School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State and federal guidelines.

The District is the 474th largest in the State of Ohio among 905 public school districts and community schools in terms of enrollment. The District is located in Champaign County and includes the Villages of North Lewisburg, Mingo, Woodstock and Cable as well as portions of Zane, Union, Wayne, Rush and Allen Townships. It is staffed by 43 non-certified employees and 83 certified full-time teachers and other personnel who provide services to 1,015 students and other community members. The District currently operates three instructional buildings and one administrative building.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For 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; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Ohio Hi-Point Career Center

The Ohio Hi-Point 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 Districts' elected Boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Ohio Hi-Point Career Center, Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311.

Western Ohio Computer Organization

The District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is an association of public districts within the boundaries of Hardin, Auglaize, Shelby, Logan, Miami and Champaign Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The governing board of WOCO consists of two representatives from each county elected by majority vote of all charter member Districts within each county plus one representative from the Shelby County Educational Service Center, the fiscal agent. Financial information can be obtained from Sonny Ivey, who serves as director, at 129 East Court Street, Sidney, Ohio 45365.

Metropolitan Educational Council

The Metropolitan Educational Council (MEC) is a purchasing cooperative made up of 124 districts in 22 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the MEC. The Governing Board of MEC consists of one voting representative from each member district. To obtain financial information, write to Metropolitan Educational Council, Elmo Kallner, who serves as Director, 6100 Channingway Boulevard, Suite 604, Columbus, Ohio 43232.

PUBLIC ENTITY RISK POOLS

The Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), insurance purchasing pool. The GRP's business and affairs are conducted by a three member board of directors consisting of the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designees, 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. Financial information can be obtained from Steve Huzicko, Deputy Director of Management Services, at 8050 North High Street, Columbus, Ohio 45235.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Program. 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 Program.

Each participant pays its workers' compensation premium to the state based on the rate for the Program 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 Program. 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 program. Participation in the Program is limited to school districts that can meet the program's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control and actuarial services to the Program.

Ohio School Plan

The District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the OSP to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of Directors consisting of school district's superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

Champaign, Delaware, Marion, Union Schools Insurance Consortium (CDMU)

CDMU sponsors self-insured medical plans for 9 school districts, educational service centers and Boards of Education primarily within Champaign, Delaware, Marion, and Union Counties. These plans are for active employees and their covered dependents. Amongst the 9 districts and service centers, there were 3 plans/plan options to active employees and their dependents during the period under review. CDMU has contracted with CoreSource for all administrative, claims processing, claims payment, and customer service at CoreSource's Dublin, Ohio facility.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The difference between governmental fund assets and liabilities is reported as fund balance. The following is the District's only major governmental fund:

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 balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) food service and uniform school supplies; (c) grants and other resources whose use is restricted to a particular purpose; and (d) for the accumulation of resources and payment of general obligation bond principal and interest.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

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 only trust fund is a private purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

C. Basis of Presentation and Measurement Focus

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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of 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 not classified as program revenues are presented as general revenues of the District.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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.

Like the government-wide statements, the private-purpose trust fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the 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, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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, school district income tax, interest, tuition, grants, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2010 are recorded as deferred revenue in the governmental funds.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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.

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the fund level for all funds. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Tax Budget - Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Champaign County Budget Commission for rate determination.

Estimated Resources - By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts from the certificate of estimated resources that was in effect at the time the original and final appropriations were passed by the Board of Education.

Appropriations - Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, at the fund level must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the legal level of control. Any revisions that alter the legal level of budgetary control must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

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

Lapsing of Appropriations - At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

F. Cash and Investments

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

During fiscal year 2010, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2010 amounted to \$10,092, which includes \$2,611 assigned from other District funds.

For presentation on the basic 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 are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets are those assets specifically related to governmental activities. These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District has a capitalization threshold of \$5,000. 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.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans from the general fund to cover negative cash balances in other governmental funds are classified as “due to/from other funds”. These amounts are eliminated in the governmental activities column on the statement of net assets.

J. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

K. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2010, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future, all employees at least 50 years of age with 10 years of service or any age with at least 20 years of service, were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2010 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and leases are recognized as a liability on the fund financial statements when due.

M. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments, property taxes unavailable for appropriation, debt service and school bus purchases. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Amounts restricted for other purposes include the balance of the fund for underground storage, amounts restricted for food service, uniform school supplies and amounts reserved for school bus purchases.

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

O. Estimates

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. 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 basic financial statements.

Q. Unamortized Bond Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

On government-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized bond issuance costs are recorded as an asset on the financial statements.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, deferred charges, issuance costs and bond premiums are recognized in the current period.

R. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents restricted for school bus purchases. The District also has reserves that are required by State statute. A schedule of statutory reserves is presented in Note 16.

S. 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 Board of Education and that are either unusual in nature or infrequent in occurrence. The District had no extraordinary or special items during fiscal year 2010.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2010 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
IDEA Part-B	\$ 14,648
Title I	499
Improving teacher quality	308

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim 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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At June 30, 2010, the carrying amount of all District deposits was \$921,099. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$512,207 of the District's bank balance of \$970,897 was exposed to custodial risk as discussed below, while \$458,690 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' 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.

B. Investments

As of June 30, 2010, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	\$ 641,768	\$ 641,768

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 641,768	100.00

C. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 921,099
Investments	<u>641,768</u>
Total	<u>\$ 1,562,867</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 1,484,055
Private-purpose trust fund	500
Agency fund	<u>78,312</u>
Total	<u>\$ 1,562,867</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the fiscal year ended June 30, 2010, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
<u>Transfers from the general fund to:</u>	
Nonmajor governmental funds	<u>\$ 163,942</u>

Transfers are used to move revenues from the fund that statute or budget requires them to be collected in to the fund that statute or budget requires them to be expended from and to use unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers between governmental funds are eliminated on the government-wide statements.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** Interfund balances at June 30, 2010, as reported on the fund statements, consist of the following amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 27,087

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were requested but were not received by June 30. These negative balances are allowable under Ohio Revised Code Section 3315.20. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, 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. Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Champaign 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, 2010, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2010 was \$303,859 in the general fund, \$38,311 in the debt service fund (a nonmajor governmental fund) and \$5,270 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2009 was \$244,052 in the general fund, \$32,048 in the debt service fund (a nonmajor governmental fund) and \$4,380 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been deferred.

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

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 94,404,590	95.94	\$ 97,618,300	96.00
Public utility personal	3,577,180	3.64	3,591,860	3.53
Tangible personal property	<u>413,150</u>	<u>0.42</u>	<u>482,840</u>	<u>0.47</u>
Total	<u>\$ 98,394,920</u>	<u>100.00</u>	<u>\$ 101,693,000</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$28.60		\$28.60

NOTE 7 - SCHOOL DISTRICT INCOME TAX

The school district income tax (SDIT) is an income tax separate from federal, State and city income taxes which is earmarked specifically to support school districts. Residents pay the tax through employer withholding, individual quarterly estimates, and annual returns which are remitted to the Ohio Department of Taxation. Payments are made to the District through the Ohio Department of Taxation. The available money is distributed to the District quarterly. Quarterly payments contain the total gross collections, less refunds and administrative fees, and also include interest earned. The total available is usually sent to the District within a month of the end of the quarter.

The District has a 1.5% SDIT. 1.0% is a continuing tax, while .50% was approved in 2009 for five years. SDIT revenue received by the general fund during fiscal year 2010 was \$1,557,366.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 8 - RECEIVABLES

Receivables at June 30, 2010 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. 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 items of receivables reported on the statement of net assets follows:

Governmental activities:

Property taxes	\$ 2,247,882
Income taxes	521,271
Accounts	7,417
Accrued interest	8
Intergovernmental	<u>48,895</u>
Total	<u><u>\$ 2,825,473</u></u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 9 - CAPITAL ASSETS

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

	Balance			Balance
	June 30, 2009	Additions	Deductions	June 30, 2010
<i>Capital assets, not being depreciated:</i>				
Land	\$ 414,157	\$ -	\$ -	\$ 414,157
Total capital assets, not being depreciated	<u>414,157</u>	<u>-</u>	<u>-</u>	<u>414,157</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	75,432	-	-	75,432
Building and improvements	20,037,902	-	-	20,037,902
Furniture and equipment	813,258	16,911	-	830,169
Vehicles	928,298	140,739	(90,316)	978,721
Total capital assets, being depreciated	<u>21,854,890</u>	<u>157,650</u>	<u>(90,316)</u>	<u>21,922,224</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(12,221)	(2,037)	-	(14,258)
Building and improvements	(3,348,321)	(400,892)	-	(3,749,213)
Furniture and equipment	(616,530)	(57,585)	-	(674,115)
Vehicles	(635,085)	(64,992)	90,316	(609,761)
Total accumulated depreciation	<u>(4,612,157)</u>	<u>(525,506)</u>	<u>90,316</u>	<u>(5,047,347)</u>
Governmental activities capital assets, net	<u><u>\$ 17,656,890</u></u>	<u><u>\$ (367,856)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,289,034</u></u>

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 243,262
Special	38,244
Vocational	10,815
Other	2,850
<u>Support services:</u>	
Pupil	12,273
Instructional staff	9,028
Board of education	748
Administration	39,113
Fiscal	9,921
Operations and maintenance	31,691
Pupil transportation	63,039
Central	5,218
<u>Operation of non-instructional services:</u>	
Food service operations	39,319
Extracurricular activities	<u>19,985</u>
Total depreciation expense	<u>\$ 525,506</u>

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 10 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2010, the following changes occurred in governmental activities long-term obligations:

	Balance			Balance	Amounts
	<u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2010</u>	<u>Due in</u>
					<u>One Year</u>
Governmental activities:					
Series 2000 G.O. Bonds:					
Current interest	\$ 125,000	\$ -	\$ (125,000)	\$ -	\$ -
Series 2006 G.O. Bonds:					
Current interest	2,035,000	-	(35,000)	2,000,000	-
Capital appreciation	184,994	-	-	184,994	73,843
Accreted interest	144,092	61,742	-	205,834	82,153
Lease-purchase agreement	2,083,000	-	(45,000)	2,038,000	48,000
Compensated absences	<u>357,282</u>	<u>58,344</u>	<u>(24,970)</u>	<u>390,656</u>	<u>46,925</u>
Total	<u>\$ 4,929,368</u>	<u>\$ 120,086</u>	<u>\$ (229,970)</u>	4,819,484	<u>\$ 250,921</u>
Less: Unamortized deferred charge on refunding				(114,626)	
Add: Unamortized premium on bond issuance				<u>170,585</u>	
Total on statement of net assets				<u>\$ 4,875,443</u>	

Compensated absences will be paid from the fund which the employees' salaries are paid, which are the general fund and the food service fund (a nonmajor governmental fund).

- B. Series 2000 Bonds - On March 23, 2000, the District issued general obligation bonds (Series 2000 Construction Bonds) to provide funds for new school facilities. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net assets. Payments of principal and interest relating to this bond issue are recorded as expenditures in the debt service fund (a nonmajor governmental fund).

During fiscal year 2006, the callable portion of the bonds, \$2,335,000, was advance refunded. The non-callable portion of the current interest bonds, \$240,000, remained as a liability at June 30, 2006. The final stated maturity of the current interest bonds was December 1, 2009. The capital appreciation bonds were not refunded. During fiscal year 2009, all of the capital appreciation bonds and accreted interest matured.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

- C. Series 2006 Bonds - On January 26, 2006 the District issued general obligation bonds (Series 2006 Refunding Bonds) to advance refund the callable portion of the Series 2000 Construction Bonds (principal \$2,335,000). Issuance proceeds totaling \$2,490,400 were deposited with an escrow agent and were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

The refunding issue is comprised of both current interest bonds, par value \$2,150,000, and capital appreciation bonds, par value \$184,994. The final stated maturity of the current interest bonds is December 1, 2022. The capital appreciation bonds mature on December 1, 2010, December 1, 2011 and December 1, 2012 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$500,000. Total accreted interest of \$205,834 has been included on the statement of net assets.

Payments of principal and interest on the Series 2006A refunding bonds will be made from the debt service fund (a nonmajor governmental fund). The following is a summary of the future debt service requirements to maturity:

Fiscal Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ -	\$ 79,112	\$ 79,112	\$ 73,843	\$ 96,157	\$ 170,000
2012	-	79,113	79,113	60,344	104,656	165,000
2013	-	79,112	79,112	50,807	114,193	165,000
2014	165,000	79,113	244,113	-	-	-
2015	175,000	72,513	247,513	-	-	-
2016 - 2020	975,000	253,738	1,228,738	-	-	-
2021 - 2023	685,000	55,600	740,600	-	-	-
Total	<u>\$ 2,000,000</u>	<u>\$ 698,301</u>	<u>\$ 2,698,301</u>	<u>\$ 184,994</u>	<u>\$ 315,006</u>	<u>\$ 500,000</u>

- D. Lease-Purchase Agreement - On March 13, 2002, the District entered into a lease-purchase agreement with the Rickenbacker Port Authority (RPA) for the purpose of building a new school building and renovating existing buildings. The \$2,300,000 proceeds of this agreement will be commingled with funding received from the Ohio School Facilities Commission and the March 23, 2000 issuance of General Obligations Bonds to complete the projects. The proceeds are to be paid over 30 ½ years with a final maturity of January 1, 2032. In 2002, the RPA merged with the Columbus Municipal Airport Authority to become Columbus Regional Airport Authority.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the lease-purchase obligation at June 30, 2010 follows:

Fiscal Year Ending June 30,	Lease-Purchase Agreement		
	Principal	Interest	Total
2011	\$ 48,000	\$ 116,006	\$ 164,006
2012	51,000	113,155	164,155
2013	54,000	110,131	164,131
2014	57,000	106,934	163,934
2015	60,000	103,565	163,565
2016 - 2020	357,000	460,081	817,081
2021 - 2025	475,000	341,020	816,020
2026 - 2030	630,000	182,995	812,995
2031 - 2032	306,000	17,856	323,856
Total	<u>\$ 2,038,000</u>	<u>\$ 1,551,743</u>	<u>\$ 3,589,743</u>

E. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2010, are a voted debt margin of \$7,110,895 (including available funds of \$186,706) and an unvoted debt margin of \$101,213.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and natural disasters. During fiscal year 2010, the District purchased insurance through the Ohio School Plan (the "OSP"), (an insurance purchasing pool) for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by OSP are as follows:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Deductible</u>
Building and Contents - Replacement Cost	\$34,434,579	\$1,000
Audio Visual Equipment	included	1,000
Miscellaneous Equipment	included	1,000
Electronic Equipment	included	1,000
Automobile Liability	3,000,000	1,000
General Liability		
Per occurrence	3,000,000	0
Total per year	5,000,000	0

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

B. Workers' Compensation

For fiscal year 2010, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. 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 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 Districts that can meet the GRP's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control and actuarial services to the GRP.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 11 - RISK MANAGEMENT - (Continued)

C. Employee Medical

The District is also a member of the Champaign, Delaware, Marion, Union Schools Insurance Consortium (CDMU). CDMU sponsors self-insured medical plans for school districts, educational service centers and Boards of Education. These plans are for active employees and their covered dependents. Amongst the nine districts and service centers, there were three plans/plan options offered to active employees and their dependents during the period under review. CDMU has contracted with CoreSource for all administrative, claims processing, claims payment, and customer service at CoreSource's Dublin, Ohio facility. Medical Mutual is the PPO provider for the CDMU.

Postemployment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13. As such, no funding provisions are required by the District.

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

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 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$152,042, \$105,675 and \$102,174, respectively; 43.79 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System of Ohio

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.

**TRIAD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 12 - PENSION PLANS - (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2010, 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. 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, 2010, 2009 and 2008 were \$556,781, \$566,338 and \$528,749, respectively; 82.59 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$11,894 made by the District and \$8,496 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. The District's liability is 6.2 percent of wages paid.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

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 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$30,216, \$71,300 and \$68,344, respectively; 43.79 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, 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, 2010, 2009, and 2008 were \$9,042, \$8,719 and \$7,362, respectively; 43.79 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$42,829, \$43,564 and \$40,673, respectively; 82.59 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenues, expenditures, and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis); and,
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ (485,190)
Net adjustment for revenue accruals	14,709
Net adjustment for expenditure accruals	21,071
Net adjustment for other sources/uses	(25,934)
Adjustment for encumbrances	<u>81,619</u>
GAAP basis	<u>\$ (393,725)</u>

NOTE 15 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is not a party to legal proceedings that, in the opinion of management, would have a material adverse effect on the financial statements.

NOTE 16 - STATUTORY RESERVES

The District is required by State statute to set-aside certain general fund revenue amounts, as defined by statute into various reserves. These reserves are calculated and presented on a cash basis.

During the fiscal year ended June 30, 2010, the reserve activity was as follows:

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2009	\$ (793,174)	\$ (588,142)
Current year set-aside requirement	179,402	179,402
Current year offsets	-	(41,040)
Qualifying disbursements	<u>(314,364)</u>	<u>(496,687)</u>
Total	<u>\$ (928,136)</u>	<u>\$ (946,467)</u>
Balance carried forward to fiscal year 2011	<u>\$ (928,136)</u>	<u>\$ (588,142)</u>

**TRIAD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 16 - STATUTORY RESERVES - (Continued)

The District had prior fiscal year carryover and current fiscal year offsets and qualifying disbursements during the year that reduced the capital maintenance and textbook/instructional materials set-aside amounts below zero. The textbook/instructional materials extra amount may be used to reduce the set-aside requirements of future years. The negative amounts are therefore presented as being carried forward to the next fiscal year. The current year excess capital acquisition monies may not be carried forward to future years, however, prior year amounts representing bond issuances related to construction projects may be carried forward to the next fiscal year.

In addition to the above statutory reserves, the District received \$2,500 in monies restricted for school bus purchases.

A schedule of the restricted assets at June 30, 2010 follows:

Amount restricted for bus purchases	<u>\$ 2,500</u>
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SUPPLEMENTARY DATA

**TRIAD LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
<i>Nutrition Grant Cluster:</i>				
(D)(E) School Breakfast Program	10.553	2010	\$ 30,312	\$ 30,312
(C)(E) National School Lunch Program-Food Donation	10.555	2010	18,712	18,712
(D)(E) National School Lunch Program	10.555	2010	135,372	135,372
Total National School Lunch Program			<u>154,084</u>	<u>154,084</u>
Total U.S. Department of Agriculture and Nutrition Grant Cluster			<u>184,396</u>	<u>184,396</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
<i>Title I Grant Cluster:</i>				
(F) Title I School Improvement	84.010	2010	-	11,769
(F) Title I Grants to Local Educational Agencies	84.010	2010	95,989	95,560
Total Title I Grants to Local Educational Agencies			<u>95,989</u>	<u>107,329</u>
(F) ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2010	6,000	19,837
Total Title I Grant Cluster			<u>101,989</u>	<u>127,166</u>
<i>Special Education Grant Cluster:</i>				
(G) Special Education_Grants to States	84.027	2010	184,372	184,372
(G) ARRA - Special Education_Grants to States, Recovery Act	84.391	2010	120,280	120,280
Total Special Education Grant Cluster			<u>304,652</u>	<u>304,652</u>
Safe and Drug-Free Schools and Communities State Grants	84.186	2010	2,424	2,424
Education Technology State Grants	84.318	2010	479	479
English Language Acquisition Grants	84.365	2010	-	179
Improving Teacher Quality State Grants	84.367	2009	-	1,210
Improving Teacher Quality State Grants	84.367	2010	54,338	56,278
Total Improving Teacher Quality State Grants			<u>54,338</u>	<u>57,488</u>
ARRA - State Fiscal Stabilization Fund (SFSF)_Education State Grants, Recovery Act	84.394	2010	336,756	330,889
Total U.S. Department of Education			<u>800,638</u>	<u>823,277</u>
U.S. DEPARTMENT OF HOMELAND SECURITY PASSED THROUGH THE OHIO EMERGENCY MANAGEMENT AGENCY, DEPARTMENT OF PUBLIC SAFETY				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	2010	-	12
Total U.S. Department of Homeland Security			<u>-</u>	<u>12</u>
Total Federal Financial Assistance			<u>\$ 985,034</u>	<u>\$ 1,007,685</u>

- (A) OAKS did not assign pass through numbers for fiscal year 2010.
(B) This schedule was prepared on the cash basis of accounting.
(C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at entitlement value.
(D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
(E) Included as part of "Nutrition Grant Cluster" in determining major programs.
(F) Included as part of "Title I Grant Cluster" in determining major programs.
(G) Included as part of "Special Education Grant Cluster" in determining major programs.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**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***

Triad Local School District
7920 Brush Lake Road
North Lewisburg, OH 43060

To the Board of Education:

We have audited the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Triad Local School District, Champaign County, Ohio, as of and for the fiscal year ended June 30, 2010, which collectively comprise Triad Local School District's basic financial statements and have issued our report thereon dated November 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Board of Education
Triad Local School District

Compliance and Other Matters

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

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
November 12, 2010



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Compliance With Requirements Applicable to Each
Major Federal Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133**

Triad Local School District
7920 Brush Lake Road
North Lewisburg, OH 43060

To the Board of Education:

Compliance

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

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

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

Internal Control Over Compliance

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

Board of Education
Triad Local School District

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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



Julian & Grube, Inc.
November 12, 2010

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

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

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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Mary Taylor, CPA
Auditor of State

TRIAD LOCAL SCHOOL DISTRICT

CHAMPAIGN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2010**