

GENOA AREA LOCAL SCHOOL DISTRICT  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2003





**Auditor of State  
Betty Montgomery**

Board of Education  
Genoa Area Local School District  
Genoa, Ohio

We have reviewed the Independent Auditor's Report of the Genoa Area Local School District, Ottawa County, prepared by Weber O'Brien, Ltd., for the audit period July 1, 2002 through June 30, 2003. 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 Genoa Area Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

February 17, 2004

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# GENOA AREA LOCAL SCHOOL DISTRICT

## TABLE OF CONTENTS

Elected Officials and Administrative Personnel	(i)
Index of Funds	(ii)
Independent Auditors' Report	1 - 2
Combined Balance Sheet - All Fund Types and Account Groups	3 - 4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds	5 - 6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non GAAP Budget Basis) All Governmental Fund Types and Expendable Trust Funds	7
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types	8
Combined Statement of Cash Flows - All Proprietary Fund Types	9
Notes to Combined Financial Statements	10 - 35
Schedule of Expenditures of Federal Awards	36
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	37
Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB A-133	38 - 39
Schedule of Findings and Questioned Costs	40
Summary Schedule of Prior Audit Findings	41

**GENOA AREA LOCAL SCHOOL DISTRICT  
ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL  
Year Ended June 30, 2003**

Title Name	Term of Office or Contract Period	Surety	Amount
<b>BOARD OF EDUCATION</b>			
President:			
Les Wyse	1/1/00 to 12/31/03	(A)	\$20,000
Other Members:			
George Cicak	1/1/02 to 12/31/05	(A)	\$20,000
Tom Scheanald	1/1/03 to 12/31/06	(A)	\$20,000
Ernie Cothrell	1/1/02 to 12/31/05	(A)	\$20,000
Alan Brown	1/1/02 to 12/31/05	(A)	\$20,000

**STATUTORY LEGAL COUNSEL**

County Prosecuting Attorney:  
Mark E. Mulligan  
62 Grande Lake Drive  
Port Clinton, OH 43452

**RETAINED LEGAL COUNSEL**

Shumaker, Loop & Kendrick, LLP  
North Courthouse Square  
1000 Jackson Avenue  
Toledo, OH 43624-1573

**ADMINISTRATIVE PERSONNEL**

Treasurer:

Michael Weis	1/1/02 to 12/31/05	(A)	\$20,000
2868 N. Scott Ct Genoa, OH 43430			

Superintendent:

Dennis Mock	8/1/01 to 7/31/06	(A)	\$20,000
2964 N. Huss Blvd. Genoa, OH 43430			

(A) Nationwide Insurance

**GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
INDEX OF FUNDS  
Year Ended June 30, 2003**

**GOVERNMENTAL FUND TYPE:**

General Fund Type:

General Fund

Special Revenue Fund Type:

Public School Support Fund

Jennings Foundation Grant Fund

Janet Philips Memorial Fund

District Managed Student Activities Fund

Emergency Levy Fund

Disadvantaged Pupils Program Fund

Excellence in Education Fund

Education Management Information System Fund

Public School Preschool Grant Fund

DPLA Restricted Grants-in-Aid Fund

Northwest Ohio Regional Teacher Training Center Fund

Migrant Education Basic State Formula Grant Fund

Title VI-B - Education of The Handicapped Act Fund

Chapter 1 - Education and Consolidation Improvement Act of 1981

Chapter 2 - Education Consolidation and Improvement Act of 1981

Drug Free Grant Fund

Debt Service Fund Type:

Bond Retirement Fund

Capital Projects Fund Type:

Permanent Improvement Fund

School Net

Athletic Complex

**PROPRIETARY FUND TYPE:**

Enterprise Fund Type:

Food Service Fund

Uniform School Supplies Fund

Continuing Education Fund

Internal Service Fund Type:

Rotary Camp Trip Fund

**FIDUCIARY FUND TYPE:**

Trust Fund Type:

Expendable Trust Funds:

Junior High Flower Fund

High School Flower Fund

Agency Fund:

Student Activity Fund

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## INDEPENDENT AUDITORS' REPORT

Board of Education  
Genoa Area Local School District  
2810 N. Genoa Clay Center Road  
Genoa, OH 43430

We have audited the accompanying general-purpose financial statements of the Genoa Area Local School District ("District"), as of and for the year ended June 30, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Genoa Area Local School District as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2003 on our consideration of the Genoa Area Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of Genoa Area Local School District taken as a whole. 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 general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

W. B. O. B. LTD.

December 10, 2003

GENOA AREA LOCAL SCHOOL DISTRICT  
 OTTAWA COUNTY  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 June 30, 2003

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	ACCOUNT GROUPS		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<u>Assets and Other Debits:</u>										
Equity in Pooled Cash and Investments	\$ 2,525,720	\$ -	\$ 312,404	\$ 260,289	\$ 71,428	\$ 884	\$ 7,225	\$ -	\$ -	\$ 3,177,950
Receivables:										
Taxes	3,471,829	-	342,900	273,556	-	-	-	-	-	4,088,285
Interfund	783,041	-	36,391	-	-	-	-	-	-	819,432
Other	1,700	-	-	40,650	9,861	-	-	-	-	52,211
Prepaid Items	57,070	65	-	38,646	-	-	65	-	-	95,846
Materials and Supplies Inventory	20,916	-	-	-	2,787	-	-	-	-	23,703
Fixed Assets (Net, Where Applicable, of Accumulated Depreciation)	-	-	-	-	46,348	-	-	13,238,692	-	13,285,040
Restricted Assets:										
Equity in Pooled Cash and Cash Equivalents	44,853	-	-	-	-	-	-	-	-	44,853
<u>Other Debits:</u>										
Amount in Debt Service Fund									382,994	382,994
Amount to be Provided from General Government Resources									6,124,207	6,124,207
Total Assets and Other Debits	\$ 6,905,129	\$ 65	\$ 691,695	\$ 613,141	\$ 130,424	\$ 884	\$ 7,290	\$ 13,238,692	\$ 6,507,201	\$ 28,094,521

"THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS"

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS, CONTINUED  
June 30, 2003

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	ACCOUNT GROUPS		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<b>Liabilities:</b>										
Accounts Payable	\$ 56,921	\$ 33,958	\$ -	\$ 24,000	\$ 1,184	\$ -	\$ 30	\$ -	\$ -	\$ 116,093
Interfund Payable	-	695,506	-	123,926	-	-	-	-	-	819,432
Accrued Wages and Benefits	1,044,124	26,149	-	-	6,833	-	-	-	-	1,077,106
Compensated Absences Payable	261,790	-	-	18,626	-	-	-	-	990,296	1,270,712
Deferred Revenue	3,182,059	20,438	308,701	248,308	-	-	-	-	-	3,759,506
Capital Lease Payable	-	-	-	-	-	-	-	-	1,706,905	1,706,905
General Obligation - Bonds Payable	-	-	-	-	-	-	-	-	3,810,000	3,810,000
Deposits	-	-	-	-	-	-	6,740	-	-	6,740
Total Liabilities	4,544,894	776,051	308,701	414,860	8,017	-	6,770	-	6,507,201	12,566,494
<b>Fund Equity and Other Credits:</b>										
Investment in General Fixed Assets	-	-	-	-	-	-	-	13,238,692	-	13,238,692
Retained Earnings:										
Unreserved	-	-	-	-	122,407	884	-	-	-	123,291
Fund Balance:										
Reserved for Encumbrances	90,468	46,009	-	70,952	-	-	782	-	-	208,211
Reserved for Inventory	20,916	-	-	-	-	-	-	-	-	20,916
Reserved for Prepaid Items	57,070	65	-	-	-	-	-	-	-	57,135
Reserved for Budget Stabilization	44,853	-	-	-	-	-	-	-	-	44,853
Reserved for Property Taxes	289,770	-	34,199	25,248	-	-	-	-	-	349,217
Unreserved:										
Designated for Budget Stabilization	420,290	-	-	-	-	-	-	-	-	420,290
Board Designation	8,500	-	-	44,000	-	-	-	-	-	52,500
Undesignated	1,428,368	(822,060)	348,795	58,081	-	-	(262)	-	-	1,012,922
Total Fund Equity and Other Credits	2,360,235	(775,986)	382,994	198,281	122,407	884	520	13,238,692	-	15,528,027
Total Liabilities, Fund Equity and Other Credits	\$ 6,905,129	\$ 65	\$ 691,695	\$ 613,141	\$ 130,424	\$ 884	\$ 7,290	\$ 13,238,692	\$ 6,507,201	\$ 28,094,521

"THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS"

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
- ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
YEAR ENDED JUNE 30, 2003

	GOVERNMENTAL FUND TYPES				FIDUCIARY	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	FUND TYPE Expendable Trust	
REVENUES						
Local Sources:						
Taxes	\$ 3,323,992	\$ 212,419	\$ 334,653	\$ 262,654	\$ -	\$ 4,133,718
Earnings on Investments	84,523	-	-	-	-	84,523
Extracurricular Activities	1,700	269,501	-	-	-	271,201
Miscellaneous Receipts	-	13,782	-	107,757	990	122,529
State Sources:						
Unrestricted Grants-in-Aid	6,379,427	33,191	39,725	35,862	-	6,488,205
Restricted Grants-in-Aid	-	196,095	-	38,732	-	234,827
Federal Sources:						
Restricted Grants-in-Aid	-	347,559	-	-	-	347,559
TOTAL REVENUES	9,789,642	1,072,547	374,378	445,005	990	11,682,562
EXPENDITURES						
Instruction:						
Regular	4,761,785	1,226,662	-	21,056	-	6,009,503
Special and Vocational Education	757,852	209,969	-	-	-	967,821
Other Instruction	10	-	-	-	-	10
Support Services:						
Pupils	445,971	48,102	-	-	-	494,073
Instructional Staff	387,014	123,792	-	-	-	510,806
Board of Education	8,619	-	-	-	-	8,619
Administration	1,013,048	44,015	-	-	-	1,057,063
Fiscal	382,634	1,731	-	5,327	-	389,692
Business	15,830	-	-	-	-	15,830
Operation and Maintenance - Plant	825,568	14,049	-	429,433	200	1,269,050
Pupil Transportation	423,581	11,975	-	65,663	-	501,219
Central	329,262	64,984	-	-	337	394,583

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GENOA AREA LOCAL SCHOOL DISTRICT  
 OTTAWA COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS, CONTINUED  
 YEAR ENDED JUNE 30, 2003

	GOVERNMENTAL FUND TYPES				FIDUCIARY	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	FUND TYPE Expendable Trust	
EXPENDITURES, Continued						
Operation of Non-Instructional Services						
Community Services	32,905	-	-	13,245	-	46,150
Extracurricular Activities:						
Academic and Subject Oriented	49,195	12,130	-	-	-	61,325
Occupation Oriented	-	-	-	-	-	-
Sports Oriented	186,844	149,102	-	-	30	335,976
Co-curricular Activities	-	10,706	-	-	-	10,706
Facilities Acquisition and Construction Services:						
Building Acquisition and Construction	-	-	-	697,129	-	697,129
Debt Service - Interest	124,507	-	212,763	10,335	-	347,605
Debt Service - Principal	102,687	-	70,000	49,280	-	221,967
TOTAL EXPENDITURES	9,847,312	1,917,217	282,763	1,291,468	567	13,339,327
TOTAL REVENUES OVER (UNDER)	(57,670)	(844,670)	91,615	(846,463)	423	(1,656,765)
EXPENDITURES						
OTHER FINANCING SOURCES (USES)						
Proceeds from Capital Lease Transactions	-	-	-	626,969	-	626,969
Transfers-in	-	56,565	-	133,022	-	189,587
Transfers-out	(181,470)	-	-	(8,117)	-	(189,587)
TOTAL OTHER FINANCING SOURCES	(181,470)	56,565	-	751,874	-	626,969
NET REVENUES AND OTHER FINANCING						
SOURCES OVER (UNDER) EXPENDITURES						
AND OTHER FINANCING (USES)	(239,140)	(788,105)	91,615	(94,589)	423	(1,029,796)
FUND BALANCE AT BEGINNING OF YEAR	2,599,375	12,119	291,379	292,870	97	3,195,840
FUND BALANCE AT END OF YEAR	\$ 2,360,235	\$ (775,986)	\$ 382,994	\$ 198,281	\$ 520	\$ 2,166,044

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GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-CAP-BUDGET BASIS)  
ALL GOVERNMENTAL FUND TYPES AND EMENDABLE TRUST FUNDS  
YEAR ENDING JUNE 30, 2003

	GOVERNMENTAL FUND TYPES						EMENDABLE TRUST FUNDS								
	General			Special Revenue			Capital Projects			Debt Service			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:															
Taxes	\$1,500,000	\$1,473,028	\$ (26,972)	\$ 511,000	\$ 510,144	\$ (856)	\$ 276,000	\$ 275,383	\$ (617)	\$ 352,000	\$ 353,075	\$ 1,075	\$ 1,140,000	\$ 1,141,529	\$ 1,529
Intergovernmental	6,400,000	6,379,427	(20,573)	407,310	379,850	(27,460)	75,000	74,594	(406)	40,000	39,725	(275)	6,922,310	7,075,596	153,286
Interest	85,000	81,523	(3,477)										85,000	81,523	(3,477)
Tuition and Fees	15,000		(15,000)	270,000	269,501	(499)							15,000		(15,000)
Extracurricular Activities				12,698	13,782	1,084	41,800	42,131	331				270,000	269,501	(499)
Miscellaneous				1,231,008	1,173,276	(57,732)	392,000	412,308	20,308				1,203,008	1,191,837	(11,171)
Total Revenues	10,080,000	9,936,907	(143,093)	2,014,006	2,005,550	(8,456)	1,107,225	1,109,517	2,292	407,000	406,800	(200)	16,788,310	16,788,310	
Expenditures:															
Current															
Instructional	5,100,000	4,865,275	(234,725)	1,800,000	1,805,550	550	1,107,225	1,109,517	2,292	178			6,425,525	6,185,342	(240,183)
Regular	850,000	742,714	(107,286)	200,000	205,981	5,981							1,050,000	948,094	(101,906)
Special and Vocational	2,000	13	1,987										2,000	13	1,987
Other															
Support Services:															
Payroll	500,000	461,292	(38,708)	48,325	48,325		5,300	5,327	27	73			548,325	509,594	(38,731)
Instructional Staff	425,000	358,169	(66,831)	121,350	121,286	(64)							548,325	479,155	(66,895)
Board of Education	15,000	8,619	(6,381)										15,000	8,619	(6,381)
Administration	965,000	966,031	1,031	44,125	44,101	(24)							1,029,125	1,010,235	(18,890)
Fiscal	410,000	353,495	(56,505)	1,800	1,731	(69)							417,200	360,535	(56,665)
Business	25,000	15,830	(9,170)										25,000	15,830	(9,170)
Operation and Maintenance of Plant	900,000	823,153	(76,847)	14,000	13,049	(951)	405,250	405,197	(53)	53			1,319,350	1,242,399	(76,951)
Plant Transportation	450,000	425,718	(24,282)										450,000	425,718	(24,282)
Central	345,000	345,169	169	65,050	65,049	(1)	101,275	101,261	(14)	14			345,000	345,169	169
Extracurricular Activities	258,000	249,469	(8,531)	170,250	170,240	(10)							258,000	249,469	(8,531)
Non-Instructional Services	35,000	31,334	(3,666)										35,000	31,334	(3,666)
Capital Outlay															
Debt Service															
Total Expenditures	10,288,000	9,385,627	(902,373)	1,886,600	1,886,237	(363)	1,328,830	1,328,401	(429)	389			285,000	282,763	(2,237)
Excess of Revenues Over (Under) Expenditures	(288,000)	(448,720)	(160,720)	127,781	127,781		(221,605)	(221,884)	(279)	20,927			107,000	110,037	3,037
Other Financing Sources (Uses):															
Proceeds from Sale of Capital Assets															
Operating Transfers In															
Advances In															
Gifts and Donations															
Operating Transfers Out															
Advances Out															
Total Other Financing Sources (Uses)															
Excess of Revenue and Other Financing Sources (Under) Expenditures and Other Financing Uses	(1,114,000)	(1,114,000)		(648,082)	(655,303)	(7,221)	(101,850)	(114,638)	(12,788)	427,288			107,000	110,037	3,037
Fund Balances (Deficit) at Beginning of Year	3,167,985	3,167,985		63,475	63,475		9,000,025	9,000,025		183,807			183,807	183,807	
From Year Encumbrances Appropriated	90,468	90,468		46,000	46,000		70,952	70,952		70,952			392	392	
Fund Balances (Deficit) at End of Year	\$ 2,995,453	\$ 2,995,453		\$ 1,115,477	\$ 1,115,477		\$ 9,071,927	\$ 9,071,927		\$ 1,278,847			\$ 290,807	\$ 290,841	\$ 33

\*THE ACCOMPANYING NOTES ARE AN INTEGRAL  
PART OF THESE FINANCIAL STATEMENTS\*

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES  
YEAR ENDED JUNE 30, 2003

	PROPRIETARY FUND TYPES		TOTALS
	Enterprise	Internal Service	(Memorandum Only)
OPERATING REVENUES			
Food Services	\$ 359,005	\$ -	\$ 359,005
Extracurricular Activities	-	30,576	30,576
Total Operating Revenues	<u>359,005</u>	<u>30,576</u>	<u>389,581</u>
OPERATING EXPENSES			
Personal Services - Salaries	188,797	-	188,797
Employees' Retirement and Insurance	63,111	-	63,111
Purchased Services	2,758	29,692	32,450
Supplies and Materials	180,025	-	180,025
Operation and Maintenance - Plant	-	-	0
Depreciation	4,450	-	4,450
Loss on disposal of assets	-	-	0
Total Operating Expenses	<u>439,141</u>	<u>29,692</u>	<u>468,833</u>
OPERATING INCOME (LOSS)	(80,136)	884	(79,252)
NON-OPERATING REVENUES			
Earnings on Investments	1,549	-	1,549
State Sources:			
Restricted Grants- in-Aid	2,924	-	2,924
Federal Sources:			
Unrestricted Grants-in-Aid	83,529	-	83,529
Total Non-operating Revenues	<u>88,002</u>	<u>-</u>	<u>88,002</u>
NET REVENUES OVER EXPENSES BEFORE INTERFUND TRANSFERS AND ADVANCES	7,866	884	8,750
Transfers/Advances	<u>-</u>	<u>-</u>	<u>-</u>
NET INCOME	7,866	884	8,750
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>114,541</u>	<u>0</u>	<u>114,541</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 122,407</u>	<u>\$ 884</u>	<u>\$ 123,291</u>

"THE ACCOMPANYING NOTES ARE AN INTEGRAL  
PART OF THESE FINANCIAL STATEMENTS"



GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
COMBINED STATEMENT OF CASH FLOWS -  
ALL PROPRIETARY FUND TYPES  
YEAR ENDED JUNE 30, 2003

	PROPRIETARY FUND TYPES		TOTAL (Memorandum Only)
	Enterprise	Internal Service	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Net Operating Income (Loss)	\$ (80,136)	\$ 884	\$ (79,252)
Adjustments to Reconcile Net Income to Net Cash Used by Operating Activities:			
Depreciation	4,450		4,450
Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows:			
Accounts Receivable	(1,249)		(1,249)
Inventory	(2,270)		(2,270)
Fixed Assets	(5,946)		(5,946)
Accounts Payable	1,184		1,184
Accrued Expense	885		885
Total Adjustments	(2,946)	0	(2,946)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(83,082)	884	(82,198)
<u>CASH FLOWS FROM NONCAPITAL FINANCING</u>			
Cash received from operating grants	86,453	0	86,453
NET CASH PROVIDED BY NONCAPITAL FINANCING	86,453	0	86,453
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest received on investments	1,549	0	1,549
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,549	0	1,549
NET INCREASE (DECREASE) IN POOLED CASH AND INVESTMENTS	4,920	884	5,804
EQUITY IN POOLED CASH AND INVESTMENTS AT BEGINNING OF YEAR	66,508	0	66,508
EQUITY IN POOLED CASH AND INVESTMENTS AT END OF YEAR	\$ 71,428	\$ 884	\$ 72,312

"THE ACCOMPANYING NOTES ARE AN INTEGRAL  
PART OF THESE FINANCIAL STATEMENTS"

**GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Entity**

The Genoa Area Local School District (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. The District is a local school district as defined by Section 3311.03 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.

**Reporting Entity**

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to insure the financial statements are not misleading. For reporting purposes, the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. Management believes the financial statements included in this report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

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. There are no component units of the Genoa Area Local School District.

The District participates in two jointly governed organizations and one insurance pool. These organizations are the Northern Ohio Educational Computer Association, Penta County Vocational School, and the San-Ott Consortium. These organizations are presented in Notes 15 and 18 to the accompanying financial statements.

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Basis of Accounting**

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 proprietary activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the School District's accounting policies are described below.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All enterprise funds and the internal service fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Enterprise funds operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or within sixty days after year end and able to be used to pay liabilities of the current period. Those revenues susceptible to accrual are property taxes, intergovernmental revenue, interest revenue, and charges for services.

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2003 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2004 operations, have been recorded as deferred revenue. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue.

The enterprise and the internal service fund types are accounted for using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

**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.

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Fund Accounting**

The District maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements.

The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**Governmental Funds**

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds account for proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to disbursements for specified purposes.

Debt Service Fund - Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. According to governmental accounting principles, the debt service fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the debt service fund might also be used to account for the payment of the long term debt of the proprietary funds and the short-term debt of both governmental and proprietary funds. For purposes of this report, these funds have been classified into the proper groups, if practicable.

Capital Projects Funds - Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Proprietary Funds**

Enterprise Funds - Enterprise Funds account for operations:

a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the residents of the District on a continuing basis be financed or recovered primarily through user charges; or

b) where the governing body has 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 purpose.

Internal Service Funds - Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

**Fiduciary Funds**

Trust and Agency Funds - These Funds, which include Expendable Trust Funds and Agency Funds, account for assets held by a governmental unit in a trustee capacity.

**Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinances. The tax budget, certificate of estimated resources and appropriation ordinances are prepared on the budgetary basis as required by the County Budget Commission. Under the budgetary basis of accounting, revenues are recognized upon receipt and

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

expenses are recorded as disbursed and outstanding year end encumbrances are treated as expenditures/expenses. This differs from the modified accrual and accrual bases of accounting.

**Budget**

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the county budget commission, by January 20 of each year, for the period July 1 to June 30 of the following year.

**Estimated Resources**

The county budget commission certifies its actions to the District by April 1. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year. By July 1, the annual appropriation report on resolution is legally enacted by the Board of Education, at the fund level of expenditures, which are the legal level of budgetary control. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The certificate of estimated resources is subject to amendment throughout the year with the legal restriction that all changes require action by the Board of Education.

The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include July 1, 2003, unencumbered fund balances. However, those fund balances are available for appropriations.

**Appropriations**

A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Encumbrances**

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. On the modified accrual basis of accounting, encumbrances outstanding at year end are reported as a reservation of fund balance and retained earnings for subsequent year expenditures for governmental funds and enterprise funds, respectively.

**Fund Balance Reservations**

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation for expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, property taxes, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

The District reserves portions of fund balances that are legally segregated for specific future uses or that do not represent available, spendable resources and therefore are not appropriable for expenditures. Undesignated fund balances are not reserved nor designated and are appropriable in future periods.



GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** Continued

**Cash and Investments**

All cash received by the District is pooled in a central bank account. Cash balances of most district funds are pooled and invested. The investments of pooled cash, which are stated at cost which approximates market value, consist of certificates of deposit at local banks. Individual fund integrity is maintained through the District's records.

Except for nonparticipating investment contracts, and investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. The District does not hold any investments as of June 30, 2003 that are required to be reported at fair value. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are recorded at cost or amortized cost.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**Inventories**

Inventories are valued at cost (first in, first out) and consist of expendable supplies for student instruction. The costs of the governmental fund-type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed.

**Fixed Assets**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Interest on debt issued to construct general fixed assets is not capitalized in the account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are valued at cost (or estimated historical cost) and updated for additions and retirements

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

during the year. Donated fixed assets are valued at their estimated fair value on the date received. The District maintains a capitalization threshold of three hundred dollars.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related fixed asset.

Public domain ("infrastructure") general fixed assets consisting of curbs, gutters, sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Depreciation in the proprietary fund and in the general fixed assets account group is computed using the straight-line method. Although accumulated depreciation is recorded in the general fixed assets account group, depreciation expense is not recognized in the operating statements of any of the governmental funds.

**Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State superintendent of Public Instruction (See Note 16).

**Compensated Absences**

Vested or accumulated vacation leave is expected to be liquidated with expendable available financial resources and is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Government Accounting Standards Board No. 16, "Accounting for Compensated Absences", no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

The General-Long Term Obligations Account Group and Proprietary Funds have a Service Retirement liability recognized using the vesting method for employees with over ten years in government service and are age 50 or over. The Service Retirement is based on employees' accrued but unused sick leave days and is paid at retirement based on 35% for certified and administrative staff and 27% for support staff, of the value of a 280 day maximum for certified and administrative staff and 210 day maximum for support staff.

**GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

A long-term liability has also been recognized in compensated absences for vested severance pay for those certified and administrative employees who become vested after five years of service and have the option to utilize the District's early retirement incentive plan. Upon early retirement, each vested employee receives an amount equal to \$400 per year of service, up to a maximum of 25 years of credited service, as determined by the State Teachers' Retirement System of Ohio.

**Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, pension obligations and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate fund.

**Intergovernmental Revenue**

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements and shared revenues, are recorded as receivable and revenues when all eligibility requirements have been met and the resources are available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred and all other eligibility requirements have been met and funding is available. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

**Fund Balance Designation**

The Board has authorized, in a prior year, that the non-BWC rebate money of \$420,290 in the budget reserve to be designated by the Board to be used for budget stabilization purposes under ORC 5705.13.

The Board has authorized that \$52,500 be designated for specific future capital expenditures and matching funds for a multi-year grant.

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Total Columns on Financial Statements**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**NOTE 2 - POOLED CASH AND CASH EQUIVALENTS**

**Legal Requirements**

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

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

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

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

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

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 2 - POOLED CASH AND CASH EQUIVALENTS, Continued**

Interim monies may be deposited or invested in the following securities:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payments of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency;
3. Repurchase agreements in the securities enumerated above, assuming certain conditions are met;
4. Interim deposits in the eligible institutions applying for interim money;
5. Bond and other obligations of the State of Ohio; and
6. The State Treasurer's investment pool (STAROhio).

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

**Deposits**

At year-end, the carrying amount of the Genoa Area Local School District's deposits was \$3,222,803 and the bank balance was \$3,302,059, respectively. The entire bank balance was covered by federal depository insurance (\$300,000), or by collateral held by a qualified third party trustee in the name of the District (\$3,002,059).

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 2 - POOLED CASH AND CASH EQUIVALENTS, Continued**

**Investments**

The Genoa Area Local School District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the District's name.

	<b><u>Market Value</u></b>
Reconciliation to Balance Sheet:	
Certificates of Deposit	\$ 500,000
District's Deposits	<u>2,722,803</u>
Total Equity in Pooled Cash and Investments	<u>\$3,222,803</u>
Classification in Balance Sheet:	
Unrestricted	\$3,177,950
Restricted	<u>44,853</u>
Total Per Balance Sheet	<u>\$3,222,803</u>

**NOTE 3 - PROPERTY TAX**

Real property taxes are levied on assessed values which equal 35 percent of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last appraisal was completed for tax year 2000.

Real property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due February 10 with the remainder payable by July of the following year. Under certain circumstances, State statute permits later payment dates to be established.

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 3 – PROPERTY TAX, Continued**

The full tax rate applied to real property for the 2003 tax year was \$61.9 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$29.19 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$37.65 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the 2003 tax year was \$61.90 per \$1,000 of assessed valuations. The assessed valuations are as follows:

Tangible Personal Property	
General	\$ 10,561,057
Public Utilities	6,704,130
Real Property – 2003 Valuation	
Residential/ Agricultural	111,230,040
Commercial/Industrial	12,003,030
Public Utilities	<u>115,720</u>
 Total Valuation	 <u>\$140,613,977</u>

The Ottawa County Treasurer collects property tax on behalf of all taxing districts within the County. The Ottawa County Auditor periodically remits to the taxing districts their portions of the taxes collected.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2003. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. 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 at June 30, 2003 was \$349,200 and is recognized as revenue, \$289,800 was available to the general fund, \$25,200 was available to the permanent improvement fund, and \$34,200 was available to the debt service fund.

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 4 - ACCOUNTS RECEIVABLE**

Receivables at June 30, 2003 consisted of taxes, interest, reimbursements and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

<u>Receivables</u>	<u>Amount</u>
<u>General Fund:</u>	
Taxes - Current	289,770
Taxes - Deferred	3,182,059
Other Receivables	1,700
 <u>Capital Projects:</u>	
Taxes - Current	25,248
Taxes - Deferred	248,308
Other Receivables	40,650
 <u>Debt Service Fund</u>	
Taxes - Current	34,199
Taxes - Deferred	308,701
 <u>Enterprise Fund</u>	
Other Receivables	9,861

**NOTE 5 - FIXED ASSETS**

The following is a summary of the general fixed assets account group activity during the fiscal year:

	General Fixed Assets <u>6/30/02</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers In (Out)</u>	General Fixed Assets <u>6/30/03</u>
Land and Improvements	\$ 814,104	\$ - 0-	\$ - 0-	\$ - 0-	\$ 814,104
Buildings and Improvements	12,212,211	887,013	-0-	31,759	13,130,983
Construction in Progress	31,759	-0-	-0-	(31,759)	- 0-
Furniture and Equipment	2,612,985	208,154	2,031	- 0-	2,819,108
Books	426,811	3,672	-0-	- 0-	430,483
Moving Vehicles	<u>1,237,571</u>	<u>197,800</u>	<u>151,510</u>	<u>- 0-</u>	<u>1,283,861</u>
Total General Fixed Assets	17,335,441	1,296,639	153,541	-0-	18,478,539
Less: Accumulated Depreciation	( 4,772,806)	( 583,601)	( 116,560)	<u>-0-</u>	(5,239,847)
Net General Fixed Assets	<u>\$12,562,635</u>	<u>\$ 713,038</u>	<u>\$ 36,981</u>	<u>\$ -0-</u>	<u>\$13,238,692</u>



GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 5 - FIXED ASSETS, Continued**

The following is a summary of proprietary fund-type fixed assets at June 30, 2003:

	<u>Food Service</u>
Machinery and Equipment	\$178,624
Less: Accumulated Depreciation	<u>(132,276)</u>
Net Fixed Assets	\$ <u>46,348</u>

The general fixed asset account group assets are depreciated using the straight-line method over estimated useful lives ranging from 3 years to 50 years. The proprietary fund type - fixed assets are depreciated using the straight-line method over a 20 year estimated useful life.

**NOTE 6 - STATE TEACHERS RETIREMENT SYSTEM**

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$865,000, \$781,000, and \$709,000 respectively. All required contributions were made to STRS before these respective year ends.

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 7 - SCHOOL EMPLOYEES RETIREMENT SYSTEM**

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit 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 state statute per 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 St., Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

The Genoa Area Local School District Board of Education provides an employee share pick-up for all employees covered under SERS equal to 9 percent of the employees' gross salary. The District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal years 2003 and 2002, the portion used to fund pension obligation was 8.17 percent and 5.46 percent, respectively. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. Contribution rates are established by SERS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates. The adequacy of the contribution rates is determined annually. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$382,000, \$342,000, and \$282,000, respectively. All required contributions were made to SERS before each respective year end.

**NOTE 8 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both Systems are on a pay-as-you-go basis.

The State Teacher's Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of health care costs in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board currently allocates employer contributions equal to 8 percent of covered payroll to

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 8 - POSTEMPLOYMENT BENEFITS, Continued**

the Health Care Reserve fund from which payments for health care benefits are paid. For the School District, this amount equaled approximately \$439,000 during the 2003 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$3.011 billion at June 30, 2002 (the latest information available). For the year ended June 30, 2002 (the latest information available), net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this year and the prior fiscal year, employer contributions to fund health care benefits were 5.83 percent and 8.54 percent of covered payroll respectively. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$14,500. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. SERS health care expenses at June 30, 2003, were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003 SERS had net assets available for payment of health care benefits of \$303.6 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including the surcharge, equaled approximately \$117,900 during the 2003 fiscal year.

The District provides compensation sick leave absences to its employees. At retirement and after five (5) years of full-time service, a portion of an employee's accumulated days of sick leave is payable upon written request as an additional retirement benefit. This benefit is calculated at the employee's daily base rate of pay at the time of retirement. For certified teachers, this benefit is calculated as 35% of the employee's accumulated days of sick leave (280 days maximum), or a maximum of 85 days retirement benefit.

For full-time, permanent non-certified employees, the benefit is calculated as 33% of the employee's accumulated days of sick leave (210 days maximum), or a maximum of 70 days retirement benefit.

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 9 - OTHER EMPLOYEE BENEFITS - DEFERRED COMPENSATION PLANS**

The District employees may participate in the Ohio Public Employees Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The plan Agreement states that the District and the Ohio Public Employees Deferred Compensation Board have no liability for losses under the plan with the exception of fraud or wrongful taking.

**NOTE 10 - LEASES**

**Operating Leases**

The District leases certain operating equipment and building under noncancelable operating leases.

The following is a schedule of the future minimum rental payments required under these operating leases that have an initial or remaining noncancelable lease term in excess of one year as of June 30, 2003:

Year Ending <u>June 30</u>	<u>Amount</u>
2004	51,300
2005	51,300
2006	<u>21,400</u>
Total	<u>\$124,000</u>

Total rent expense for the year ended June 30, 2003 was \$73,899.

**Capital Leases**

The Genoa Local School District is the lessee under lease agreements for financing the acquisition of an administrative building, an athletic facility, new sign, and fitness equipment.

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 10 - LEASES, Continued**

The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefit and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

The District leases its athletic facility from Genoa Athletic Boosters Facility Company, LLC, a company in which an officer of the company is also and officer of the District under a non-cancelable fifteen year capital lease expiring on January 18, 2018 for \$9,650 per month. The total amount of payments made in 2003 is \$115,800.

The District leases its administrative facility from Rickenbacker Port Authority under a non-cancelable ten year capital lease entered into in fiscal 2003 and expiring on May 29, 2012. The District is required to make variable semiannual payments. The total amount of payments made in 2003 is \$102,970.

The District's monthly lease payments for the sign and fitness equipment are \$702 and \$4,586 per month, respectively. The total amount of payments made in 2003 for both leases is \$68,039.

Fixed assets acquired by the leases have been capitalized in the general fixed assets account group. A corresponding liability was recorded in the general long-term obligations account group.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2003:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Amount</u>
2004	\$ 286,827
2005	239,637
2006	219,251
2007	210,300
2008	208,180
2009 and thereafter	<u>1,342,280</u>
Total minimum lease payments	2,506,475
Less: amount representing interest	<u>( 799,570)</u>
Present value of future minimum lease	<u>\$1,706,905</u>

**GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003**

**NOTE 10 - LEASES, Continued**

The following is an analysis of fixed assets leased under capital leases as of June 30, 2003.

**General Fixed Assets**

Building & Building	
Improvements	\$1,801,851
Furniture & Equipment	142,119
Less Accumulated Depreciation	( 100,577)
Net amount	<u>\$1,843,393</u>

**NOTE 11 - RECONCILIATIONS OF BUDGETARY BASIS TO GAAP BASIS OF ACCOUNTING**

Adjustments necessary to convert the excess of revenue and other financing sources over (under) expenditures and other financing uses on the budgetary basis of accounting to the GAAP basis are as follows:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Expendable Trust</u>
Budgetary Basis	\$ 76,626	(\$655,303)	(\$124,638)	\$110,037	\$ 93
Revenue Accruals	( 146,444)	(100,729)	32,697	(18,422)	495
Expense Accruals	( 259,790)	( 78,082)	( 73,600)	-0-	(165)
Encumbrances	<u>90,468</u>	<u>46,009</u>	<u>70,952</u>	<u>-0-</u>	<u>-0-</u>
GAAP Basis	<u>(\$239,140)</u>	<u>(\$788,105)</u>	<u>(\$ 94,589)</u>	<u>\$ 91,615</u>	<u>\$ 423</u>

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 School District at June 30, 2003.

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 12 - COMMITMENTS AND CONTINGENCIES, Continued**

**B. School Funding Decision**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...The Ohio General Assembly to enact a school funding scheme that is thorough and efficient..."

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

**NOTE 13 - ENTERPRISE SEGMENT INFORMATION**

The enterprise fund type consists of the Food Service Fund, Uniform School Supplies Fund, and the Continuing Education Fund. The Food Service Fund comprises the majority of the assets and retained earnings, and substantially all of the operations, of the enterprise fund type.

**NOTE 14 - LEGAL COMPLIANCE**

Pursuant to Section 117.11(A) of the Revised Code, Weber • O'Brien Ltd. performed tests of compliance with various provisions of local, state and/or federal laws, as deemed appropriate.

**NOTE 15 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive insurance coverage with private carriers for real property, building contents, general liability and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured. Settled claims have not exceeded the commercial coverage each of the past three years. There have been no significant reductions in insurance coverage from last year.

**GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003**

**NOTE 15 - RISK MANAGEMENT, Continued**

The District participates with other school districts in the San-Ott Consortium (the Pool) in a jointly funded risk financing program administered by the Huntington Bank Trust Company. The Pool includes nine member school districts and the Ottawa County Education Center. The program is for employee benefits and includes life insurance, accidental death and dismemberment insurance, health insurance, prescription drug insurance, dental insurance and vision insurance. Each member district has an option on the coverage it has elected for its employees. The District provides to its employees all available options offered by the Pool.

A third party, Group Health Care and Medical Mutual of Ohio headquartered in Toledo, Ohio, reviews all claims which are then paid by the Pool. As of June 30, 2003, the Pool has cash reserves of \$3,513,000, which, in the opinion of San-Ott Consortium management, is adequate for any claims against the Pool.

During the fiscal year the District paid \$604,400 into the Pool for coverage. These costs are paid by the fund that pays the salary for the covered employees. The Pool purchases insurance coverage for excess claims to limit the potential loss to its members. The amount of risk retained within the Pool is an annual aggregate limit of \$100,000 per individual and claims exceeding that limit are covered by stop-loss insurance provided by a commercial insurer. The members, including the District, may be liable for any claims which exceed the Pool's assets and are less than the excess claims amount, which could be charged to members at a pro-rata share of the individual member's premium to the total Pool premiums. Financial information relating to the Pool may be obtained by writing to San-OTT Consortium, c/o Vanguard, 1306 Cedar Street, Fremont, OH 43420.

**NOTE 16 - SET-ASIDES**

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2003:



GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 16 - SET-ASIDES, Continued**

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-Aside Cash Balance as of July 1, 2002	\$ -0-	\$ -0-	\$44,853
Current Year Set-aside Requirement	227,170	227,170	-0-
Current Year Offsets	-0-	-0-	-0-
Qualifying Disbursements	<u>432,262</u>	<u>422,497</u>	<u>-0-</u>
Total	( <u>\$205,092</u> )	( <u>\$195,327</u> )	<u>\$44,853</u>
Cash Balance Carried Forward to FY 2004			<u>44,853</u>
Total Restricted Assets			<u>\$44,853</u>

Am. Sub Senate Bill 345 (SB 345), effective April 10, 2001, eliminated the requirement for the budget reserve set-aside established by HB 412. According to SB 345, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the district's general fund or may be left in a budget reserve account as authorized by ORC 5705.13 for use by the board to offset any budget deficit the district may experience in future years. The statute also authorizes the school district to use all or part of the funds formerly included in the budget reserve for the purpose of providing the district's portion of the basic project costs of any project undertaken in accordance with ORC 3318, Classroom Facilities. SB 345 places special conditions on any Bureau of Workers' Compensation (BWC) monies remaining in the budget reserve set-aside as of April 10, 2001. Any portion of the budget reserve set-aside consisting of refunds or rebates from BWC that were previously required by law to be deposited into the budget reserve may be used solely for the specified purposes.

If the school district deposits (or spends) monies into the textbook and instructional material set-aside in excess of the required deposit for that year, the board may deduct the excess amount of money from the required deposit in future fiscal years. The Board has elected to not carry forward these excess amounts for use in future years.

GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003

**NOTE 17 - LONG-TERM DEBT**

The District has issued bonds to provide funds for the acquisition and construction of equipment and facilities and are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund.

The following is a description of the District's bonds outstanding as of June 30, 2003:

	Interest Rates	Issue Date	Maturity Date	Bonds Outstanding At 7/1/02	New Issues During 2003	Retired In 2003	Bonds Outstanding At 6/30/03
Building Improvements	4.9 -5.5%	7/1/99	12/1/27	\$3,880,000	-0-	\$70,000	\$3,810,000

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds as of June 30, 2003:

Year Ending June 30	Principal on General Obligation	Interest on General Obligation	Total
2004	\$ 75,000	\$ 201,711	\$ 276,711
2005	80,000	197,446	277,446
2006	85,000	192,909	277,909
2007	90,000	188,097	278,097
2008	95,000	183,009	278,099
2009 and Thereafter	3,385,000	2,119,709	5,504,709
<b>Total</b>	<b>\$3,810,000</b>	<b>\$3,082,881</b>	<b>\$6,892,971</b>

**GENOA AREA LOCAL SCHOOL DISTRICT  
OTTAWA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
Year Ended June 30, 2003**

**NOTE 17 - LONG-TERM DEBT, Continued**

During the year ended June 30, 2003 the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences will be paid from the fund from which the employee is paid.

	<u>Balance at 7/1/02</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 6/30/03</u>
Capital Lease	\$1,196,872	\$ 662,000	\$151,967	\$1,706,905
Compensated Absences	823,357	166,939	-0-	990,296
General Obligation				
Bonds	<u>3,880,000</u>	<u>-0-</u>	<u>70,000</u>	<u>3,810,000</u>
<b>Total</b>	<u>\$5,900,229</u>	<u>\$ 828,939</u>	<u>\$221,967</u>	<u>\$6,507,201</u>

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Penta County Vocational School**

The District is a participating school district in the Penta County Vocational School, which is a distinct political subdivision of the State of Ohio and is not considered to be a part of the District. Penta provides vocational and special education needs of the student and is operated under the direction of a Board consisting of eleven members, each appointed for a term of two years, to serve the sixteen participating school districts. The Board possesses its own budgeting and taxing authority. To obtain financial information write to the Penta County Vocational School, Carrie Herringshaw, who serves as Treasurer, at 30095 Oregon Road, Perrysburg, Ohio 43551-4594.

**B. Northern Ohio Educational Computer Association**

The District is a participant in the Northern Ohio Educational Computer Association (NOECA), which is a computer consortium. NOECA is an association of 42 educational entities, primarily school districts, located in Crawford, Erie, Huron, Ottawa, Sandusky, Seneca, and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NOECA is governed by its participating members, which consists of a representative from each member entity and a representative from the fiscal agent. Financial information can be obtained from Erie-Ottawa County Educational Service Center, from Betty Schwiesert, who serves as Treasurer, at 2900 S. Columbus Avenue, Sandusky, Ohio 44870.

GENOA AREA LOCAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2003

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Grantor Number</u>	<u>CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<b>Department of Education:</b>				
Passed through the Ohio Department of Education				
Title I	048942-C1S1-2003	84.010	\$ 124,106	\$ 124,106
Improving Teacher Quality, Title II A	048942-TRS12003	84.367	58,545	63,361
Technology, Title II D	048942-TJS1-2003	84.318	22,405	22,242
Safe and Drug Free Schools, Title IV - A	048942-DRS1-2003	84 186	6,832	6,832
Innovative Programs, Title V	048942-C2S1-2003	84.298	1,693	6,736
Special Education - Part B-IDEA	048942-6BSF-2003-P	84.027	133,978	128,492
<b>Total Department of Education</b>			347,559	351,769
 <b>Department of Agriculture:</b>				
Passed through the Ohio Department of Education				
<u>Nutrition Cluster</u>				
National School Lunch Program		10.555	86,453	88,158
Food Distribution Program		10.550	17,351	17,351
<b>Total Department of Agriculture</b>			103,804	105,509
<b>Total Receipts and Expenditures of Federal Awards</b>			\$ 451,363	\$ 457,278

This schedule has been prepared on the accrual basis of accounting.

**NOTE - Food Distribution Program**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed that federal monies are expended first.



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

Board of Education  
Genoa Area Local School District  
2810 N. Genoa Clay Center Road  
Genoa, OH 43430

We have audited the financial statements of Genoa Area Local School District ("District") as of and for the year ended June 30, 2003, and have issued our report thereon dated December 10, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 10, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

*Weber O'Brien, LTD.*

December 10, 2003





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

Board of Education  
Genoa Area Local School District  
2810 N. Genoa Clay Center Road  
Genoa, OH 43430

Compliance

We have audited the compliance of Genoa Area Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. Genoa Area Local School District's major federal programs are identified in the summary of auditors' 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 Genoa Area Local School District's management. Our responsibility is to express an opinion on Genoa Area Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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 Genoa Area Local School 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 Genoa Area Local School District's compliance with those requirements.

In our opinion, Genoa Area Local School 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, 2003.

## Internal Control Over Compliance

The management of Genoa Area Local School 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 Genoa Area Local School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of and use of the Board of Trustees, management, 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.

*Weber D. Zorn, CTO.*

December 10, 2003

GENOA AREA LOCAL SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2003

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		<u>Unqualified</u>
Internal control over financial reporting:		
Material weakness(es) identified?	_____yes	___X___no
Reportable condition(s) identified not considered to be material weaknesses?	_____yes	___X___none reported
Noncompliance material to financial statements noted?	_____yes	___X___no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	_____yes	___X___no
Reportable conditions(s) identified not considered to be material weaknesses?	_____yes	___X___none reported

Type of auditors' report issued on compliance for major programs:		<u>Unqualified</u>
---	--	--------------------

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____yes	___X___no
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	Special Education - Part B IDEA
84.010	Title I

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
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Auditee qualified as low risk auditee?	_____yes	___X___no
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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



GENOA AREA LOCAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2003

NONE





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**GENOA AREA LOCAL SCHOOL DISTRICT**

**OTTAWA 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 4, 2004**