

**Toronto City School District**  
**Jefferson County, Ohio**  
*Audited Financial Statements*

*June 30, 2010*





# Dave Yost • Auditor of State

Board of Education  
Toronto City School District  
1307 Dennis Way  
Toronto, Ohio 46964

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

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

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

Dave Yost  
Auditor of State

March 23, 2011

**This Page is Intentionally Left Blank.**

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**JUNE 30, 2010**

*Table of Contents*

|                                                                                                                                                                                                                                          | <i>Page</i> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Independent Auditor's Report.....                                                                                                                                                                                                        | 1-2         |
| Management's Discussion and Analysis.....                                                                                                                                                                                                | 3-8         |
| Government-Wide Financial Statements:                                                                                                                                                                                                    |             |
| Statement of Net Assets .....                                                                                                                                                                                                            | 9           |
| Statement of Activities .....                                                                                                                                                                                                            | 10          |
| Fund Financial Statements:                                                                                                                                                                                                               |             |
| Balance Sheet – Governmental Funds.....                                                                                                                                                                                                  | 11          |
| Reconciliation of Total Governmental Fund Balances to<br>Net Assets of Governmental Activities .....                                                                                                                                     | 12          |
| Statement of Revenues, Expenditures and Changes in<br>Fund Balances – Governmental Funds.....                                                                                                                                            | 13          |
| Reconciliation of Statement of Revenues, Expenditures, and Changes in<br>Fund Balances of Governmental Funds to the Statement of Activities.....                                                                                         | 14          |
| Statement of Revenues, Expenditures and Changes in Fund<br>Balance – Budget (Non-GAAP Basis) and Actual – General Fund .....                                                                                                             | 15          |
| Statement of Fund Net Assets – Proprietary Fund .....                                                                                                                                                                                    | 16          |
| Statement of Revenues, Expenses and Changes in Fund Net<br>Assets – Proprietary Fund .....                                                                                                                                               | 17          |
| Statement of Cash Flows – Proprietary Fund.....                                                                                                                                                                                          | 18          |
| Statement of Fiduciary Net Assets – Fiduciary Funds .....                                                                                                                                                                                | 19          |
| Statement of Changes in Fiduciary Net Assets – Fiduciary Fund.....                                                                                                                                                                       | 20          |
| Notes to the Basic Financial Statements .....                                                                                                                                                                                            | 21-43       |
| Independent Auditor's Report on Internal Control Over Financial<br>Reporting and on Compliance and Other Matters Based on an<br>Audit of Financial Statements Performed in Accordance with<br><i>Government Auditing Standards</i> ..... | 44-45       |

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**JUNE 30, 2010**

*Table of Contents  
(Continued)*

|                                                                                                                                                                                                                           | <i>Page</i> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Independent Auditor’s Report on Compliance with Requirements that<br>Could have a Direct and Material Effect on Each Major Program<br>and Internal Control Over Compliance in Accordance<br>with OMB Circular A-133 ..... | 46-47       |
| Schedule of Expenditures of Federal Awards .....                                                                                                                                                                          | 48          |
| Notes to Schedule of Expenditures of Federal Awards.....                                                                                                                                                                  | 49          |
| Schedule of Findings & Questioned Costs.....                                                                                                                                                                              | 50          |



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

January 31, 2011

The Board of Education  
Toronto City School District  
Toronto, Ohio 43964

## **INDEPENDENT AUDITOR'S REPORT**

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Rea & Associates, Inc.*



**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2010  
Unaudited**

The discussion and analysis of the financial performance of Toronto City School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 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 notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2010 are as follows:

In total, net assets decreased \$59,874.

General revenues accounted for \$6,193,982, or 72 percent of all revenues. Program specific revenues in the form of operating grants and contributions accounted for \$2,390,706, or 28 percent of total revenues of \$8,584,688.

The District's major fund is the General Fund. The General Fund had \$6,649,913 in revenues and other financing sources and \$7,031,552 in expenditures and other financing uses. The General Fund's balance decreased \$381,639 from the prior fiscal year.

**Using the Basic Financial Statements**

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

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

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

For the District, the General Fund is by far the most significant fund. The General Fund is the only major fund.

**Reporting the District as a Whole**

**Statement of Net Assets and Statement of Activities**

The statement of net assets and the statement of activities reflect how the District did financially during fiscal year 2010. These statements include all assets and liabilities using the accrual basis of accounting similar to which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2010  
Unaudited  
(Continued)**

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

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

**Reporting the District's Most Significant Funds**

Fund Financial Statements

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

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

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

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

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2010  
Unaudited  
(Continued)**

**The District as a Whole**

Table 1 provides a summary of the District's net assets for fiscal year 2010 compared to fiscal year 2009.

**Table 1  
Net Assets  
Governmental Activities**

|                                                 | <b>2010</b>        | <b>2009</b>        |
|-------------------------------------------------|--------------------|--------------------|
| <b><u>Assets:</u></b>                           |                    |                    |
| Current and Other Assets                        | \$6,666,318        | \$6,613,135        |
| Capital Assets, Net                             | 1,613,450          | 1,697,166          |
| Total Assets                                    | <u>8,279,768</u>   | <u>8,310,301</u>   |
| <b><u>Liabilities:</u></b>                      |                    |                    |
| Current and Other Liabilities                   | 2,212,230          | 2,221,153          |
| Long-Term Liabilities                           | 487,868            | 449,604            |
| Total Liabilities                               | <u>2,700,098</u>   | <u>2,670,757</u>   |
| <b><u>Net Assets:</u></b>                       |                    |                    |
| Invested in Capital Assets, Net of Related Debt | 1,572,898          | 1,647,341          |
| Restricted                                      | 232,027            | 266,922            |
| Unrestricted                                    | 3,774,745          | 3,725,281          |
| Total                                           | <u>\$5,579,670</u> | <u>\$5,639,544</u> |

Table 2 reflects the changes in net assets for fiscal year 2010 compared to fiscal year 2009. The decrease in net assets was insignificant.

**Table 2  
Change in Net Assets  
Governmental Activities**

|                                              | <b>2010</b>        | <b>2009</b>        |
|----------------------------------------------|--------------------|--------------------|
| <b><u>Revenues:</u></b>                      |                    |                    |
| Program Revenues:                            |                    |                    |
| Charges for Services and Sales               | \$876,329          | \$232,996          |
| Operating Grants, Contributions and Interest | 1,514,377          | 1,354,213          |
| Total Program Revenues                       | <u>2,390,706</u>   | <u>1,587,209</u>   |
| General Revenues:                            |                    |                    |
| Property Taxes                               | 1,413,018          | 1,477,614          |
| Grants and Entitlements                      | 4,583,215          | 4,079,480          |
| Gifts and Donations                          | 5,495              | 476                |
| Interest                                     | 54,550             | 121,423            |
| Miscellaneous                                | 60,379             | 114,194            |
| Gain on Sale of Capital Assets               | 77,325             | 270                |
| Total General Revenues                       | <u>6,193,982</u>   | <u>5,793,457</u>   |
| Total Revenues                               | <u>\$8,584,688</u> | <u>\$7,380,666</u> |

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2010  
Unaudited  
(Continued)**

|                                    |                   |                  |
|------------------------------------|-------------------|------------------|
| <b><u>Expenses:</u></b>            |                   |                  |
| Instruction                        | \$4,987,172       | \$4,158,541      |
| Support Services:                  |                   |                  |
| Pupils                             | 344,828           | 222,586          |
| Instructional Staff                | 256,582           | 244,357          |
| Board of Education                 | 9,694             | 10,316           |
| Administration                     | 889,123           | 853,873          |
| Fiscal                             | 287,532           | 260,645          |
| Business                           | 61,583            | 43,187           |
| Operation and Maintenance of Plant | 989,839           | 799,800          |
| Pupil Transportation               | 170,321           | 60,661           |
| Central                            | 766               |                  |
| Non-Instructional                  | 372,546           | 407,462          |
| Extracurricular Activities         | 272,782           | 255,335          |
| Interest and Fiscal Charges        | 1,794             | 699              |
| Total Expenses                     | <u>8,644,562</u>  | <u>7,317,462</u> |
| Increase/(Decrease) in Net Assets  | <u>\$(59,874)</u> | <u>\$63,204</u>  |

The District had a increase in general revenue due mainly to the increase in intergovernmental revenue. Increases in total expenses were due mainly to increases in instruction and support service costs.

Governmental Activities

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

**Table 3  
Governmental Activities**

|                                    | <u>Total Cost<br/>of Services</u> | <u>Net Cost of<br/>Services</u> | <u>Total Cost<br/>of Services</u> | <u>Net Cost of<br/>Services</u> |
|------------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|                                    | <u>2010</u>                       | <u>2010</u>                     | <u>2009</u>                       | <u>2009</u>                     |
| Instruction                        | \$4,987,172                       | \$3,418,211                     | \$4,158,541                       | \$3,028,379                     |
| Support Services:                  |                                   |                                 |                                   |                                 |
| Pupils                             | 344,828                           | 285,401                         | 222,586                           | 222,586                         |
| Instructional Staff                | 256,582                           | 136,611                         | 244,357                           | 236,635                         |
| Board of Education                 | 9,694                             | 9,694                           | 10,316                            | 10,316                          |
| Administration                     | 889,123                           | 774,320                         | 853,873                           | 844,873                         |
| Fiscal                             | 287,532                           | 286,382                         | 260,645                           | 260,645                         |
| Business                           | 61,583                            | 12,376                          | 43,187                            | 2,608                           |
| Operation and Maintenance of Plant | 989,839                           | 950,232                         | 799,800                           | 799,800                         |
| Pupil Transportation               | 170,321                           | 166,900                         | 60,661                            | 56,941                          |
| Central                            | 766                               | 766                             |                                   |                                 |
| Non-Instructional                  | 372,546                           | 29,102                          | 407,462                           | 97,226                          |
| Extracurricular Activities         | 272,782                           | 182,067                         | 255,335                           | 169,545                         |
| Interest and Fiscal Charges        | 1,794                             | 1,794                           | 699                               | 699                             |
| Total Expenses                     | <u>\$8,644,562</u>                | <u>\$6,253,856</u>              | <u>\$7,317,462</u>                | <u>\$5,730,253</u>              |

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2010  
Unaudited  
(Continued)**

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 69 percent of instruction activities is supported through taxes and other general revenues. For all governmental activities, support from general revenues is 72 percent. The remaining 28 percent is derived from tuition and fees, specific grants, and donations.

**The District's Funds**

The District's governmental funds are accounted for using the modified accrual basis of accounting. The District's major governmental fund is the General Fund. Total governmental funds had revenues and other financing sources of \$8,490,270 and expenditures and other financing uses of \$8,832,276. The net negative change of \$342,006 in fund balance for the year indicates the District's had difficulty in meeting current costs.

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2010, the District amended its General Fund budget as needed.

Final expenditures were budgeted at \$6,773,079 while actual expenditures were \$6,585,126. The \$187,953 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2010, the District had \$1,613,450 invested in capital assets (net of accumulated depreciation) for governmental activities.

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

**Debt**

At June 30, 2010, the District had no debt.

At June 30, 2010, the District's overall legal debt margin was \$5,904,790, with an un-voted debt margin of \$65,609.

For further information regarding the District's long-term obligations, see Note 12 to the basic financial statements.

**Current Issues**

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

The District is currently operating in the first year of the state biennium budget. 34 percent of District revenue sources are from local funds, 51 percent is from state funds, and the remaining 15 percent is from federal funds. The total expenditure per pupil was calculated at \$10,553.

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2010  
Unaudited  
(Continued)**

Over the past several years, the District has remained in a good financial position. In May 1995, the District passed a 5 mill five-year operating levy. Voters have approved a replacement of the levy in November 1999, November 2004, and again in November 2009. The replacement levy will generate \$374,360 annually. The last collection on that levy will occur in calendar year 2015. This levy provides a source of funds for the financial operations and stability of the District. However, future finances are not without challenges as our community changes and state funding is revised. Some of these challenges are in the future of state funding for schools in light of the DeRolph court case and the long term effects of public utility deregulation, as well as the reduction of personal property for business inventory.

**Contacting the District's Financial Management**

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

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**Statement of Net Assets  
June 30, 2010**

|                                                 |           | <b>Governmental<br/>Activities</b> |
|-------------------------------------------------|-----------|------------------------------------|
| <b>Assets:</b>                                  |           |                                    |
| Equity in Pooled Cash and Cash Equivalents      | \$        | 2,225,365                          |
| Cash and Cash Equivalents with Fiscal Agents    |           | 1,750,839                          |
| Investments                                     |           | 892,023                            |
| Materials and Supplies Inventory                |           | 12,757                             |
| Accrued Interest Receivable                     |           | 6,140                              |
| Intergovernmental Receivable                    |           | 210,489                            |
| Accounts Receivable                             |           | 17,828                             |
| Prepaid Items                                   |           | 12,372                             |
| Taxes Receivable                                |           | 1,538,505                          |
| Capital Assets:                                 |           |                                    |
| Non-Depreciable Capital Assets                  |           | 215,638                            |
| Depreciable Capital Assets, Net                 |           | 1,397,812                          |
| <b>Total Assets</b>                             |           | <b><u>8,279,768</u></b>            |
| <br><b>LIABILITIES:</b>                         |           |                                    |
| Accounts Payable                                |           | 3,573                              |
| Accrued Wages and Benefits                      |           | 772,170                            |
| Intergovernmental Payable                       |           | 154,421                            |
| Matured Compensated Absences Payable            |           | 36,692                             |
| Deferred Revenue                                |           | 1,201,856                          |
| Claims Payable                                  |           | 43,518                             |
| Long-Term Liabilities:                          |           |                                    |
| Due Within One Year                             |           | 112,994                            |
| Due in More Than One Year                       |           | 374,874                            |
| <b>Total Liabilities</b>                        |           | <b><u>2,700,098</u></b>            |
| <br><b>NET ASSETS:</b>                          |           |                                    |
| Invested in Capital Assets, Net of Related Debt |           | 1,572,898                          |
| Restricted for Debt Service                     |           | 122,510                            |
| Restricted for Capital Outlay                   |           | 75,649                             |
| Restricted for Other Purposes                   |           | 6,609                              |
| Restricted for Set-Asides                       |           | 27,259                             |
| Unrestricted                                    |           | 3,774,745                          |
| <b>Total Net Assets</b>                         | <b>\$</b> | <b><u>5,579,670</u></b>            |

See Accompanying Notes to the Basic Financial Statements

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**Statement of Activities  
For the Fiscal Year Ended June 30, 2010**

|                                                             |                                      | Program Revenues                         |                            | Net(Expense)<br>Revenue and<br>Changes in Net<br>Assets |
|-------------------------------------------------------------|--------------------------------------|------------------------------------------|----------------------------|---------------------------------------------------------|
| Expenses                                                    | Charges for<br>Services and<br>Sales | Operating<br>Grants and<br>Contributions | Governmental<br>Activities |                                                         |
| Governmental Activities:                                    |                                      |                                          |                            |                                                         |
| Instruction:                                                |                                      |                                          |                            |                                                         |
| Regular                                                     | \$ 3,575,591                         | \$ 585,346                               | \$ 365,733                 | (2,624,512)                                             |
| Special                                                     | 1,172,826                            | 77,160                                   | 506,598                    | (589,068)                                               |
| Vocational                                                  | 130,238                              |                                          | 30,670                     | (99,568)                                                |
| Student Intervention Services                               | 78,743                               |                                          |                            | (78,743)                                                |
| Other                                                       | 29,774                               |                                          | 3,454                      | (26,320)                                                |
| Support Services:                                           |                                      |                                          |                            |                                                         |
| Pupils                                                      | 344,828                              |                                          | 59,427                     | (285,401)                                               |
| Instructional Staff                                         | 256,582                              |                                          | 119,971                    | (136,611)                                               |
| Board of Education                                          | 9,694                                |                                          |                            | (9,694)                                                 |
| Administration                                              | 889,123                              |                                          | 114,803                    | (774,320)                                               |
| Fiscal                                                      | 287,532                              |                                          | 1,150                      | (286,382)                                               |
| Business                                                    | 61,583                               | 49,207                                   |                            | (12,376)                                                |
| Operation and Maintenance of Plant                          | 989,839                              |                                          | 39,607                     | (950,232)                                               |
| Pupil Transportation                                        | 170,321                              |                                          | 3,421                      | (166,900)                                               |
| Central                                                     | 766                                  |                                          |                            | (766)                                                   |
| Operation of Non-Instructional Services                     | 372,546                              | 73,901                                   | 269,543                    | (29,102)                                                |
| Extracurricular Activities                                  | 272,782                              | 90,715                                   |                            | (182,067)                                               |
| Interest and Fiscal Charges                                 | 1,794                                |                                          |                            | (1,794)                                                 |
| <b>Totals</b>                                               | <b>\$ 8,644,562</b>                  | <b>\$ 876,329</b>                        | <b>\$ 1,514,377</b>        | <b>(6,253,856)</b>                                      |
| General Revenues:                                           |                                      |                                          |                            |                                                         |
| Taxes:                                                      |                                      |                                          |                            |                                                         |
| Property Taxes, Levied for General Purposes                 |                                      |                                          |                            | 1,413,018                                               |
| Grants and Entitlements Not Restricted to Specific Programs |                                      |                                          |                            | 4,583,215                                               |
| Gifts and Donations                                         |                                      |                                          |                            | 5,495                                                   |
| Investment Earnings                                         |                                      |                                          |                            | 54,550                                                  |
| Miscellaneous                                               |                                      |                                          |                            | 60,379                                                  |
| Gain on the Sale of Capital Assets                          |                                      |                                          |                            | 77,325                                                  |
| <b>Total General Revenues</b>                               |                                      |                                          |                            | <b>6,193,982</b>                                        |
| Change in Net Assets                                        |                                      |                                          |                            | (59,874)                                                |
| Net Assets Beginning of Year                                |                                      |                                          |                            | <b>5,639,544</b>                                        |
| Net Assets End of Year                                      |                                      |                                          |                            | <b>\$ 5,579,670</b>                                     |

See Accompanying Notes to the Basic Financial Statements



**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**Balance Sheet  
Governmental Funds  
June 30, 2010**

|                                            | <b>General Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--------------------------------------------|---------------------|-----------------------------------------|-----------------------------------------|
| <b>Assets</b>                              |                     |                                         |                                         |
| Current Assets:                            |                     |                                         |                                         |
| Equity in Pooled Cash and Cash Equivalents | \$ 1,874,347        | \$ 323,759                              | \$ 2,198,106                            |
| Investments                                | 875,000             | 17,023                                  | 892,023                                 |
| Materials and Supplies Inventory           |                     | 12,757                                  | 12,757                                  |
| Accrued Interest Receivable                | 2,965               |                                         | 2,965                                   |
| Accounts Receivable                        | 16,146              | 1,682                                   | 17,828                                  |
| Intergovernmental Receivable               | 88,196              | 122,293                                 | 210,489                                 |
| Prepaid Items                              | 12,372              |                                         | 12,372                                  |
| Taxes Receivable                           | 1,538,505           |                                         | 1,538,505                               |
| Restricted Assets:                         |                     |                                         |                                         |
| Equity in Pooled Cash and Cash Equivalents | 27,259              |                                         | 27,259                                  |
| <b>Total Assets</b>                        | <b>\$ 4,434,790</b> | <b>\$ 477,514</b>                       | <b>\$ 4,912,304</b>                     |
| <b>Liabilities</b>                         |                     |                                         |                                         |
| Current Liabilities:                       |                     |                                         |                                         |
| Accounts Payable                           | \$ 3,573            | \$                                      | \$ 3,573                                |
| Accrued Wages and Benefits                 | 617,762             | 154,408                                 | 772,170                                 |
| Intergovernmental Payable                  | 134,495             | 19,926                                  | 154,421                                 |
| Matured Compensated Absences Payable       | 30,672              | 6,020                                   | 36,692                                  |
| Deferred Revenue                           | 1,438,078           | 133,515                                 | 1,571,593                               |
| <b>Total Liabilities</b>                   | <b>2,224,580</b>    | <b>313,869</b>                          | <b>2,538,449</b>                        |
| <b>Fund Balances</b>                       |                     |                                         |                                         |
| Reserved:                                  |                     |                                         |                                         |
| Reserved for Encumbrances                  | 102,786             | 43,938                                  | 146,724                                 |
| Reserved for Prepaid Items                 | 12,372              |                                         | 12,372                                  |
| Reserved for Property Taxes                | 182,280             |                                         | 182,280                                 |
| Reserved for Capital Acquisition           | 27,259              |                                         | 27,259                                  |
| Unreserved, Undesignated, Reported in:     |                     |                                         |                                         |
| General Fund                               | 1,885,513           |                                         | 1,885,513                               |
| Special Revenue Funds                      |                     | (78,452)                                | (78,452)                                |
| Debt Service Funds                         |                     | 122,510                                 | 122,510                                 |
| Capital Projects Funds                     |                     | 75,649                                  | 75,649                                  |
| <b>Total Fund Balances</b>                 | <b>2,210,210</b>    | <b>163,645</b>                          | <b>2,373,855</b>                        |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 4,434,790</b> | <b>\$ 477,514</b>                       | <b>\$ 4,912,304</b>                     |

See Accompanying Notes to the Basic Financial Statements

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
June 30, 2010**

|                                                                                                                            |                  |                         |
|----------------------------------------------------------------------------------------------------------------------------|------------------|-------------------------|
| Total Governmental Fund Balances                                                                                           | \$               | 2,373,855               |
| <p>Amounts reported for governmental activities on the statement of net assets are different because of the following:</p> |                  |                         |
| Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.      |                  | 1,613,450               |
| Taxes and Grants Receivable that do not provide financial resources are not reported as revenues in governmental fund.     |                  | 369,737                 |
| Internal Service Fund                                                                                                      |                  | 1,710,496               |
| <p>Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:</p>           |                  |                         |
| Capital Leases Payable                                                                                                     | \$ (40,552)      |                         |
| Compensated Absences Payable                                                                                               | <u>(447,316)</u> |                         |
|                                                                                                                            |                  | <u>(487,868)</u>        |
| Net Assets of Governmental Activities                                                                                      | \$               | <u><u>5,579,670</u></u> |

See Accompanying Notes to the Basic Financial Statements

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

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

|                                                     | <u>General Fund</u> | <u>All Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|-----------------------------------------------------|---------------------|---------------------------------------------|-----------------------------------------|
| <b>REVENUES:</b>                                    |                     |                                             |                                         |
| Property and Other Local Taxes                      | \$ 1,384,555        | \$                                          | \$ 1,384,555                            |
| Intergovernmental                                   | 4,634,160           | 1,492,730                                   | 6,126,890                               |
| Interest                                            | 15,738              | 412                                         | 16,150                                  |
| Tuition and Fees                                    | 580,653             | 4,680                                       | 585,333                                 |
| Rent                                                |                     | 280                                         | 280                                     |
| Extracurricular Activities                          |                     | 139,642                                     | 139,642                                 |
| Gifts and Donations                                 |                     | 5,495                                       | 5,495                                   |
| Customer Sales and Services                         |                     | 69,221                                      | 69,221                                  |
| Miscellaneous                                       | 33,131              | 27,248                                      | 60,379                                  |
| <b>Total Revenues</b>                               | <b>6,648,237</b>    | <b>1,739,708</b>                            | <b>8,387,945</b>                        |
| <b>EXPENDITURES:</b>                                |                     |                                             |                                         |
| Current:                                            |                     |                                             |                                         |
| Instruction:                                        |                     |                                             |                                         |
| Regular                                             | 3,285,527           | 330,589                                     | 3,616,116                               |
| Special                                             | 604,509             | 582,730                                     | 1,187,239                               |
| Vocational                                          | 120,849             |                                             | 120,849                                 |
| Student Intervention Services                       | 78,743              |                                             | 78,743                                  |
| Other                                               | 44,966              |                                             | 44,966                                  |
| Support Services:                                   |                     |                                             |                                         |
| Pupils                                              | 287,038             | 58,377                                      | 345,415                                 |
| Instructional Staff                                 | 144,935             | 124,563                                     | 269,498                                 |
| Board of Education                                  | 9,694               |                                             | 9,694                                   |
| Administration                                      | 820,550             | 123,441                                     | 943,991                                 |
| Fiscal                                              | 295,442             | 1,150                                       | 296,592                                 |
| Business                                            |                     | 61,326                                      | 61,326                                  |
| Operation and Maintenance of Plant                  | 979,547             | 34,251                                      | 1,013,798                               |
| Pupil Transportation                                | 151,335             |                                             | 151,335                                 |
| Central                                             | 766                 |                                             | 766                                     |
| Operation of Non-Instructional Services             | 91                  | 384,791                                     | 384,882                                 |
| Extracurricular Activities                          | 171,493             | 99,506                                      | 270,999                                 |
| Debt Service:                                       |                     |                                             |                                         |
| Principal                                           | 9,273               |                                             | 9,273                                   |
| Interest                                            | 1,794               |                                             | 1,794                                   |
| <b>Total Expenditures</b>                           | <b>7,006,552</b>    | <b>1,800,724</b>                            | <b>8,807,276</b>                        |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>(358,315)</b>    | <b>(61,016)</b>                             | <b>(419,331)</b>                        |
| <b>OTHER FINANCING SOURCES AND USES:</b>            |                     |                                             |                                         |
| Transfers In                                        |                     | 25,000                                      | 25,000                                  |
| Proceeds from Sale of Capital Assets                | 1,676               | 75,649                                      | 77,325                                  |
| Transfers Out                                       | (25,000)            |                                             | (25,000)                                |
| <b>Total Other Financing Sources and Uses</b>       | <b>(23,324)</b>     | <b>100,649</b>                              | <b>77,325</b>                           |
| <b>Net Change in Fund Balances</b>                  | <b>(381,639)</b>    | <b>39,633</b>                               | <b>(342,006)</b>                        |
| Fund Balance (Deficit) at Beginning of Year         | 2,591,849           | 124,012                                     | 2,715,861                               |
| <b>Fund Balance (Deficit) at End of Year</b>        | <b>\$ 2,210,210</b> | <b>\$ 163,645</b>                           | <b>\$ 2,373,855</b>                     |

See Accompanying Notes to the Basic Financial Statements

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

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

Net Change in Fund Balances - Total Governmental Funds \$ (342,006)

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

Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current year.

|                |           |          |
|----------------|-----------|----------|
| Capital Outlay | \$ 64,687 |          |
| Depreciation   | (141,139) |          |
|                |           | (76,452) |

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a gain (loss) on disposal of capital assets on the statement of activities.

|                                           |  |         |
|-------------------------------------------|--|---------|
| Gain (Loss) on Disposal of Capital Assets |  | (7,264) |
|-------------------------------------------|--|---------|

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

|                           |          |        |
|---------------------------|----------|--------|
| Intergovernmental         | (29,298) |        |
| Tuition                   | 81,853   |        |
| Delinquent Property Taxes | 28,463   |        |
|                           |          | 81,018 |

|                                                                                                                                                      |  |       |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------|
| Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of activities. |  | 9,273 |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------|

|                                                                                  |  |         |
|----------------------------------------------------------------------------------|--|---------|
| Internal service fund is not included in governmental fund financial statements. |  | 323,094 |
|----------------------------------------------------------------------------------|--|---------|

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

|                              |          |          |
|------------------------------|----------|----------|
| Compensated Absences Payable | (47,537) |          |
|                              |          | (47,537) |

|                                                 |    |          |
|-------------------------------------------------|----|----------|
| Change in Net Assets of Governmental Activities | \$ | (59,874) |
|-------------------------------------------------|----|----------|

See Accompanying Notes to the Basic Financial Statements

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2010**

|                                              | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>       | <b>Variance with Final<br/>Budget<br/>Positive/(Negative)</b> |
|----------------------------------------------|------------------------|---------------------|---------------------|---------------------------------------------------------------|
| <b>REVENUES:</b>                             |                        |                     |                     |                                                               |
| Property and Other Local Taxes               | \$ 1,303,280           | \$ 1,316,147        | \$ 1,316,147        | \$                                                            |
| Intergovernmental                            | 4,182,879              | 4,487,573           | 4,549,926           | 62,353                                                        |
| Interest                                     | 114,000                | 40,000              | 36,429              | (3,571)                                                       |
| Tuition and Fees                             | 22,500                 | 22,500              | 15,117              | (7,383)                                                       |
| Total Revenues                               | <u>5,622,659</u>       | <u>5,866,220</u>    | <u>5,917,619</u>    | <u>51,399</u>                                                 |
| <b>EXPENDITURES:</b>                         |                        |                     |                     |                                                               |
| Current:                                     |                        |                     |                     |                                                               |
| Instruction:                                 |                        |                     |                     |                                                               |
| Regular                                      | 2,673,199              | 2,673,199           | 2,700,866           | (27,667)                                                      |
| Special                                      | 604,118                | 604,118             | 612,475             | (8,357)                                                       |
| Vocational                                   | 135,988                | 135,988             | 135,131             | 857                                                           |
| Student Intervention Services                | 10,688                 | 10,688              | 78,743              | (68,055)                                                      |
| Other                                        | 52,150                 | 52,150              | 35,061              | 17,089                                                        |
| Support Services:                            |                        |                     |                     |                                                               |
| Pupils                                       | 256,937                | 256,937             | 287,215             | (30,278)                                                      |
| Instructional Staff                          | 180,489                | 180,489             | 150,003             | 30,486                                                        |
| Board of Education                           | 12,287                 | 12,287              | 9,694               | 2,593                                                         |
| Administration                               | 960,725                | 960,725             | 875,648             | 85,077                                                        |
| Fiscal                                       | 309,965                | 309,965             | 294,981             | 14,984                                                        |
| Operation and Maintenance of Plant           | 1,095,708              | 1,095,708           | 1,012,798           | 82,910                                                        |
| Pupil Transportation                         | 250,824                | 250,824             | 173,263             | 77,561                                                        |
| Extracurricular Activities                   | 175,001                | 175,001             | 168,511             | 6,490                                                         |
| Total Expenditures                           | <u>6,718,079</u>       | <u>6,718,079</u>    | <u>6,534,389</u>    | <u>183,690</u>                                                |
| Excess of Revenues Over (Under) Expenditures | <u>(1,095,420)</u>     | <u>(851,859)</u>    | <u>(616,770)</u>    | <u>235,089</u>                                                |
| Other Financing Sources and Uses:            |                        |                     |                     |                                                               |
| Proceeds from Sale of Capital Assets         |                        | 250                 | 1,676               | 1,426                                                         |
| Refund of Prior Year Expenditures            | 50,000                 | 141,215             | 144,896             | 3,681                                                         |
| Transfers Out                                | (50,000)               | (50,000)            | (25,000)            | 25,000                                                        |
| Refund of Prior Year Receipts                | (5,000)                | (5,000)             | (25,737)            | (20,737)                                                      |
| Total Other Financing Sources and Uses       | <u>(5,000)</u>         | <u>86,465</u>       | <u>95,835</u>       | <u>9,370</u>                                                  |
| Net Change in Fund Balances                  | <u>(1,100,420)</u>     | <u>(765,394)</u>    | <u>(520,935)</u>    | <u>244,459</u>                                                |
| Fund Balance at Beginning of Year            | 2,998,334              | 2,998,334           | 2,998,334           |                                                               |
| Prior Year Encumbrances Appropriated         | 192,849                | 192,849             | 192,849             |                                                               |
| Fund Balance at End of Year                  | <u>\$ 2,090,763</u>    | <u>\$ 2,425,789</u> | <u>\$ 2,670,248</u> | <u>\$ 244,459</u>                                             |

See Accompanying Notes to the Basic Financial Statements

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**Statement of Fund Net Assets  
Proprietary Fund  
June 30, 2010**

|                                              |    | <b><u>Governemental<br/>Activities -<br/>Internal Service</u></b> |
|----------------------------------------------|----|-------------------------------------------------------------------|
| <b>ASSETS:</b>                               |    |                                                                   |
| Current Assets:                              |    |                                                                   |
| Cash and Cash Equivalents with Fiscal Agents | \$ | 1,750,839                                                         |
| Accrued Interest Receivable                  |    | <u>3,175</u>                                                      |
| Total Current Assets                         |    | <u>1,754,014</u>                                                  |
| <br>                                         |    |                                                                   |
| Total Assets                                 |    | <u><u>1,754,014</u></u>                                           |
| <br>                                         |    |                                                                   |
| <b>LIABILITIES:</b>                          |    |                                                                   |
| Current Liabilities:                         |    |                                                                   |
| Claims Payable                               |    | <u>43,518</u>                                                     |
| Total Current Liabilities                    |    | <u>43,518</u>                                                     |
| <br>                                         |    |                                                                   |
| Total Liabilities                            |    | <u><u>43,518</u></u>                                              |
| <br>                                         |    |                                                                   |
| <b>NET ASSETS:</b>                           |    |                                                                   |
| Unrestricted                                 |    | <u>1,710,496</u>                                                  |
| Total Net Assets                             | \$ | <u><u>1,710,496</u></u>                                           |

See Accompanying Notes to Basic Financial Statements

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2010**

**OPERATING REVENUES:**

|                          |                     |
|--------------------------|---------------------|
| Charges for Services     | \$ <u>1,257,560</u> |
| Total Operating Revenues | <u>1,257,560</u>    |

**OPERATING EXPENSES:**

|                          |                |
|--------------------------|----------------|
| Purchased Services       | 63,194         |
| Claims                   | <u>909,672</u> |
| Total Operating Expenses | <u>972,866</u> |
| Operating Income (Loss)  | <u>284,694</u> |

**NON-OPERATING REVENUES (EXPENSES):**

|                                         |               |
|-----------------------------------------|---------------|
| Interest                                | <u>38,400</u> |
| Total Non-Operating Revenues (Expenses) | <u>38,400</u> |
| Net Change in Net Assets                | 323,094       |

|                                           |                            |
|-------------------------------------------|----------------------------|
| Net Assets (Deficit) at Beginning of Year | <u>1,387,402</u>           |
| Net Assets (Deficit) at End of Year       | \$ <u><u>1,710,496</u></u> |

See Accompanying Notes to Basic Financial Statements

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**Statement of Cash Flows  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2010**

|                                                                                                    | <b>Governmental<br/>Activities -<br/>Internal<br/>Service</b> |
|----------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>                                            |                                                               |
| <b>Cash Flows from Operating Activities:</b>                                                       |                                                               |
| Cash Received from Charges for Services                                                            | \$ 1,257,560                                                  |
| Cash Payments for Purchased Services                                                               | (63,194)                                                      |
| Cash Payments for Claims                                                                           | (926,685)                                                     |
| <b>Net Cash Provided by Operating Activities</b>                                                   | <u>267,681</u>                                                |
| <b>Cash Flows from Investing Activities:</b>                                                       |                                                               |
| Interest Received                                                                                  | 39,113                                                        |
| <b>Net Cash Provided (Used) by Investing Activities</b>                                            | <u>39,113</u>                                                 |
| <br>                                                                                               |                                                               |
| Net Increase (Decrease) in Cash and Cash Equivalents                                               | 306,794                                                       |
| Cash and Cash Equivalents at Beginning of Year                                                     | 1,444,045                                                     |
| <b>Cash and Cash Equivalents at End of Year</b>                                                    | <u>\$ 1,750,839</u>                                           |
| <br>                                                                                               |                                                               |
| <b>Reconciliation of Operating Income (Loss) to Net Cash<br/>Provided by Operating Activities:</b> |                                                               |
| Operating Income (Loss)                                                                            | \$ 284,694                                                    |
| Adjustments                                                                                        |                                                               |
| Increase (Decrease) in Liabilities:                                                                |                                                               |
| Claims Payable                                                                                     | (17,013)                                                      |
| <b>Net Cash Provided by Operating Activities</b>                                                   | <u>\$ 267,681</u>                                             |

See Accompanying Notes to Basic Financial Statements



**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010**

|                                            | <u>Private<br/>Purpose Trust</u> | <u>Agency Fund</u> |
|--------------------------------------------|----------------------------------|--------------------|
| <b>Assets</b>                              |                                  |                    |
| Current Assets:                            |                                  |                    |
| Equity in Pooled Cash and Cash Equivalents | \$ 1,651                         | \$ 27,087          |
| Investments                                | <u>23,986</u>                    | <u>27,087</u>      |
| Total Assets                               | <u>25,637</u>                    | <u>27,087</u>      |
| <b>Liabilities</b>                         |                                  |                    |
| Current Liabilities:                       |                                  |                    |
| Undistributed Monies                       | <u>0</u>                         | <u>27,087</u>      |
| Total Liabilities                          | <u>0</u>                         | <u>27,087</u>      |
| <b>Net Assets</b>                          |                                  |                    |
| Held in Trust for Scholarships             | <u>25,637</u>                    | <u>0</u>           |
| Total Net Assets                           | <u>\$ 25,637</u>                 | <u>\$ 0</u>        |

See Accompanying Notes to the Basic Financial Statements

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**Statement of Changes in Fiduciary Net Assets  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2010**

|                                              | <u>Private Purpose<br/>Trust</u> |
|----------------------------------------------|----------------------------------|
| <b>ADDITIONS:</b>                            |                                  |
| Interest                                     | \$ 493                           |
| Gifts and Contributions                      | <u>175</u>                       |
| Total Additions                              | <u>668</u>                       |
| <b>DEDUCTIONS:</b>                           |                                  |
| Payments in Accordance with Trust Agreements | <u>475</u>                       |
| Total Deductions                             | <u>475</u>                       |
| Change in Net Assets                         | 193                              |
| Net Assets Beginning of Year                 | <u>25,444</u>                    |
| Net Assets End of Year                       | <u>\$ 25,637</u>                 |

See Accompanying Notes to the Basic Financial Statements

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

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

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Toronto City School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Toronto City School District is a city school district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's seven instructional/support facilities staffed by 36 non-certified and 77 certified full-time teaching personnel who provide services to 829 students and other community members.

**The Reporting Entity**

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

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the District's accounting policies.

**A. Basis of Presentation**

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

Government-Wide Financial Statements

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

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Fund Financial Statements

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

**B. Fund Accounting**

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

Governmental Funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The General Fund is the District's 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 is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Proprietary Funds

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's trust funds are private purpose trusts, which account for programs that provide college scholarships to students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for various student managed activity.

**C. Measurement Focus**

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) of total net assets.

Fund Financial Statements

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

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

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

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

Deferred Revenue

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

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

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

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

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

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

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

**F. Cash and Investments**

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

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2010 amounted to \$15,738 and \$315 to other District funds.

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

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Inventory**

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

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

**H. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set aside for the acquisition or construction of capital assets.

**I. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District's capitalization threshold is \$2,500. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

| <u>Description</u>                  | <u>Estimated Lives</u> |
|-------------------------------------|------------------------|
| Land Improvements                   | 15 - 30 years          |
| Buildings and Building Improvements | 20 - 50 years          |
| Furniture and Fixtures              | 5 - 20 years           |
| Vehicles                            | 8 years                |
| Equipment                           | 5 - 15 years           |
| Books                               | 7 years                |

**J. Interfund Balances**

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



**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Compensated Absences**

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

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

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

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

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

**M. Net Assets**

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

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

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. 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, property taxes, capital acquisitions, and prepaid items.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for capital acquisitions represents money to be set-aside by statute from improvements and/or construction of District buildings.

**O. Interfund Activity**

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

**P. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges for services for self-insurance programs. Operating expense are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenue and expenses not meeting these definitions are classified as non-operating.

**Q. Estimates**

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

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2010.

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**S. Changes in Accounting Principles**

For the year ended June 30, 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 establishes standards of accounting and financial reporting for intangible assets for all state and local governments. Inconsistencies in the accounting and financial reporting for intangible assets, particularly in the areas of recognition, initial measurement, and amortization, have occurred in practice due to the absence of sufficiently specific authoritative guidance that addresses these questions. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the District.

**3. BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and fund financial statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**3. BUDGETARY BASIS OF ACCOUNTING (Continued)**

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

| <b>Net Change in Fund Balance<br/>Major Governmental Fund</b> |             |
|---------------------------------------------------------------|-------------|
| GAAP Basis                                                    | (\$381,639) |
| <u>Increase (Decrease) Due To:</u>                            |             |
| Revenue Accruals:                                             |             |
| Accrued FY 2009, Received In Cash FY 2010                     | 152,010     |
| Accrued FY 2010, Not Yet Received in Cash                     | (352,630)   |
| Expenditure Accruals:                                         |             |
| Accrued FY 2009, Paid in Cash FY 2010                         | (751,343)   |
| Accrued FY 2010, Not Yet Paid in Cash                         | 919,026     |
| Encumbrances Outstanding at Year End (Budget Basis)           | (106,359)   |
| Budget Basis                                                  | (\$520,935) |

**4. DEPOSITS AND INVESTMENTS**

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

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

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

Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

At June 30, 2010, the District's internal service fund had a balance of \$1,750,839 with OME-RESA, a claims servicing pool (See Note 8). The balance is held by the claims administrator in a pooled account that is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the District. Disclosures for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid-Eastern Regional Education Service Agency Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43695.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,113,718 of the District's bank balance of \$3,208,820 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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

**5. PROPERTY TAXES**

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

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**5. PROPERTY TAXES (Continued)**

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

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes. Tangible personal property taxes for 2010 were levied after April 1, 2009, on the value as of December 31, 2008. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

The District receives property taxes from Jefferson County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2010 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue.

The amount available as an advance at June 30, 2010, was \$182,280 in the General Fund.

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**5. PROPERTY TAXES (Continued)**

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

|                                            | <b>2009 Second-<br/>Half Collections</b> |                | <b>2010 First-<br/>Half Collections</b> |                |
|--------------------------------------------|------------------------------------------|----------------|-----------------------------------------|----------------|
|                                            | <b>Amount</b>                            | <b>Percent</b> | <b>Amount</b>                           | <b>Percent</b> |
| Agricultural/Residential                   | \$54,427,940                             | 81%            | \$52,228,330                            | 80%            |
| Industrial/Commercial                      | 9,623,240                                | 14%            | 9,772,180                               | 15%            |
| Public Utility                             | 3,497,520                                | 5%             | 3,608,270                               | 5%             |
| Total Assessed Value                       | <u>\$67,548,700</u>                      | <u>100%</u>    | <u>\$65,608,780</u>                     | <u>100%</u>    |
| Tax rate per \$1,000 of assessed valuation | \$37.65                                  |                | \$37.65                                 |                |

**6. RECEIVABLES**

Receivables at June 30, 2010, consisted of property taxes, accounts (rent and student fees), intergovernmental, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

|                                     | <b>Amount</b>    |
|-------------------------------------|------------------|
| Governmental Activities             |                  |
| Excess Costs                        | \$88,196         |
| Public School Preschool             | 931              |
| Title VI-B                          | 31,199           |
| Title I                             | 90,163           |
| Total Intergovernmental Receivables | <u>\$210,489</u> |

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**7. CAPITAL ASSETS**

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

|                                             | <u>Balance at<br/>6/30/09</u> | <u>Additions</u>  | <u>Reductions</u> | <u>Balance at<br/>6/30/10</u> |
|---------------------------------------------|-------------------------------|-------------------|-------------------|-------------------------------|
| Governmental Activities                     |                               |                   |                   |                               |
| Non-Depreciable Capital Assets              |                               |                   |                   |                               |
| Land                                        | \$215,638                     | \$                | \$                | \$215,638                     |
| Total Non-Depreciable Capital Assets        | <u>215,638</u>                |                   |                   | <u>215,638</u>                |
| Depreciable Capital Assets                  |                               |                   |                   |                               |
| Land Improvements                           | 942,845                       | 7,425             | 64,122            | 886,148                       |
| Buildings and Building Improvements         | 5,328,750                     | 35,110            | 169,255           | 5,194,605                     |
| Furniture, Fixtures, and Equipment          | 452,796                       | 22,152            | 33,289            | 441,659                       |
| Vehicles                                    | 577,987                       |                   |                   | 577,987                       |
| Books                                       | 233,584                       |                   |                   | 233,584                       |
| Total Depreciable Capital Assets            | <u>7,535,962</u>              | <u>64,687</u>     | <u>266,666</u>    | <u>7,333,983</u>              |
| Less Accumulated Depreciation               |                               |                   |                   |                               |
| Land Improvements                           | 726,128                       | 20,295            | 58,888            | 687,535                       |
| Buildings and Building Improvements         | 4,335,989                     | 63,991            | 169,255           | 4,230,725                     |
| Furniture, Fixtures, and Equipment          | 393,878                       | 12,222            | 31,259            | 374,841                       |
| Vehicles                                    | 364,855                       | 44,631            |                   | 409,486                       |
| Books                                       | 233,584                       |                   |                   | 233,584                       |
| Total Accumulated Depreciation              | <u>6,054,434</u>              | <u>141,139</u>    | <u>259,402</u>    | <u>5,936,171</u>              |
| Depreciable Capital Assets, Net             | <u>1,481,528</u>              | <u>(76,452)</u>   | <u>7,264</u>      | <u>1,397,812</u>              |
| Governmental Activities Capital Assets, Net | <u>\$1,697,166</u>            | <u>(\$76,452)</u> | <u>\$7,264</u>    | <u>\$1,613,450</u>            |

Depreciation expense was charged to governmental functions as follows:

|                                    |                  |
|------------------------------------|------------------|
| Instruction:                       |                  |
| Regular                            | \$73,240         |
| Special                            | 2,492            |
| Support Services:                  |                  |
| Administration                     | 2,950            |
| Business                           | 257              |
| Operation and Maintenance of Plant | 29,756           |
| Pupil Transportation               | 19,779           |
| Non-Instructional Services         | 1,343            |
| Extracurricular                    | 11,322           |
| Total Depreciation Expense         | <u>\$141,139</u> |



**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**8. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the District's insurance coverage was as follows:

| <u>Type of Coverage</u>                  | <u>Insurance Carrier</u>                              | <u>Deductible</u> | <u>Liability Limit</u> |
|------------------------------------------|-------------------------------------------------------|-------------------|------------------------|
| Building and Contents                    | Ohio Casualty Insurance Company/Netherlands Insurance | \$5,000           | \$23,851,685           |
| Boiler and Machinery                     | Travelers Property Casualty                           | 1,000             | 5,000,000              |
| Commercial Auto Comprehensive Collision  | Ohio Casualty/ Peerless Insurance                     | 100<br>250        | 1,000,000              |
| Uninsured Motorists/Underinsured         | Ohio Casualty/Peerless Insurance                      | 250               | 1,000,000              |
| Commercial Inland Marine                 | Ohio Casualty/Netherlands Insurance                   | 500               | 349,894                |
| Commercial Umbrella Liability            | Ohio Casualty/Midwestern Indemnity Insurance          | 0                 | 3,000,000              |
| Per occurrence                           |                                                       | 0                 | 3,000,000              |
| Aggregate                                |                                                       |                   |                        |
| Sexual Misconduct/ Molestation Liability | Ohio Casualty/Netherlands Insurance                   |                   | 1,000,000              |
| Per occurrence                           |                                                       |                   | 1,000,000              |
| Aggregate                                |                                                       |                   |                        |
| School Leaders Errors & Omissions        | Ohio Casualty/Netherlands Insurance                   | 2,500             | 1,000,000              |
| Employee Benefits Liability              | Ohio Casualty/Netherlands Insurance                   | 1,000             | 1,000,000              |
| Per Employee                             |                                                       |                   | 3,000,000              |
| Aggregate                                |                                                       |                   |                        |
| Commercial General Liability             | Ohio Casualty/Netherlands Insurance                   | 0                 | 1,000,000              |
| Per occurrence                           |                                                       |                   | 2,000,000              |
| Aggregate                                |                                                       |                   |                        |

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

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

For fiscal year 2010, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

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

The claims liability of \$43,518 reported in the Internal Service Fund at June 30, 2010 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. Changes in claims activity for the past two fiscal years are as follows:

|      | <b>Balance at<br/>Beginning<br/>of Year</b> | <b>Current Year<br/>Claims</b> | <b>Claims<br/>Payments</b> | <b>Balance at<br/>End of Year</b> |
|------|---------------------------------------------|--------------------------------|----------------------------|-----------------------------------|
| 2009 | \$55,675                                    | \$785,696                      | \$780,840                  | \$60,531                          |
| 2010 | \$60,531                                    | \$909,672                      | \$926,685                  | \$43,518                          |

**9. DEFINED PENSION BENEFIT PLANS**

**A. School Employee Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853, or by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**9. DEFINED PENSION BENEFIT PLANS (Continued)**

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 amounts. 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 \$141,562, \$122,343, and \$191,170, respectively; 55 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**B. State Teachers Retirement System**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

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

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

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**9. DEFINED PENSION BENEFIT PLANS (Continued)**

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$480,469, \$461,074, and \$480,850, respectively; 84 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2010, all members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

**10. POSTEMPLOYMENT BENEFITS**

**A. School Employee Retirement System**

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

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

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

The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$42,064, \$55,990, and \$57,078 respectively; 55 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**10. POSTEMPLOYMENT BENEFITS – (Continued)**

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 was \$7,584, \$10,094 and \$9,012, respectively; 55 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**B. State Teachers Retirement System**

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://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 \$34,319, \$35,467, and \$34,346 respectively; 84 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**11. COMPENSATED ABSENCES**

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

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

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**12. LONG-TERM OBLIGATIONS**

During the year ended June 30, 2010, the following changes occurred in obligations reported in the Government-Wide Financial Statements:

|                          | <u>Balance at<br/>6/30/09</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance at<br/>6/30/10</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
|--------------------------|-------------------------------|------------------|-------------------|-------------------------------|--------------------------------------------|
| Governmental Activities: |                               |                  |                   |                               |                                            |
| Capital Leases           | \$49,825                      |                  | \$9,273           | \$40,552                      | \$9,607                                    |
| Compensated Absences     | 399,779                       | 79,899           | 32,362            | 447,316                       | 103,387                                    |
| <b>Total</b>             | <u>\$449,604</u>              | <u>\$79,899</u>  | <u>\$41,635</u>   | <u>\$487,868</u>              | <u>\$112,994</u>                           |

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

The District's voted legal debt margin was \$5,904,790, with an unvoted debt margin of \$65,609 at June 30, 2010.

**13. SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

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

|                                              | <u>Textbooks</u>  | <u>Capital<br/>Acquisition</u> | <u>Totals</u>     |
|----------------------------------------------|-------------------|--------------------------------|-------------------|
| Set-aside Cash Balance as of June 30, 2009   | (\$59,235)        | \$130,477                      | \$71,242          |
| Current Year Set-aside Requirement           | 108,894           | 108,894                        | 217,788           |
| Qualifying Disbursements                     | (121,080)         | (212,112)                      | (333,192)         |
| <b>Total</b>                                 | <u>(\$71,421)</u> | <u>\$27,259</u>                | <u>(\$44,162)</u> |
| Set-aside Balance Carried Forward to FY 2011 | <u>(\$71,421)</u> | <u>\$27,259</u>                |                   |

The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero. The negative amounts may be used to offset future year textbook set-aside requirements.

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**14. JOINTLY GOVERNED ORGANIZATIONS**

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

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

**B. Jefferson County Career Center**

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

**15. GROUP PURCHASING POOLS**

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

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

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**15. GROUP PURCHASING POOLS (Continued)**

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

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

**16. INTERFUND TRANSFERS**

During the year ended June 30, 2010, the District transferred \$25,000 from the General Fund to a Non-major Governmental Fund. This transfer was made to eliminate a deficit cash balance.

**17. CAPITAL LEASE COMMITMENTS**

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

The following is a schedule of the future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2010:

| Fiscal Year Ending<br>June 30,                 | General<br>Long-Term<br>Obligations |
|------------------------------------------------|-------------------------------------|
| 2011                                           | \$11,067                            |
| 2012                                           | 11,067                              |
| 2013                                           | 11,066                              |
| 2014                                           | 11,067                              |
| Total Future Minimum Lease Payments            | 42,267                              |
| Less: Amount Representing Interest             | (3,715)                             |
| Present Value of Future Minimum Lease Payments | \$40,552                            |



**TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**18. CONTINGENCIES**

**A. Grants**

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

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2010.

**B. Litigation**

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

**19. SUBSEQUENT EVENTS**

On November 2, 2010, the voters of the District passed a 5.95 mill school improvement bond levy, which allowed the District to issue bonds to pay the local share of the cost to construct, furnish and equip a new middle/high school building under the State of Ohio Classroom Facilities Assistance Program. Voters also passed a .5 mill continuous levy for maintenance of the facility.

On December 28, 2010, the District issued \$8,199,996 in Classroom Facilities & School Improvement Bonds. The bond proceeds will be used to pay the District's local share of the construction of a new middle/high school building as well as furnishing, equipping and otherwise improving District buildings and facilities and clearing, improving and equipping their sites.

On January 28, 2011, the Ohio School Facilities Commission approved the Project Agreement with the District for the construction of a new middle/high school. The total estimated cost of the project is \$19,244,940, with the State share being 61% (\$11,739,413) and the District share being 39% (\$7,505,527).



## Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

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

January 31, 2011

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Toronto City School District (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

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

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

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

Toronto City School District  
Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed  
In Accordance with *Government Auditing Standards*  
Page 2

Compliance and Other Matters

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

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

*Rea & Associates, Inc.*



## Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

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

January 31, 2011

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

#### Compliance

We have audited the compliance of Toronto City School District (the District) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

*Hea & Associates, Inc.*

TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| FEDERAL GRANTOR/<br>PASS-THROUGH GRANTOR/<br>PROGRAM TITLE | CFDA<br>Number | Grant<br>Number | Federal<br>Receipts | Non-Cash<br>Receipts | Federal<br>Disbursements | Non-Cash<br>Disbursements |
|------------------------------------------------------------|----------------|-----------------|---------------------|----------------------|--------------------------|---------------------------|
| <b>U. S. Department of Education</b>                       |                |                 |                     |                      |                          |                           |
| (Passed Through Ohio Department of Education):             |                |                 |                     |                      |                          |                           |
| <i>Title I Cluster</i>                                     |                |                 |                     |                      |                          |                           |
| Title I                                                    | 84.010         | 2009            | \$ 28,326           | \$ 0                 | \$ 34,120                | \$ 0                      |
|                                                            | 84.010         | 2010            | 326,483             | 0                    | 324,285                  | 0                         |
| Title I: ARRA                                              | 84.389         | 2010            | 121,870             | 0                    | 84,177                   | 0                         |
| Total Title I Cluster                                      |                |                 | 476,679             | 0                    | 442,582                  | 0                         |
| <i>Special Education Cluster</i>                           |                |                 |                     |                      |                          |                           |
| IDEA-B                                                     | 84.027         | 2009            | 41,212              | 0                    | 40,275                   | 0                         |
|                                                            |                | 2010            | 175,712             | 0                    | 166,670                  | 0                         |
| IDEA-B: ARRA                                               | 84.391         | 2010            | 158,285             | 0                    | 152,006                  | 0                         |
| Early Childhood Special Education                          | 84.173         | 2009            | 668                 | 0                    | 670                      | 0                         |
|                                                            | 84.173         | 2010            | 3,772               | 0                    | 3,772                    | 0                         |
| Early Childhood Special Education: ARRA                    | 84.392         | 2010            | 5,126               | 0                    | 5,089                    | 0                         |
| Total Special Education Cluster                            |                |                 | 384,775             | 0                    | 368,482                  | 0                         |
| Safe and Drug-Free Schools and Communities                 | 84.186         | 2009            | 0                   | 0                    | 42                       | 0                         |
|                                                            |                | 2010            | 3,583               | 0                    | 2,983                    | 0                         |
| Total Safe and Drug-Free Schools and Communities           |                |                 | 3,583               | 0                    | 3,025                    | 0                         |
| Title II-D                                                 | 84.318         | 2009            | 0                   | 0                    | 0                        | 0                         |
|                                                            |                | 2010            | 2,577               | 0                    | 2,577                    | 0                         |
| Total Title II-D                                           |                |                 | 2,577               | 0                    | 2,577                    | 0                         |
| Title II-A                                                 | 84.367         | 2009            | 0                   | 0                    | 2,274                    | 0                         |
|                                                            |                | 2010            | 56,745              | 0                    | 56,173                   | 0                         |
| Total Title II-A                                           |                |                 | 56,745              | 0                    | 58,447                   | 0                         |
| State Fiscal Stabilization Fund: ARRA                      | 84.394         | 2010            | 225,816             | 0                    | 225,816                  | 0                         |
| Total Passed Through Ohio Department of Education          |                |                 | 1,150,175           | 0                    | 1,100,929                | 0                         |
| Total U.S. Department of Education                         |                |                 | 1,150,175           | 0                    | 1,100,929                | 0                         |
| <b>U. S. Department of Agriculture</b>                     |                |                 |                     |                      |                          |                           |
| (Passed Through Ohio Department of Education):             |                |                 |                     |                      |                          |                           |
| <i>National School Lunch Program</i>                       |                |                 |                     |                      |                          |                           |
| Non-Cash Assistance                                        | 10.555         | 2010            | 0                   | 14,050               | 0                        | 14,050                    |
| Cash Assistance                                            | 10.555         | 2010            | 200,284             | 0                    | 200,284                  | 0                         |
| Total National School Lunch Program                        |                |                 | 200,284             | 14,050               | 200,284                  | 14,050                    |
| Total U.S. Department of Agriculture                       |                |                 | 200,284             | 14,050               | 200,284                  | 14,050                    |
| Total Federal Assistance                                   |                |                 | \$ 1,350,459        | \$ 14,050            | \$ 1,301,213             | \$ 14,050                 |

See accompanying notes to the Schedule of Expenditure of Federal Awards

TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2010

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B: NATIONAL SCHOOL LUNCH PROGRAM

Reimbursement monies are commingled with local receipts and state grants. It is assumed federal moneys are expended first.

Food Distribution Program nonmonetary assistance is reported in the schedule of expenditures of federal awards at the entitlement value of the commodities received and disbursed. At June 30, 2010, the District had no significant food commodities inventory.

NOTE C: TRANSFERS

The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30<sup>th</sup> and spent by September 30<sup>th</sup>). However, with ODE's approval, a District can transfer unspent Federal Assistance to the succeeding year, this allowing the District a total of 27 months to spend the assistance. During fiscal year 2010, the Ohio Department of Education (ODE) authorized the following transfers:

| <u>CFDA<br/>Number</u> | <u>Program Title</u> | <u>Pass-Through<br/>Entity Number<br/>(or Grant Year)</u> | <u>Transfers<br/>Out</u> | <u>Transfers<br/>In</u> |
|------------------------|----------------------|-----------------------------------------------------------|--------------------------|-------------------------|
| 84.010                 | Title I              | 2009                                                      | \$ 1,490                 |                         |
| 84.010                 | Title I              | 2010                                                      |                          | \$ 1,490                |
| 84.027                 | Title VI-B           | 2009                                                      | \$ 7,579                 |                         |
| 84.027                 | Title VI-B           | 2010                                                      |                          | \$ 7,579                |

TORONTO CITY SCHOOL DISTRICT  
JEFFERSON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2010

**1. SUMMARY OF AUDITOR'S RESULTS**

A-133 Ref.  
.505(d)

|                |                                                                                                                    |                                                                                      |
|----------------|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| (d) (1) (i)    | Type of Financial Statement Opinion                                                                                | Unqualified                                                                          |
| (d) (1) (ii)   | Were there any material control weakness conditions reported at the financial statement level (GAGAS)?             | No                                                                                   |
| (d) (1) (ii)   | Were there any other internal control deficiencies reported at the financial statement level (GAGAS)?              | No                                                                                   |
| (d) (1) (iii)  | Was there any reported material non-compliance at the financial statement level (GAGAS)?                           | No                                                                                   |
| (d) (1) (iv)   | Were there any material internal control weakness conditions reported for major federal programs?                  | No                                                                                   |
| (d) (1) (iv)   | Were there any internal control deficiencies reported for major programs which were not considered to be material? | No                                                                                   |
| (d) (1) (v)    | Type of Major Programs' Compliance Opinion                                                                         | Unqualified                                                                          |
| (d) (1) (vi)   | Are there any reportable findings under Section 510(a) of Circular A-133?                                          | No                                                                                   |
| (d) (1) (vii)  | Major Programs (list):<br>Title I Cluster<br><br>Special Education Cluster                                         | CFDA# 84.010 & 84.389 (ARRA)<br>CFDA # 84.027, 84.173, 84.391 (ARRA) & 84.392 (ARRA) |
| (d) (1) (viii) | Dollar Threshold: Type A/B Programs                                                                                | Type A: >\$300,000<br>Type B: All others                                             |
| (d) (1) (ix)   | Low Risk Auditee?                                                                                                  | Yes                                                                                  |

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

**NONE**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**NONE**





# Dave Yost • Auditor of State

**TORONTO CITY SCHOOL DISTRICT**

**JEFFERSON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 31, 2011**