

Toronto City School District
Jefferson County, Ohio
Audited Financial Statements

June 30, 2009



Mary Taylor, CPA
Auditor of State

Board of Education
Toronto City School District
300 Myers Street
Toronto, Ohio 46964

We have reviewed the *Independent Auditor's Report* of the Toronto City School District, Jefferson County, prepared by Rea & Associates, Inc., for the audit period July 1, 2008 through June 30, 2009. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 22, 2010

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**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

JUNE 30, 2009

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**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

JUNE 30, 2009

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Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

January 22, 2010

To the Board of Education
Toronto City School District
Toronto, OH 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 the Toronto City School District (the "District"), as of and for the year ended June 30, 2009, 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, 2009, and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2010 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.

Toronto City School District
Independent Auditor's Report
January 22, 2010

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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Rea & Associates, Inc.

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2009
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, 2009. 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 2009 are as follows:

In total, net assets increased \$63,204.

General revenues accounted for \$5,793,457, or 78 percent of all revenues. Program specific revenues in the form of operating grants and contributions accounted for \$1,587,209, or 22 percent of total revenues of \$7,380,666.

The District's major fund is the General Fund. The General Fund had \$5,687,862 in revenues and other financing sources and \$5,975,033 in expenditures and other financing uses. The General Fund's balance decreased \$287,171 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 2009. 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, 2009
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, 2009
Unaudited
(Continued)**

The District as a Whole

Table 1 provides a summary of the District's net assets for fiscal year 2009 compared to fiscal year 2008.

**Table 1
Net Assets
Governmental Activities**

	2009	2008 - Restated
<u>Assets:</u>		
Current and Other Assets	\$6,613,135	\$7,145,714
Capital Assets, Net	1,697,166	1,652,240
Total Assets	<u>8,310,301</u>	<u>8,797,954</u>
<u>Liabilities:</u>		
Current and Other Liabilities	2,221,153	2,778,839
Long-Term Liabilities	449,604	442,775
Total Liabilities	<u>2,670,757</u>	<u>3,221,614</u>
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt	1,647,341	1,652,240
Restricted	266,922	213,295
Unrestricted	3,725,281	3,710,805
Total	<u>\$5,639,544</u>	<u>\$5,576,340</u>

Table 2 reflects the changes in net assets for fiscal year 2009 compared to fiscal year 2008. The increase in net assets was insignificant.

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

	2009	2008
<u>Revenues:</u>		
Program Revenues:		
Charges for Services and Sales	\$232,996	\$248,036
Operating Grants, Contributions and Interest	1,354,213	1,772,380
Total Program Revenues	<u>1,587,209</u>	<u>2,020,416</u>
General Revenues:		
Property Taxes	1,477,614	1,828,195
Grants and Entitlements	4,079,480	3,710,377
Gifts and Donations	476	5,950
Interest	121,423	194,609
Miscellaneous	114,194	66,736
Proceeds from Sale of Capital Assets	270	100
Total General Revenues	<u>5,793,457</u>	<u>5,805,967</u>
Total Revenues	<u>7,380,666</u>	<u>7,826,383</u>

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2009
Unaudited
(Continued)**

<u>Expenses:</u>		
Instruction	\$4,158,541	\$4,060,255
Support Services:		
Pupils	222,586	266,948
Instructional Staff	244,357	299,056
Board of Education	10,316	9,748
Administration	853,873	846,213
Fiscal	260,645	322,064
Business	43,187	58,580
Operation and Maintenance of Plant	799,800	834,560
Pupil Transportation	60,611	183,808
Non-Instructional	407,462	419,717
Extracurricular Activities	255,335	167,133
Interest and Fiscal Charges	699	
Total Expenses	<u>7,317,462</u>	<u>7,468,082</u>
Increase/(Decrease) in Net Assets	<u>\$63,204</u>	<u>\$358,301</u>

The District had a decrease in general revenue due mainly to the loss of tangible personal property tax. Decreases in total expenses were due mainly to decreases in support service costs. The district had many retirements and resignations at the end of the 2009 school year.

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 of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2009</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>
Instruction	\$4,158,541	\$3,028,379	\$4,060,255	\$2,520,370
Support Services:				
Pupils	222,586	222,586	266,948	266,948
Instructional Staff	244,357	236,635	299,056	292,814
Board of Education	10,316	10,316	9,748	9,748
Administration	853,873	844,873	846,213	837,213
Fiscal	260,645	260,645	322,064	322,064
Business	43,187	2,608	58,580	4,085
Operation and Maintenance of Plant	799,800	799,800	834,560	834,560
Pupil Transportation	60,611	56,941	183,808	178,886
Non-Instructional	407,462	97,226	419,717	107,686
Extracurricular Activities	255,335	169,545	167,133	73,292
Interest and Fiscal Charges	699	699		
Total Expenses	<u>\$7,317,462</u>	<u>\$5,730,253</u>	<u>\$7,468,082</u>	<u>\$5,447,666</u>

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2009
Unaudited
(Continued)**

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 72 percent of instruction activities is supported through taxes and other general revenues. For all governmental activities, support from general revenues is 78 percent. The remaining 22 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 \$7,395,736 and expenditures of \$7,810,764. The net negative change of \$415,028 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 2009, the District amended its General Fund budget as needed.

Final expenditures were budgeted at \$6,710,372 while actual expenditures were \$5,965,524. The \$744,848 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 2009, the District had \$1,697,166 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, 2009, the District had no debt.

At June 30, 2009, the District's overall legal debt margin was \$6,079,383, with an un-voted debt margin of \$67,549.

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

Current Issues

The District is holding its own in the state of a declining economy and uncertainty in State funding. Toronto is a small residential community of 5,676 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 WalMart 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. 40 percent of District revenue sources are from local funds, 52 percent is from state funds, and the remaining 8 percent is from federal funds. The total expenditure per pupil was calculated at \$9,414.

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2009
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 \$430,729 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, 2009**

		Governmental Activities
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$	2,314,908
Cash and Cash Equivalents with Fiscal Agents		1,444,045
Investments		1,125,000
Materials and Supplies Inventory		9,374
Accrued Interest Receivable		27,544
Intergovernmental Receivable		128,059
Accounts Receivable		16,458
Prepaid Items		6,038
Taxes Receivable		1,541,709
Capital Assets:		
Non-Depreciable Capital Assets		215,638
Depreciable Capital Assets, net		1,481,528
Total Assets		<u>8,310,301</u>
 LIABILITIES:		
Accounts Payable		25,239
Accrued Wages and Benefits		731,338
Intergovernmental Payable		160,201
Matured Compensated Absences Payable		28,257
Deferred Revenue		1,215,587
Claims Payable		60,531
Long-Term Liabilities:		
Due Within One Year		41,635
Due in More Than One Year		407,969
Total Liabilities		<u>2,670,757</u>
 NET ASSETS:		
Invested in Capital Assets, Net of Related Debt		1,647,341
Restricted for Debt Service		122,510
Restricted for Set Asides		130,477
Restricted for Other Purposes		13,935
Unrestricted		3,725,281
Total Net Assets	\$	<u><u>5,639,544</u></u>

See Accompanying Notes to the Basic Financial Statements

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**Statement of Activities
For the Fiscal Year Ended June 30, 2009**

		<u>Program Revenues</u>		<u>Net(Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Instruction:				
Regular	\$ 3,016,776	\$ 22,671	\$ 349,011	\$ (2,645,094)
Special	897,743		728,038	(169,705)
Vocational	115,690		30,442	(85,248)
Student Intervention Services	99,376			(99,376)
Other	28,956			(28,956)
Support Services:				
Pupils	222,586			(222,586)
Instructional Staff	244,357		7,722	(236,635)
Board of Education	10,316			(10,316)
Administration	853,873		9,000	(844,873)
Fiscal	260,645			(260,645)
Business	43,187	40,579		(2,608)
Operation and Maintenance of Plant	799,800			(799,800)
Pupil Transportation	60,661		3,720	(56,941)
Operation of Non-Instructional Services	407,462	83,956	226,280	(97,226)
Extracurricular Activities	255,335	85,790		(169,545)
Interest and Fiscal Charges	699			(699)
Totals	\$ <u>7,317,462</u>	\$ <u>232,996</u>	\$ <u>1,354,213</u>	<u>(5,730,253)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				1,477,614
Grants and Entitlements not Restricted to Specific Programs				4,079,480
Gifts and Donations				476
Investment Earnings				121,423
Miscellaneous				114,194
Gain on the Sale of Capital Assets				270
Total General Revenues				<u>5,793,457</u>
Change in Net Assets				63,204
Net Assets Beginning of Year - Restated				<u>5,576,340</u>
Net Assets End of Year				\$ <u>5,639,544</u>

See Accompanying Notes to the Basic Financial Statements

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**Balance Sheet
Governmental Funds
June 30, 2009**

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 1,935,705	\$ 248,726	\$ 2,184,431
Investments	1,125,000		1,125,000
Materials and Supplies Inventory		9,374	9,374
Accrued Interest Receivable	23,656		23,656
Accounts Receivable	14,482	1,976	16,458
Intergovernmental Receivable		128,059	128,059
Prepaid Items	6,038		6,038
Taxes Receivable	1,541,709		1,541,709
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	130,477		130,477
Total Assets	\$ 4,777,067	\$ 388,135	\$ 5,165,202
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 25,239	\$	\$ 25,239
Accrued Wages and Benefits	573,597	157,741	731,338
Intergovernmental Payable	134,823	25,378	160,201
Matured Compensated Absences Payable	23,722	4,535	28,257
Deferred Revenue	1,427,837	76,469	1,504,306
Total Liabilities	2,185,218	264,123	2,449,341
Fund Balances			
Reserved:			
Reserved for Encumbrances	167,608	13,771	181,379
Reserved for Prepaid Items	6,038		6,038
Reserved for Property Taxes	113,872		113,872
Reserved for Capital Improvements	130,477		130,477
Unreserved, Undesignated, Reported in:			
General Fund	2,173,854		2,173,854
Special Revenue Funds		(12,269)	(12,269)
Debt Service Funds		122,510	122,510
Total Fund Balances	2,591,849	124,012	2,715,861
Total Liabilities and Fund Balances	\$ 4,777,067	\$ 388,135	\$ 5,165,202

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, 2009**

Total Governmental Fund Balances	\$	2,715,861
Amounts reported for governmental activities on the statement of net assets are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		1,697,166
Taxes Receivable that do not provide financial resources are not reported as revenues in governmental fund.		288,719
Internal Service Fund		1,387,402
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Capital Leases Payable	\$	(49,825)
Compensated Absences Payable		(399,779)
		<u>(449,604)</u>
Net Assets of Governmental Activities	\$	<u><u>5,639,544</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, 2009**

	<u>General Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Property and Other Local Taxes	\$ 1,476,261	\$	\$ 1,476,261
Intergovernmental	3,917,589	1,496,135	5,413,724
Interest	84,838	851	85,689
Tuition and Fees	22,671	7,430	30,101
Rent		2,790	2,790
Extracurricular Activities		123,579	123,579
Gifts and Donations		476	476
Customer Sales and Services		76,526	76,526
Miscellaneous	114,107	87	114,194
Total Revenues	<u>5,615,466</u>	<u>1,707,874</u>	<u>7,323,340</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	2,486,309	626,164	3,112,473
Special	605,851	336,221	942,072
Vocational	127,972		127,972
Student Intervention Services	11,302	88,074	99,376
Other	26,635	3,221	29,856
Support Services:			
Pupils	231,172	22,040	253,212
Instructional Staff	173,370	86,416	259,786
Board of Education	10,316		10,316
Administration	829,670	73,289	902,959
Fiscal	302,050		302,050
Business		42,930	42,930
Operation and Maintenance of Plant	833,319	1,148	834,467
Pupil Transportation	109,244	104,088	213,332
Operation of Non-Instructional Services		397,832	397,832
Extracurricular Activities	161,028	98,103	259,131
Principal	22,301		22,301
Interest	699		699
Total Expenditures	<u>5,931,238</u>	<u>1,879,526</u>	<u>7,810,764</u>
Excess of Revenues Over (Under) Expenditures	<u>(315,772)</u>	<u>(171,652)</u>	<u>(487,424)</u>
OTHER FINANCING SOURCES AND USES:			
Transfers In		43,795	43,795
Proceeds from Sale of Capital Assets	270		270
Inception of Capital Lease	72,126		72,126
Transfers Out	(43,795)		(43,795)
Total Other Financing Sources and Uses	<u>28,601</u>	<u>43,795</u>	<u>72,396</u>
Net Change in Fund Balances	(287,171)	(127,857)	(415,028)
Fund Balance (Deficit) at Beginning of Year	2,879,020	251,869	3,130,889
Fund Balance (Deficit) at End of Year	<u>\$ 2,591,849</u>	<u>\$ 124,012</u>	<u>\$ 2,715,861</u>

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, 2009**

Net Change in Fund Balances - Total Governmental Funds \$ (415,028)

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

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

Capital Outlay	\$	189,514	
Depreciation		(143,983)	
		45,531	45,531

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			(605)
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Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Intergovernmental		19,969	
Delinquent Property Taxes		1,353	
		21,322	21,322

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of activities.			22,301
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Internal service fund is not included in governmental fund financial statements.			418,813
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Inception of capital lease			(72,126)
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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		42,996	
		42,996	42,996

Change in Net Assets of Governmental Activities	\$		63,204
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See Accompanying Notes to the Basic Financial Statements

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
GENERAL FUND
For the Fiscal Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/(Negative)</u>
REVENUES:				
Property and Other Local Taxes	\$ 1,833,125	\$ 1,696,311	\$ 1,696,311	\$ 0
Intergovernmental	4,060,450	3,920,334	3,920,482	148
Interest	145,000	135,000	128,331	(6,669)
Tuition and Fees	16,000	16,000	22,671	6,671
Total Revenues	<u>6,054,575</u>	<u>5,767,645</u>	<u>5,767,795</u>	<u>150</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	2,664,311	2,664,311	2,342,469	321,842
Special	631,390	631,390	572,239	59,151
Vocational	115,394	115,394	127,694	(12,300)
Student Intervention Services	10,730	10,730	11,302	(572)
Other	65,000	65,000	33,361	31,639
Support Services:				
Pupils	227,168	227,168	226,074	1,094
Instructional Staff	186,660	186,660	172,410	14,250
Board of Education	12,247	12,247	10,989	1,258
Administration	907,340	907,340	871,083	36,257
Fiscal	339,100	339,100	309,059	30,041
Operation and Maintenance of Plant	1,066,636	1,066,636	873,941	192,695
Pupil Transportation	253,856	253,856	204,918	48,938
Extracurricular Activities	160,240	160,240	153,352	6,888
Total Expenditures	<u>6,640,072</u>	<u>6,640,072</u>	<u>5,908,891</u>	<u>731,181</u>
Excess of Revenues Over (Under) Expenditures	<u>(585,497)</u>	<u>(872,427)</u>	<u>(141,096)</u>	<u>731,331</u>
Other Financing Sources and Uses:				
Advances In	59,844	59,844	59,844	0
Proceeds from Sale of Capital Assets	250	250	270	20
Refund of Prior Year Expenditures	50,000	100,000	99,819	(181)
Transfers Out	(65,300)	(65,300)	(43,795)	21,505
Refund of Prior Year Receipts	(5,000)	(5,000)	(12,838)	(7,838)
Total Other Financing Sources and Uses	<u>39,794</u>	<u>89,794</u>	<u>103,300</u>	<u>13,506</u>
Net Change in Fund Balances	(545,703)	(782,633)	(37,796)	744,837
Fund Balance (Deficit) at Beginning of Year	2,880,977	2,880,977	2,880,977	0
Prior Year Encumbrances Appropriated	155,153	155,153	155,153	0
Fund Balance (Deficit) at End of Year	<u>\$ 2,490,427</u>	<u>\$ 2,253,497</u>	<u>\$ 2,998,334</u>	<u>\$ 744,837</u>

See Accompanying Notes to the Basic Financial Statements

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**Statement of Fund Net Assets
Proprietary Fund
June 30, 2009**

		<u>Governemental Activities - Internal Service</u>
ASSETS:		
Current Assets:		
Cash and Cash Equivalents with Fiscal Agents	\$	1,444,045
Accrued Interest Receivable		3,888
Total Current Assets		<u>1,447,933</u>
 Total Assets		 <u><u>1,447,933</u></u>
 LIABILITIES:		
Current Liabilities:		
Claims Payable		60,531
Total Current Liabilities		<u>60,531</u>
 Total Liabilities		 <u><u>60,531</u></u>
 NET ASSETS:		
Unrestricted		<u>1,387,402</u>
Total Net Assets	\$	<u><u>1,387,402</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, 2009**

OPERATING REVENUES:

Charges for Services	\$ 1,233,631
Total Operating Revenues	<u>1,233,631</u>

OPERATING EXPENSES:

Purchased Services	64,856
Claims	<u>785,696</u>
Total Operating Expenses	<u>850,552</u>
Operating Income (Loss)	<u>383,079</u>

NON-OPERATING REVENUES (EXPENSES):

Interest	<u>35,734</u>
Total Non-Operating Revenues (Expenses)	<u>35,734</u>
Net Change in Net Assets	418,813

Net Assets (Deficit) at Beginning of Year - Restated	<u>968,589</u>
Net Assets (Deficit) at End of Year	<u>\$ 1,387,402</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, 2009**

	Governmental Activities - Internal Service
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Charges for Services	\$ 1,233,631
Cash Payments for Purchased Services	(64,856)
Cash Payments for Claims	(780,840)
Net Cash Used by Operating Activities	<u>387,935</u>
Cash Flows from Investing Activities:	
Interest Received	33,951
Net Cash Provided (Used) by Investing Activities	<u>33,951</u>
Net Increase (Decrease) in Cash and Cash Equivalents	421,886
Cash and Cash Equivalents at Beginning of Year	1,022,159
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,444,045</u></u>
 Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities:	
Operating Income (Loss)	\$ 383,079
Adjustments	
Increase (Decrease) in Liabilities:	
Claims Payable	4,856
Net Cash Used by Operating Activities	<u><u>\$ 387,935</u></u>

See Accompanying Notes to Basic Financial Statements

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009**

	Private Purpose Trust	Agency Fund
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 25,444	\$ 16,136
Total Assets	25,444	16,136
Liabilities		
Current Liabilities:		
Undistributed Monies		16,136
Total Liabilities	0	16,136
Net Assets		
Held in Trust for Scholarships	25,444	
Total Net Assets	\$ 25,444	\$ 0

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, 2009**

	<u>Private Purpose Trust</u>
ADDITIONS:	
Interest	\$ 1,226
Gifts and Contributions	<u>75</u>
Total Additions	<u>1,301</u>
DEDUCTIONS:	
Payments in Accordance with Trust Agreements	<u>475</u>
Total Deductions	<u>475</u>
Change in Net Assets	826
Net Assets Beginning of Year	<u>24,618</u>
Net Assets End of Year	<u>\$ 25,444</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, 2009**

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 40 non-certified and 71 certified full-time teaching personnel who provide services to 841 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 a joint venture, a jointly governed organization, 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, 2009
(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 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, 2009
(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, 2009
(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, 2009, but which were levied to finance fiscal year 2010 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, 2009
(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 2009 amounted to \$84,838 and \$1,697 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, 2009
(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 two thousand five hundred dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

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, 2009
(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, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Reserves and Designations

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 Assets/Liabilities

On the fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables." Interfund balances within governmental activities are eliminated on the government-wide statement of net assets.

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. 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.

Q. 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 2009.

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Changes in Accounting Principles

For the year ended June 30, 2009, the District has implemented GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

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).

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

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

3. BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Change in Fund Balance Major Governmental Fund	
GAAP Basis	(\$287,171)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2008, Received In Cash FY 2009	404,158
Accrued FY 2009, Not Yet Received in Cash	(336,793)
Expenditure Accruals:	
Accrued FY 2008, Paid in Cash FY 2009	(621,111)
Accrued FY 2009, Not Yet Paid in Cash	936,126
Advances Net	59,844
Encumbrances Outstanding at Year End (Budget Basis)	(192,849)
Budget Basis	(\$37,796)

4. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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, 2009, the District's internal service fund had a balance of \$1,444,045 with OME-RESA, a claims servicing pool (See Note 8). The balance is held by the claims administrator in a pooled account that is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the District. Disclosures for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid Eastern Regional Educational Service Agency Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43695.

Deposits

Custodial credit risk 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, \$3,393,681 of the District's bank balance of \$3,643,681 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, 2009
(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 2009 represent the collection of calendar year 2008 taxes. Real property taxes for 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, 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 2009 were levied after April 1, 2008, on the assessed values as of December 31, 2007, 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 2009 (other than public utility property) represent the collection of calendar year 2009 taxes. Tangible personal property taxes for 2009 were levied after April 1, 2008, on the value as of December 31, 2007. 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 will be 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, 2009, are available to finance fiscal year 2009 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, 2009 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 2009 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, 2009, was \$113,872 in the General Fund.

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

5. PROPERTY TAXES (Continued)

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$54,289,400	68%	\$54,427,940	81%
Industrial/Commercial	9,760,340	12%	9,623,240	14%
Public Utility	3,445,820	4%	3,497,520	5%
Tangible Personal	12,766,329	16%		
Total Assessed Value	<u>\$80,261,889</u>	<u>100%</u>	<u>\$67,548,700</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$37.65		\$37.65	

6. RECEIVABLES

Receivables at June 30, 2009, consisted of property, 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:

	Amount
Governmental Activities	
Food Service	\$215
Public School Preschool	668
Title VI-B	31,494
Title I	95,682
Total Intergovernmental Receivables	<u>\$128,059</u>

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	<u>Balance at 6/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/09</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			942,845
Buildings and Building Improvements	5,328,750			5,328,750
Furniture, Fixtures, and Equipment	448,046	\$10,800	\$6,050	452,796
Vehicles	432,908	178,714	33,635	577,987
Books	233,584			233,584
Total Depreciable Capital Assets	<u>7,386,133</u>	<u>189,514</u>	<u>39,685</u>	<u>7,535,962</u>
Less Accumulated Depreciation				
Land Improvements	705,582	20,546		726,128
Buildings and Building Improvements	4,272,583	63,406		4,335,989
Furniture, Fixtures, and Equipment	387,500	11,823	5,445	393,878
Vehicles	350,282	48,208	33,635	364,855
Books	233,584			233,584
Total Accumulated Depreciation	<u>5,949,531</u>	<u>143,983</u>	<u>39,080</u>	<u>6,054,434</u>
Depreciable Capital Assets, Net	<u>1,436,602</u>	<u>45,531</u>	<u>605</u>	<u>1,481,528</u>
Governmental Activities Capital Assets, Net	<u>\$1,652,240</u>	<u>\$45,531</u>	<u>\$605</u>	<u>\$1,697,166</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$74,469
Special	2,492
Support Services:	
Administration	1,828
Business	257
Operation and Maintenance of Plant	17,909
Pupil Transportation	34,178
Non-Instructional Services	1,527
Extracurricular	11,323
Total Depreciation Expense	<u>\$143,983</u>

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(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 2009, the District's insurance coverage was as follows:

Type of Coverage	Insurance Carrier	Deductible	Liability Limit
Building and Contents	Ohio Casualty Insurance Company/Netherlands Insurance	\$5,000	\$28,077,158
Boiler and Machinery	Travelers Property Casualty	5,000	5,000,000
Automobile Liability Comprehensive Collision	Ohio Casualty/ Peerless Insurance	100 250	1,000,000
Uninsured Motorists/Underinsured	Ohio Casualty/Peerless Insurance	250	1,000,000
Inland Marine	Ohio Casualty/Netherlands Insurance	500	351,661
Excess Liability (Umbrella) Per occurrence Aggregate	Ohio Casualty/Midwestern Indemnity Insurance	0 0	3,000,000 3,000,000
Sexual Misconduct/ Molestation Liability Per occurrence Aggregate	Ohio Casualty/Netherlands Insurance		1,000,000 1,000,000
School Leaders Errors & Omissions	Ohio Casualty/Netherlands Insurance	2,500	1,000,000
Employee Benefits Liability Per Employee Aggregate	Ohio Casualty/Netherlands Insurance	1,000	1,000,000 3,000,000

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

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

8. RISK MANAGEMENT (Continued)

For fiscal year 2009, 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 \$60,531 reported in the Internal Service Fund at June 30, 2009 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2008	\$175,102	\$935,835	\$1,166,612	\$55,675
2009	\$55,675	\$785,696	\$780,840	\$60,531

9. DEFINED PENSION BENEFIT PLANS

A. School Employee Retirement System

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

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(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 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$122,343, \$191,170, and \$197,655, respectively; 66 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. The unpaid contribution for fiscal year 2009 was \$63,752.

B. State Teachers Retirement System

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

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

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, 2009, 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 2008, 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, 2009
(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, 2009, 2008, and 2007 were \$461,074, \$480,850, and \$456,768, respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. The unpaid contribution for fiscal year 2009 was \$82,281.

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, 2009, 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 2009, 4.16 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 2009, 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, 2009, 2008, and 2007 were \$55,990, \$57,078, and \$59,014 respectively; .4.16 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(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 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 was \$10,094, \$9,012 and \$9,318, respectively; 66 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, 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, 2009, 2008, and 2007 were \$35,467, \$34,346, and \$32,626 respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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, 2009
(Continued)**

12. LONG-TERM OBLIGATIONS

During the year ended June 30, 2009, the following changes occurred in obligations reported in the Government-Wide Financial Statements:

	<u>Balance at 6/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/09</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Capital Leases		\$72,126	\$22,301	\$49,825	\$9,273
Compensated Absences	\$442,775	37,967	80,963	399,779	32,362
Total	<u>\$442,775</u>	<u>\$110,093</u>	<u>\$103,264</u>	<u>\$449,604</u>	<u>\$41,635</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 \$6,079,383, with an unvoted debt margin of \$67,549 at June 30, 2009.

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 Acquisition</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 2008	(\$58,127)	\$66,828	\$8,701
Current Year Set-aside Requirement	121,361	121,361	242,722
Qualifying Disbursements	<u>(122,469)</u>	<u>(57,712)</u>	<u>(180,181)</u>
Total	<u>(\$59,235)</u>	<u>\$130,477</u>	<u>\$71,242</u>
Set-aside Balance Carried Forward to FY 2010	<u>(\$59,235)</u>	<u>\$130,477</u>	<u>\$71,242</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, 2009
(Continued)**

14. JOINTLY GOVERNED ORGANIZATIONS

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

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

B. Jefferson County Career Center

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

15. GROUP PURCHASING POOLS

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

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

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

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(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, 2009, the District transferred \$43,795 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, 2009:

Fiscal Year Ending June 30,	General Long-Term Obligations
2010	\$11,067
2011	11,067
2012	11,067
2013	11,066
2014	11,067
Total Future Minimum Lease Payments	55,334
Less: Amount Representing Interest	(5,509)
Present Value of Future Minimum Lease Payments	\$49,825

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(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, 2009.

B. Litigation

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

19. RESTATEMENT OF NET ASSETS

During the year, it was determined by the District that claims payable were overstated by \$217,931 at June 30, 2008. This resulted in the understatement of net assets of the internal service fund and governmental activities.

	Governmental Activities	Internal Service Fund
Previously Reported Net Assets at 6/30/08	\$ 5,358,409	\$ 750,658
Claims Payable	217,931	217,931
Restated Net Assets at 7/1/08	\$ 5,576,340	\$ 968,589

Claims payable is an estimate. In determining the current year estimate, the District compared FY09 estimate to FY08 and realized there was a significant difference. Since they had actual information for FY08, the District determined their prior year estimate was materially overstated. This caused the District to restate their beginning FY09 net assets to better reflect the actual claims payable.



Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

January 22, 2010

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Toronto City School District (the "District") as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinion 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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
January 22, 2010
Page 2

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the District in a separate letter dated January 22, 2010.

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*. However, we noted immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 22, 2010.

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.



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ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

January 22, 2010

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

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

Compliance

We have audited the compliance of Toronto City School District (the "District") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The 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 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 YEAR ENDED JUNE 30, 2009

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Grant Number	Federal Receipts	Non-Cash Receipts	Federal Disbursements	Non-Cash Disbursements
U. S. DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education:</i>						
Nutrition Cluster:						
School Breakfast Program	10.553	2009	\$ 38,566		\$ 38,566	
National School Lunch Program	10.555	2009	136,757	\$ 15,964	136,757	\$ 15,964
Total - Nutrition Cluster			<u>175,323</u>	<u>15,964</u>	<u>175,323</u>	<u>15,964</u>
Total US Department of Agriculture			<u>175,323</u>	<u>15,964</u>	<u>175,323</u>	<u>15,964</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed through Ohio Department of Education:</i>						
Title I, Part A	84.010	2008	37,174		30,354	
		2009	178,002		180,289	
School Improvement Grant		2009	<u>60,000</u>		<u>60,000</u>	
Total Title I			275,176		270,643	
Special Education Cluster:						
Title VI-B	84.027	2008	41,035		44,997	
		2009	170,639		185,670	
Title VI-B Preschool	84.173	2009	4,054		4,052	
Child Outcomes	84.173	2009	<u>3,000</u>		<u>3,000</u>	
Total Special Education Cluster			218,728		237,719	
Title V	84.298	2008	-		31	
		2009	719		719	
Total Title V			<u>719</u>		<u>750</u>	
Safe, Drug-Free Schools & Communities Act Grant	84.186	2009	<u>3,800</u>		<u>3,759</u>	
			3,800		3,759	
Title II-D Technology	84.318	2009	<u>2,214</u>		<u>2,214</u>	
			2,214		2,214	
Title II-A	84.367	2008	7,154		8,443	
		2009	<u>55,439</u>		<u>53,165</u>	
			62,593		61,608	
Total U.S. Department of Education			<u>563,230</u>	<u>-</u>	<u>576,693</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 738,553</u>	<u>\$ 15,964</u>	<u>\$ 752,016</u>	<u>\$ 15,964</u>

See accompanying notes to the schedule of expenditures of federal awards.

TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

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: NUTRITION CLUSTER

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, 2009, 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 30th and spent by September 30th). 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 2009, the Ohio Department of Education (ODE) authorized the following transfers:

CFDA Number	Program Title	Pass-Through Entity Number (or Grant Year)	Transfers Out	Transfers In
84.010	Title I	2008	\$ 46,885	
84.010	Title I	2009		\$ 46,885
84.027	Title VI-B	2008	\$ 40,861	
84.027	Title VI-B	2009		\$ 40,861

TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009

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): Nutrition Cluster: National School Breakfast Program, National School Lunch Program Title I	CFDA # 10.553 # 10.555 # 84.010
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE



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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

January 22, 2010

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on September 27, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;

- (3) A procedure for reporting prohibited incidents;
- (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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

Rea & Associates, Inc.



Mary Taylor, CPA
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
APRIL 6, 2010**