



Dave Yost • Auditor of State

**L. HOLLINGWORTH SCHOOL FOR THE TALENTED AND GIFTED
LUCAS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

L. Hollingworth School for the Talented and Gifted
Lucas County
824 Sixth Street
Toledo, Ohio 43605

To the Governing Board:

We have audited the accompanying basic financial statements of L. Hollingworth School for the Talented and Gifted, Lucas County, Ohio (the School), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of L. Hollingworth School for the Talented and Gifted, Lucas County, Ohio, as of June 30, 2011, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2012, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

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We conducted our audit to opine on the financial statements that collectively comprise the School's basic financial statements taken as a whole. The schedule of federal awards receipts and expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The schedule of federal awards receipts and expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

February 22, 2012

L. Hollingworth School for the Talented and Gifted
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Unaudited)

As management of the L. Hollingworth School for the Talented and Gifted (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for the School are as follows:

- Total net assets of the School increased \$351,673 in fiscal year 2011. Ending net assets of the School were \$470,298.
- Total assets increased \$365,723 from the prior year and total liabilities increased by \$14,050 during this same 12 month period.
- The School's operating loss for fiscal year 2011 was \$269,160 compared with an operating loss of \$235,364 reported for the prior year. Total revenues increased by \$846,222 while operating expenses increased by \$613,174 over those reported for the prior year.

Using this Annual Financial Report

This financial report contains the basic financial statements of the School, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net assets, statement of revenues, expenses and changes in net assets, and a statement of cash flows. As the School reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentation information is the same.

Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets

The statement of net assets and the statement of revenues, expenses and changes in net assets answer the question, "How did we do financially during the fiscal year?" The statement of net assets includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

This statement reports the School's net assets; however, in evaluating the overall position and financial viability of the School, non-financial information such as the condition of the School's property and potential changes in the laws governing charter schools in the State of Ohio will also need to be evaluated.

L. Hollingworth School for the Talented and Gifted
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Unaudited)

The statement of revenues, expenses and changes in net assets reports the changes in net assets. This change in net assets is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

Financial Analysis

Table 1 provides a summary of the School's net assets for 2011 and 2010:

Table 1
Net Assets at Year End

	2011	2010
Assets:		
Current Assets	\$ 494,456	\$ 151,910
Capital Assets, Net	80,605	57,428
Total Assets	575,061	209,338
Liabilities		
Current Liabilities	104,763	90,713
Total Liabilities	104,763	90,713
Net Assets:		
Invested in Capital Assets	80,605	57,428
Restricted	31,261	24,449
Unrestricted	358,432	36,748
Total Net Assets	\$ 470,298	\$ 118,625

The total assets of the School increased by \$365,723, which represents a 175 percent increase, from total assets reported for fiscal year 2010. The increase in assets was primarily a result of the increase to cash and cash equivalents due to increased revenues relating to the increase in enrollment.

Total liabilities of the School increased \$14,050 over those reported one year ago. This increase is primarily the result of an increase in accrued wages and benefits payable and intergovernmental payable as a result of increased enrollment, offset by a decrease in accounts payable as a result of improved cash flows.

The total net assets reported for fiscal year 2011 improved by \$351,673. Unrestricted net assets increased by \$321,684 while restricted net assets increased by \$6,812. Net assets invested in capital assets increased by \$23,177 due to current year additions exceeding depreciation.

L. Hollingworth School for the Talented and Gifted
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Unaudited)

Financial Analysis

Table 2 provides a summary of the School's change in net assets for 2011 and 2010:

Table 2
Changes in Net Assets

	<u>2011</u>	<u>2010</u>
Operating Revenues:		
Foundation Revenues	\$ 1,231,068	\$ 652,781
Food Services	3,103	2,012
Total Operating Revenues	<u>1,234,171</u>	<u>654,793</u>
Operating Expenses:		
Salaries and Wages	589,092	219,157
Fringe Benefits	145,899	123,030
Purchased Services	429,021	390,195
Materials and Supplies	284,903	146,808
Depreciation	16,755	6,380
Other	37,661	4,587
Total Operating Expenses	<u>1,503,331</u>	<u>890,157</u>
Operating (Loss)	<u>(269,160)</u>	<u>(235,364)</u>
Nonoperating Revenues		
Federal Grants	610,911	340,646
State Grants	6,098	13,343
Other Nonoperating Revenues	3,824	-
Total Nonoperating Revenues	<u>620,833</u>	<u>353,989</u>
Change in Net Assets	351,673	118,625
Net Assets, Beginning of Year	118,625	-
Net Assets, End of the Year	<u>\$ 470,298</u>	<u>\$ 118,625</u>

Total revenue increased \$846,222 for fiscal year 2011 compared with the prior fiscal year primarily due to the increased revenue from the Ohio Department of Education and grant revenue directly related to higher student enrollment compared to the previous fiscal year and increased federal grant funding.

L. Hollingworth School for the Talented and Gifted
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Unaudited)

Expenses reported for fiscal year 2011 were \$613,174 higher than expenses reported for fiscal year 2010 primarily due to higher student enrollment and administration of additional grant funds.

Capital Assets

At fiscal year-end, the School's net capital asset balance was \$80,605, an increase of \$23,177 in comparison with the prior fiscal year. This increase represents the amount in which current year additions of \$39,932 exceeded current year depreciation of \$16,755. For more information on capital assets, see Note 5 to the basic financial statements.

Debt

The School has no debt.

Current Financial Issues

The School depends on legislative and governmental support to fund its operations. Based on information currently available, several changes are expected to occur in the nature of the funding or operations of the School in future fiscal years due to the State's current economic environment. The School is expected to continue to grow in both the number of students, as well as the number of support staff, as it enters into its second year of operation, which will impact the School's funding since the School receives the majority of its finances from state aid. During the period July 1, 2010 to June 30, 2011, there were approximately 172 students enrolled in the School. The School receives its finances mostly from state aid. Per pupil aid for this period amounted to \$5,703 per student.

Contacting the School

This financial report is designed to provide a general overview of the finances of the L. Hollingworth School for the Talented and Gifted and to show the School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of L. Hollingworth School for the Talented and Gifted, 824 Sixth Street, Toledo, Ohio 43605.

**L. HOLLINGWORTH SCHOOL FOR THE TALENTED AND GIFTED
LUCAS COUNTY**

**STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

Assets:

Current Assets	
Cash and Cash Equivalents	\$ 401,424
Intergovernmental Receivable	83,832
Accounts Receivable	9,200
Total Current Assets	<u>494,456</u>
Noncurrent Assets	
Capital Assets, Net of Accumulated Depreciation	80,605
Total Assets	<u>575,061</u>

Liabilities:

Current Liabilities	
Accounts Payable	28,206
Accrued Wages and Benefits Payable	54,860
Intergovernmental Payable	21,675
Unearned Revenue	22
Total Liabilities	<u>104,763</u>

Net Assets:

Invested in Capital Assets	80,605
Restricted	31,261
Unrestricted	358,432
Total Net Assets	<u>\$ 470,298</u>

See accompanying notes to the basic financial statements.

**L. HOLLINGWORTH SCHOOL FOR THE TALENTED AND GIFTED
LUCAS COUNTY**

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Operating Revenues:	
Foundation Revenues	\$ 1,231,068
Charges for Services	3,103
Total Operating Revenues	1,234,171
Operating Expenses:	
Salaries	589,092
Fringe Benefits	145,899
Purchased Services	429,021
Materials and Supplies	284,903
Depreciation	16,755
Other	37,661
Total Operating Expenses	1,503,331
Operating (Loss)	(269,160)
Non-Operating Revenues:	
Federal Grant Revenue	610,911
State Grant Revenue	6,098
Other Revenue	3,824
Total Non-Operating Revenues	620,833
Change in Net Assets	351,673
Net Assets Beginning of Year	118,625
Net Assets End of Year	\$ 470,298

See accompanying notes to the basic financial statements.

**L. HOLLINGWORTH SCHOOL FOR THE TALENTED AND GIFTED
LUCAS COUNTY**

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Cash Flows from Operating Activities:	
Cash Received from Foundation Revenues	\$ 1,204,896
Cash Received from Customers	3,103
Cash Payments to Suppliers for Goods and Services	(724,076)
Cash Payments to Employees for Services and Benefits	(703,181)
Cash Payments for Other Operating Disbursements	<u>(37,296)</u>
Net Cash (Used for) Operating Activities	<u>(256,554)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal Grants	548,139
Cash Received from State Grants	6,098
Cash Received from Other Non-Operating Revenues	<u>3,824</u>
Net Cash Provided by Noncapital Financing Activities	<u>558,061</u>
Cash Flows from Capital and Related Financing Activities:	
Cash Payments for Capital Acquisitions	<u>(39,932)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(39,932)</u>
Net Increase in Cash and Cash Equivalents	261,575
Cash and Cash Equivalents at Beginning of Year	<u>139,849</u>
Cash and Cash Equivalents at End of Year	<u>\$ 401,424</u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (269,160)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities:	
Depreciation	16,755
Changes in Assets and Liabilities:	
(Increase)Decrease in Accounts Receivable	(3,971)
(Increase)Decrease in Intergovernmental Receivable	(26,172)
Increase(Decrease) in Accounts Payable	(19,235)
Increase(Decrease) in Accrued Wages	29,042
Increase(Decrease) in Intergovernmental Payable	<u>16,187</u>
Net Cash (Used) for Operating Activities	<u>\$ (256,554)</u>

See accompanying notes to the basic financial statements.

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**L. Hollingworth School for the Talented and Gifted
Lucas County**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2011

Note 1 – Description of the School and Reporting Entity

L. Hollingworth School for the Talented and Gifted (the School), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 and aspires to create an educational environment that provides academic acceleration, personalized support, authentic assessment, and school-wide differentiated learning activities.. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The Buckeye Community Hope Foundation is the School's sponsor. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of a five-member Board of Trustees (the Board). The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board controls the School's instructional/support facility staffed by 9 non-certified and 15 certificated full time teaching personnel who provided services to 172 students during the 2010-2011 school year.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The entity has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989. The School's most significant accounting policies are described below.

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**L. Hollingworth School for the Talented and Gifted
Lucas County**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2011

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the Statement of Net Assets. The difference between total assets and liabilities are defined as net assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Statement of Cash Flows provides information about how the School finances and meets the cash flow needs of its enterprise activities.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

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.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

Expenses are recognized at the time they are incurred.

C. Budgetary Process

The contract between the School and its Sponsor prescribes an annual budget requirement in addition to preparing a 5-year forecast, which is to be updated on an annual basis. Chapter 5705.391(A) of the Ohio Revised Code also requires the School to prepare a 5-year forecast, update it annually, and submit it to the Superintendent of Public Instruction at the Ohio Department of Education.

**L. Hollingworth School for the Talented and Gifted
Lucas County**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2011

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

All monies received by the School are maintained in a demand deposit account. For internal accounting purposes, the School segregates its cash into separate funds.

For purposes of the statement of cash flows and for presentation on the statement of net assets, investments with a maturity of three months or less at the time they are purchased are considered to be cash equivalents.

E. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School does not possess any infrastructure. The School maintains a capitalization threshold of \$1,500. Improvements are capitalized. The cost 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 are depreciated. Improvements to capital assets are depreciated over the remaining useful life of the related capital assets. Depreciation is computed using the straightline method over the following useful lives:

<u>Description</u>	<u>Estimate Life</u>
Computers and Equipment	5 years

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

G. Intergovernmental Revenue

The School is a participant in the State Foundation Program. The foundation funding is recognized as operating revenues in the accounting period in which they are earned, essentially the same as the fiscal year received. Federal and state grants and entitlements are recognized as nonoperating revenues in the accounting period in which all eligibility requirements of the grants have been met.

Intergovernmental revenues associated with the Foundation Program totaled \$1,231,068 and revenues associated with specific education grants from the state and federal governments totaled \$617,009 during fiscal year 2011.

**L. Hollingworth School for the Talented and Gifted
Lucas County**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2011

Note 2 – Summary of Significant Accounting Policies (Continued)

H. Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the School's primary mission. For the School, operating revenues include revenues paid through the State Foundation Program and charges for food service. Operating expenses are necessary costs incurred to support the School's primary mission, including salaries, benefits, purchased services, materials and supplies, depreciation and other.

Non-operating revenues and expenses are those that are not generated directly by the School's primary mission. Various federal and state grants comprise the non-operating revenues of the School. Interest and fiscal charges, if any, comprise the non-operating expenses.

I. Accrued Liabilities Payable

The School has recognized certain liabilities on its Statement of Net Assets relating to expenses, which are due but unpaid as of June 30, 2011, including:

Wages payable – salary payments made after year-end to instructional and support staff for services rendered prior to the end of June, but whose payroll continues into the summer months based on the fiscal year 2011 contract.

Intergovernmental payable – payment for the employer's share of the retirement contribution, Medicare and Workers' Compensation associated with services rendered during fiscal year 2011 that were paid in the subsequent fiscal year.

J. Federal Tax Exemption Status

According to the School's Attorney, the School is a non-profit organization that has been determined by the Internal Revenue Service to be exempt from federal income taxes as a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation less any outstanding capital related debt. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net assets of the School at year-end represent resources held for food service programs and unspent state and federal grant proceeds. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**L. Hollingworth School for the Talented and Gifted
Lucas County**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2011

Note 3 – Deposits and Investments

At June 30, 2011, the carrying amount of the School's deposits was \$401,424 and bank balance was \$410,862. The School's entire bank balance is covered by the Federal Depository Insurance Corporation. Although all statutory requirements for the deposit of public money had been followed, non-compliance with federal requirements could potentially subject the School to a successful claim by the FDIC.

Note 4 – Intergovernmental Receivables

All intergovernmental receivables are considered collectable in full due to the stable condition of State programs. A summary of the principal items of receivables at June 30, 2011 is as follows:

<u>Grants Receivables</u>	<u>Amount</u>
Federal / State Grants	\$57,660
Foundation	<u>26,172</u>
Total	<u><u>\$83,832</u></u>

Note 5 – Capital Assets

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

Capital Assets:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Computers and Equipment	<u>\$ 63,808</u>	<u>\$ 39,932</u>	<u>\$ -</u>	<u>\$ 103,740</u>
Less Accumulated Depreciation:				
Computers and Equipment	<u>(6,380)</u>	<u>(16,755)</u>	<u>-</u>	<u>(23,135)</u>
Capital Assets, Net	<u><u>\$ 57,428</u></u>	<u><u>\$ 23,177</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 80,605</u></u>

**L. Hollingworth School for the Talented and Gifted
Lucas County**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2011

Note 6 – Risk Management

A. Property and Liability

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. During 2011, the School obtained private insurance coverage for property and general liability insurance.

Collective coverage amounts are as follows:

Commercial Property (Coinsurance is 90%; \$1,000 deductible Business Personal Property Included	\$ 4,501,419
Business Income & Extra Expense	\$ 100,000
General Liability:	
Per Occurrence	\$ 1,000,000
Aggregate Total	\$ 3,000,000
Employment Practices Liability:	
Each Wrongful Act / Aggregate Limit	\$ 1,000,000
Vehicle Coverage:	
Combined Single Limit / Uninsured Motorist Liability	\$ 1,000,000

There was no significant reduction in coverage during the year. Settlement amounts have not exceeded coverage amounts during the fiscal year.

B. Workers' Compensation

The School pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is determined by the State.

C. Employee Medical and Dental Benefits

The School carries their medical and dental insurance through United Health Care. The School pays 80% of medical and dental benefits for employees. The employee is responsible for the remainder of the premiums. The annual cost of medical insurance is based upon gender and age.

**L. Hollingworth School for the Talented and Gifted
Lucas County**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2011

Note 7 – Defined Benefit Pension Plans

(a) School Employees Retirement System

Plan Description - The School contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at www.ohsers.org under Employer/Audit Resources.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.8%. The remaining 2.19% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011 and 2010 were \$25,226 and \$8,520, respectively. The amount contributed for fiscal year 2011 was 65 and the amount contributed for fiscal year 2010 was 100 percent. The School's unpaid contribution for fiscal year 2011 has been recorded as a liability.

(b) State Teachers Retirement System

Plan Description - The School contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. 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 toll-free 1-888-227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

**L. Hollingworth School for the Talented and Gifted
Lucas County**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2011

Note 7 – Defined Benefit Pension Plans (Continued)

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit”, the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

**L. Hollingworth School for the Talented and Gifted
Lucas County**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2011

Note 7 – Defined Benefit Pension Plans (Continued)

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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 members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2011, were 10% of covered payroll for members and 14% for employers.

The School's required contributions for pension obligations for the fiscal years ended June 30, 2011 and 2010 were \$49,182 and \$18,838, respectively. 100 percent has been contributed for fiscal years 2011 and 2010.

**L. Hollingworth School for the Talented and Gifted
Lucas County**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2011

Note 7 – Defined Benefit Pension Plans (Continued)

C. Social Security

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System /State Teachers Retirement System. At fiscal year-end, all members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

Note 8 – Post-employment Benefits

(a) School Employees Retirement System

Postemployment Benefits – In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two cost-sharing, multiple employer postemployment benefit plans.

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation is .76%. The School's contributions for the years ended June 30, 2011 and 2010 were \$1,623 and \$507, respectively. The amount contributed for fiscal year 2011 was 65 and the amount contributed for fiscal year 2010 was 100 percent. The School's unpaid contribution for fiscal year 2011 has been recorded as a liability.

Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

**L. Hollingworth School for the Talented and Gifted
Lucas County**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2011

Note 8 – Post-employment Benefits (Continued)

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2011, the health care allocation is 1.43%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School's contributions assigned to health care, including the surcharge, for the years ended June 30, 2011 and 2010 were \$6,232 and \$1,617. The amount contributed for fiscal year 2011 was 65 and the amount contributed for fiscal year 2010 was 100 percent. The School's unpaid contribution for fiscal year 2011 has been recorded as a liability.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status. The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

(b) State Teachers Retirement System

Plan Description - The School contributes to the cost-sharing, multiple employer postemployment benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by writing 275 E. Broad St., Columbus, OH 43215-3371, by calling 1-888-227-7877, or by visiting the STRS Ohio web site at www.strsoh.org.

**L. Hollingworth School for the Talented and Gifted
Lucas County**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2011

Note 8 – Post-employment Benefits (Continued)

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1% of covered payroll to post-employment health care. The School's contributions for health care for the fiscal years ended June 30, 2011 and 2010 were \$3,783 and \$1,449, respectively. 100 percent has been contributed for fiscal years 2011 and 2010.

Note 9 – Contingencies

- A. Grants** - Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts, which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such disallowed claims will not have a material adverse effect on the financial position of the School at June 30, 2011.
- B. State Funding** - The Ohio Department of Education conducts reviews of enrollment data and FTE calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. For fiscal year 2011, the review resulted in an increase in funding of \$26,172.

Note 10 – Leases

The School entered into a lease agreement with Toledo Sacred Heart of Jesus Parish for school facilities. The lease is for a term of three years commencing on September 1, 2009 and terminating on August 30, 2012. The minimum rent during the lease term is \$120,000 per annum, payable in monthly installments of \$10,000. Lease payments paid to Sacred Heart during the fiscal year totaled \$120,000.

On April 15, 2011, the School entered into a lease agreement with GE Capital Solutions for a copier. The lease terms call for a monthly payment of \$362 for 36 months. During the fiscal year, payments on this lease totaled \$724.

**L. Hollingworth School for the Talented and Gifted
Lucas County**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2011

Note 11 – Contracted Fiscal Services

The School is a party to a fiscal services agreement with Mangen & Associates (M&A) School Resource Center, which is an education finance consulting company. The Agreement's term is for a twelve month period beginning July 1st and may be terminated by either party, with or without cause, by giving the other party ninety days written notice to terminate. The Agreement provides that M&A School Resource Center will perform the following functions for the School:

1. Standard Treasurer Services, including general ledger entries, basic record keeping required documents for state and federal governments, and basic accounting reports to Director and Board.
2. Basic Financial Management Services, including all of the functions in Standard Treasurer Services Package plus Financial Management Support Services, ongoing budgeting, accounting, purchasing, financial reporting, cash flow analysis, and resource call support.
3. Basic SIS/DASL/CSADM/EMIS Services, including setup, maintenance, and input of Student and Staff data directly into the EMIS subsystem. In addition, M&A will input all school provided attendance, classroom, test scores and all other required student information into the SIS/DASL system.

In addition, Mangen & Associates provides various business and operations support services to the School. The total fee paid to Mangen and Associates for all of these services during fiscal year 2011 was \$103,639.

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**L. HOLLINGWORTH SCHOOL FOR THE TALENTED AND GIFTED
LUCAS COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
<u>Nutrition Cluster:</u>			
National School Lunch Program	10.555	\$ 61,731	\$ 61,731
School Breakfast Program	10.553	20,616	20,616
TOTAL U.S. DEPARTMENT OF AGRICULTURE		82,347	82,347
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Education</i>			
<u>Title I Cluster:</u>			
ARRA - Title I Grants to Local Educational Agencies	84.389	42,581	52,758
Title I Grants to Local Educational Agencies	84.010	111,365	141,091
Total Title I Grants to LEA Cluster		153,946	193,849
Special Education Grants to States	84.027	18,536	31,078
Education Technology State Grant	84.318	556	593
Improving Teacher Quality State Grants	84.367	3,873	6,537
Public Charter Schools Program	84.282	186,269	200,235
ARRA - Education Stabilization Grant	84.394	102,609	102,609
TOTAL U.S. DEPARTMENT OF EDUCATION		465,789	534,901
Total		\$ 548,136	\$ 617,248

The accompanying notes are an intergral part of this schedule.

**L. HOLLINGWORTH SCHOOL FOR THE TALENTED AND GIFTED
LUCAS COUNTY**

**NOTES TO THE SCHEDULE OF THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the L. Hollingworth School for the Talented and Gifted (the School's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The School commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School assumes it expends federal monies first.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

L. Hollingworth School for the Talented and Gifted
Lucas County
824 Sixth Street
Toledo, Ohio 43605

To the Governing Board:

We have audited the basic financial statements of L. Hollingworth School for the Talented and Gifted, Lucas County, Ohio (the School), as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated February 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

L. Hollingworth School for the Talented and Gifted
Lucas County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the School's management in a separate letter dated February 22, 2012.

We intend this report solely for the information and use of management, the audit committee, Governing Board, the Community School's sponsor, federal awarding agencies, pass-through entities, and others within the School. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

February 22, 2012



Dave Yost • Auditor of State

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

L. Hollingworth School for the Talented and Gifted
Lucas County
824 Sixth Street
Toledo, Ohio 43605

To the Governing Board:

Compliance

We have audited the compliance of L. Hollingworth School for the Talented and Gifted, Lucas County, Ohio (the School), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School's major federal programs for the year ended June 30, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the School's major federal programs. The School's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the School's compliance based on our audit.

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

In our opinion, L. Hollingworth School for the Talented and Gifted, Lucas County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

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

We noted a matter involving federal compliance not requiring inclusion in this report, that we reported to the School's management in a separate letter dated February 22, 2012.

We intend this report solely for the information and use of the audit committee, management, Governing Board, the Community School's sponsor, others within the School, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

February 22, 2012

**L. HOLLINGWORTH SCHOOL FOR THE TALENTED AND GIFTED
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Charter Schools Program - CFDA # 84.282 Title I, Part A Cluster: Title I Grants to Local Educational Agencies – CFDA # 84.010 Title I Grants to Local Educational Agencies, Recovery Act – CFDA #84.389
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**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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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

L. Hollingworth School for the Talented and Gifted
Lucas County
824 Sixth Street
Toledo, Ohio 43605

To the Governing Board:

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 Governing Board, solely to assist the Governing Board in evaluating whether L. Hollingworth School for the Talented and Gifted (the School) 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. In our report dated May 5, 2011, we noted the Governing Board adopted an anti-harassment policy on April 22, 2010. However, this policy did not include all matters required by Ohio Rev. Code 3313.666.
2. The Board amended the policy on February 8, 2011. We read the amended policy, noting it now includes all the requirements listed in Ohio Rev. Code 3313.666.

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 Governing Board and School's sponsor, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

February 22, 2012



Dave Yost • Auditor of State

L. HOLLINGWORTH SCHOOL FOR THE TALENTED AND GIFTED

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 13, 2012**