GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Dave Yost • Auditor of State

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Genoa Area Local School District
Ottawa County
2810 North Genoa-Clay Center Road
Genoa, Ohio 43430-9730

To the Board of Education:

We have audited the accompanying financial statements of Genoa Area Local School District, Ottawa County, Ohio (the District), as of and for the year ended June 30, 2012. These financial statements are the responsibility of the District'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 that our audit provides a reasonable basis for our opinion.

Ohio Administrative Code Section 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes have been prepared on an accounting basis not in accordance with these generally accepted accounting principles. The accompanying financial statements and notes omit entity wide statements, and assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, because of the departure from generally accepted accounting principles described in the preceding paragraph, the accompanying financial statements do not present fairly the financial position, results of operations, and cash flows, where applicable, of the District as of and for the year ended June 30, 2012 in accordance with accounting principles generally accepted in the United States of America.

The District also has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

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We conducted our audit to opine on the District's 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 not a required part of the 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 financial statements. This schedule was subject to the auditing procedures we applied to the 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 financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. For reasons stated in the third paragraph, the financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District, as of June 30, 2012, or its changes in financial position or its cash flows for the year then ended. Therefore we are unable to express, and we do not express, an opinion on the schedule of federal awards receipts and expenditures.

Dave Yost

Dave Yost
Auditor of State

March 6, 2013

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts:					
From Local Sources:					
Property Taxes	$ 3,716,369	$ 74,705	$ 580,344	$ 260,996	$ 4,632,414
Tuition	522,405	4,205			526,610
Earnings on Investments	12,178			8,253	20,431
Extracurricular	222,591	230,776			453,367
Contributions and Donations	54,054				54,054
Other Local Revenues	32,581	30,471		5,658	68,710
Intergovernmental - Intermediate		4,509			4,509
Intergovernmental - State	6,300,746	161,576	86,398	259,941	6,808,661
Intergovernmental - Federal		449,190			449,190
Total Cash Receipts	10,860,924	955,432	666,742	534,848	13,017,946
Cash Disbursements:					
Current:					
Instruction:					
Regular	6,951,128	72,110			7,023,238
Special	607,517	410,289			1,017,806
Support Services:					
Pupil	354,032	1,277			355,309
Instructional Staff	92,350	16,232			108,582
Board of Education	9,655				9,655
Administration	864,883	79,600			944,483
Fiscal	314,653	4,118		4,102	322,873
Business	26,694				26,694
Operations and Maintenance	720,711	158,487		83,667	962,865
Pupil Transportation	409,505	450			409,955
Central	293,360	41,172			334,532
Operation of Non-Instructional	1,076	4,347			5,423
Extracurricular Activities	257,100	260,932			518,032
Facilities Acquisition and Construction				2,893,096	2,893,096
Capital Outlay				160,916	160,916
Debt service:					
Principal Retirement			247,000	206,129	453,129
Interest and Fiscal Charges			357,621	44,972	402,593
Total Cash Disbursements	10,902,664	1,049,014	604,621	3,392,882	15,949,181
Excess of Cash Receipts Over/(Under) Cash Disbursements	(41,740)	(93,582)	62,121	(2,858,034)	(2,931,235)
Other Financing Receipts (Disbursements):					
Sale of Assets				49,450	49,450
Sale of Notes				432,000	432,000
Transfers-In		34,034			34,034
Transfers-Out	(34,034)				(34,034)
Advances-In	29,887	14,954			44,841
Advances-Out	(14,954)	(4,887)			(19,841)
Refund of Prior Year Expenditures	2,700				2,700
Total Other Financing Receipts (Disbursements)	(16,401)	44,101		481,450	509,150
Net Change in Fund Cash Balances	(58,141)	(49,481)	62,121	(2,376,584)	(2,422,085)
Fund Cash Balances, July 1	1,859,540	289,376	1,474,524	4,389,056	8,012,496
Fund Cash Balances, June 30					
Restricted		239,895	1,536,645	2,012,472	3,789,012
Assigned	69,370				69,370
Unassigned	1,732,029				1,732,029
Fund Cash Balances, June 30	$ 1,801,399	$ 239,895	$ 1,536,645	$ 2,012,472	$ 5,590,411

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (CASH BASIS) ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Proprietary Fund Type	Fiduciary Fund Type	
	Enterprise	Agency	Totals (Memorandum Only)
Operating Cash Receipts:			
Food Service	$ 316,221		$ 316,221
Extracurricular Activities		$ 44,461	44,461
Total Operating Cash Receipts	316,221	44,461	360,682
Operating Cash Disbursements:			
Salaries and Wages	175,867		175,867
Fringe Benefits	108,620		108,620
Purchased Services	11,953		11,953
Materials and Supplies	234,225	50,664	284,889
Total Operating Cash Disbursements	530,665	50,664	581,329
Operating Loss	(214,444)	(6,203)	(220,647)
Non-Operating Receipts (Disbursements):			
Grants and Subsidies	267,274		267,274
Earnings on Investment	23		23
Miscellaneous		6,669	6,669
Advances (out)	(25,000)		(25,000)
Total Non-Operating Cash Receipts (Disbursements)	242,297	6,669	248,966
Net Change in Fund Cash Balances	27,853	466	28,319
Fund Cash Balances, July 1	17,595	29,033	46,628
Fund Cash Balances, June 30	$ 45,448	$ 29,499	$ 74,947

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT

The Genoa Area Local School District, Ottawa County, Ohio (the “District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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.

The District is staffed by 50 non-certified employees and 83 certified full-time teaching personnel who provide services to 1,505 students and other community members. The District currently operates 3 instructional buildings, 1 administrative building, 1 athletic complex and 1 bus garage.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America, the District chooses to prepare its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

A. The Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The financial statements of the reporting entity include only those of the District (the primary government).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among several school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. The NOECA assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two Assembly members from each county in which participating school districts are limited to its representation on the Board. During the fiscal year, the District paid NOECA $13,999 for its services. Financial information can be obtained by contacting Matt Bauer, who serves as controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Penta County Career Centers

The vocational school district is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The school accepts non-tuition students from the District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the District. Financial information is available from Carrie Herringshaw, Treasurer, 9301 Buck Road, Perrysburg, Ohio 43551.

PUBLIC ENTITY RISK POOLS

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

The San-Ott School Employees Welfare Benefit Association

The District participates in a shared risk pool, with participants from Sandusky and Ottawa counties. The Association is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services. Financial information can be obtained by writing to San-Ott Consortium, J. William Nye, Treasurer of Genoa Area Local School District, at 2810 North Genoa-Clay Center Road, Genoa, Ohio 43430-9730.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

The District uses fund accounting to segregate cash and investments which are restricted to use. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions of the District are financed. The following are the District's governmental fund types:

General Fund – The General Fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund – This fund is used for the accumulation of resources for, and the payment of, general obligation and energy conservation measure long-term debt principal and interest.

Capital Projects Funds – The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

PROPRIETARY FUND TYPE

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector.

Enterprise Fund – The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses) of providing 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.

FIDUCIARY FUND TYPE

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District's only fiduciary fund is an agency fund. Agency funds are custodial in nature. The District's agency fund accounts for student activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations resolution, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations within the fund level are made by the Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources.

E. Cash and Investments

To improve cash management, cash received by the District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During fiscal year 2012, the District invested in savings accounts, nonnegotiable certificates of deposits and STAR Ohio. Investments are reported at cost, except for STAR Ohio.

STAR Ohio is an investment pool, management by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2(a)7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2012.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2012 totaled $12,178, which included $8,251 assigned from other funds.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The District reported no restricted assets.

G. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

<u>Nonspendable</u> - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or are legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

<u>Restricted</u> - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

<u>Committed</u> - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

<u>Assigned</u> - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

<u>Unassigned</u> - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets.

I. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets.

J. Interfund Receivables/Payables

The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities.

K. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

L. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

M. Long-Term Obligations

The District's cash basis does not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure is reported at inception. Lease payments are reported when paid.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

O. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Total- (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 3 – COMPLIANCE

Ohio Administrative Code Section 117-2-03 (B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on the regulatory basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

NOTE 4 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

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

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio or Ohio local governments;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio).

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.

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2012, $4,764,522 of the District's bank balance of $5,814,962 was exposed to custodial credit risk because it was uninsured and collateralized with pooled securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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

NOTE 5 – BUDGETARY ACTIVITY

Budgetary activity for the year ending June 30, 2012 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$ 10,725,000	$ 10,893,511	$ 168,511
Special Revenue	1,089,875	1,004,420	(85,455)
Debt Service	660,000	666,742	6,742
Capital Projects	1,010,500	1,016,298	5,798
Enterprise	587,200	583,518	(3,682)
Total	$ 14,072,575	$ 14,164,489	$ 91,914

2012 Budgeted vs. Actual Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	$ 11,168,360	$ 10,981,028	$ 187,332
Special Revenue	1,110,221	1,078,304	31,917
Debt Service	605,000	604,621	379
Capital Projects	3,625,000	3,433,249	191,751
Enterprise	582,500	555,665	26,835
Total	$ 17,091,081	$ 16,652,867	$ 438,214

NOTE 6 – PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the District. Real property tax receipts received in calendar year 2012 represent the collection of calendar years 2011 taxes. Real property taxes received in calendar years 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, respectively, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in calendar years 2012 represent the collection of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2010, were levied after April 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general business, telephone and telecommunications companies and railroads. The tax on general business and railroad property was eliminated in calendar year 2010, and the tax on telephone and telecommunications property was eliminated in calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006 to 2010, the District was fully reimbursed for the lost revenue. In calendar years 2011 to 2017, the reimbursements will be phased out.

The District receives property taxes from Ottawa County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

	2011 Second Half Collections		2012 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 165,777,880	97.30	$ 166,650,140	97.16
Public utility personal	4,670,080	2.70	4,877,750	2.84
Total	$ 170,447,960	100.00	$ 171,527,890	100.00
Tax rate per $1,000 of assessed valuation	$68.40		$68.10	

NOTE 7 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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.

B. Employee Group Health Insurance

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 and Trust Company. The Pool includes nine member school districts. 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 except vision.

A third party advisor, Corporate One Benefits Agency, Inc. and Medical Mutual of Ohio headquartered in Toledo, Ohio, reviews all claims which are then paid by the Pool. As of June 30, 2012, the Pool has cash reserves (reserve account balance) of $1,881,500, which, in the opinion of San-Ott Consortium management, is adequate for any claims against the Pool.

During the fiscal year, the District paid approximately $1,123,976 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 J. William Nye, Treasurer, 2810 North Genoa-Clay Center Road, Genoa, Ohio 43430-9730.

C. Worker's Compensation Plan

The District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. Participants in the Plan are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the state based on the rate for its Plan tier rather than its individual rate. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, assistance with safety programs, and actuarial services to the Plan.

NOTE 8 – DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

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

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

Funding Policy - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were $747,745, $760,761 and $764,565, respectively; 92.15 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were $40,581 made by the District and $28,987 made by the plan members.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

B. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *"Employers/Audit Resources"*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were $155,069, $148,394 and $160,735, respectively; 60.37 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2012 certain Board of Education members have elected Social Security. The Board's liability is 6.2% of wages paid.

NOTE 9 – POSTEMPLOYMENT BENEFITS

A. State Teachers Retirement System

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

NOTE 9 – POSTEMPLOYMENT 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 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were $57,519, $58,520 and $58,813, respectively; 92.15 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

B. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 (latest information available) was $96.40 for most participants, but could be as high as $369.10 per month depending on their income and the SERS' reimbursement to retirees was $45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *"Employers/Audit Resources"*.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, 0.55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was $35,800.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011 and 2010 were $20,867, $45,568 and $26,016, respectively; 60.37 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

NOTE 9 – POSTEMPLOYMENT BENEFITS (Continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were $15,059, $14,727 and $14,676, respectively; 55.58 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

NOTE 10 – CAPITALIZED LEASES - LESSEE DISCLOSURE

During prior fiscal years, the District entered into capital lease agreements for the acquisition of the District's central office, computer equipment, computers for the elementary school, and athletic complex. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2012:

Fiscal Year Ending June 30,	Total
2013	$ 167,414
2014	115,800
2015	115,800
2016	115,800
2017	67,550
Total minimum lease payments	582,364
Less: amount representing interest	(80,708)
Present value of minimum lease payments	$ 501,656

NOTE 11 – DEBT

Debt outstanding at June 30, 2012 was as follows:

	Balance Outstanding 06/30/11	Additions	Reductions	Balance Outstanding 06/30/12	Amounts Due in One Year
General Obligation Bonds					
Series 2006					
Current Interest Serial Bonds	$ 2,785,000		$ (160,000)	$ 2,625,000	$ 170,000
Capital Appreciation Bonds	34,999			34,999	
Accreted Interest	145,292	$ 67,190		212,482	
Series 2009					
Current Interest Serial Bonds	4,975,000		(75,000)	4,900,000	75,000
Capital Appreciation Bonds	94,797			94,797	
Accreted Interest	32,632	21,464		54,096	
Energy Conservation Notes					
Series 2011		432,000	(12,000)	420,000	20,000
Capital Leases					
Central Office	80,000		(80,000)		
Athletic Facility	534,031		(80,764)	453,267	86,710
Elementary Computers	53,981		(26,109)	27,872	27,872
Computer Equipment	39,773		(19,256)	20,517	20,517
Total Long-Term Obligations	$ 8,775,505	$ 520,654	$ (453,129)	$ 8,843,030	$ 400,099

General obligation bonds: On July 1, 1999, the District issued $3,959,000 in general obligation bonds (Series 1999, School Facilities Improvement Bonds), for the purpose of construction and renovation of school facilities. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. The bonds will be retired from proceeds of a bonded debt tax levy and will be paid from the Bond Retirement Fund

During fiscal year 2006, $3,070,000 of these current interest bonds were refunded and the District paid $160,000 in principal during 2012 on the non-refunded portion of the bonds.

On March 29, 2006 the District issued general obligation bonds (Series 2006 Refunding Bonds) to advance refund the callable portion of the Series 1999 General Obligation Bonds (principal $3,070,000). The issuance proceeds of $3,069,999 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance).

The refunding issue is comprised of both current interest bonds, par value $3,035,000, and capital appreciation bonds, par value $34,999. The capital appreciation bonds mature December 1, 2013, December 1, 2014 and December 1, 2015 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is $530,000. In fiscal year 2012 $67,190 of additional accreted interest was added for a total accreted interest of $212,482 at June 30, 2012.

The reacquisition price exceeded the net carrying amount of the old debt by $225,901. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

NOTE 11 – DEBT (Continued)

The following is a summary of the future debt service requirements to maturity for the 2006 series refunding bonds:

	Current Interest Bonds			Capital Appreciation Bonds		
Year Ended	Principal	Interest	Total	Principal	Interest	Total
2013	$170,000	$104,068	$274,068			
2014		100,880	100,880	$15,389.00	$159,611.00	$175,000.00
2015		100,880	100,880	11,211	163,789	175,000
2016		100,880	100,880	8,399	171,601	180,000
2017	175,000	97,380	272,380			
2018-2022	995,000	373,500	1,368,500			
2023-2027	1,205,000	148,636	1,353,636			
2028	80,000	1,720	81,720			
Total	$2,625,000	$1,027,944	$3,652,944	$34,999	$495,001	$530,000

On July 9, 2009, the District issued general obligation bonds to finance building construction and improvements. The issue is comprised of both current interest bonds, par value $5,135,000, and capital appreciation bonds, par value $94,797. The interest rate on the current interest bonds range from 3.00% to 4.00%. The capital appreciation bonds mature on December 1, 2016, 2017 and 2018 (stated interest rate 16.20%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is $6,350,000. In fiscal year 2012 there was an additional $21,464 of accreted interest which brings the total of accreted interest to $54,096 at June 30, 2012. The District had $1,917,621 of unspent bond proceeds remaining on the bond issue.

The following is a summary of the future debt service requirements to maturity for the 2009 series refunding bonds:

	Current Interest Bonds			Capital Appreciation Bonds		
Year Ended	Principal	Interest	Total	Principal	Interest	Total
2013	$75,000	$220,722	$295,722			
2014	90,000	218,246	308,246			
2015	100,000	215,396	315,396			
2016	110,000	212,246	322,246			
2017		210,597	210,597	$34,764	$75,236	$110,000
2018-2022	480,000	1,024,575	1,504,575	60,033	179,967	240,000
2023-2027	1,045,000	846,993	1,891,993			
2028-2032	1,320,000	580,095	1,900,095			
2033-2037	1,680,000	215,545	1,895,545			
Total	$4,900,000	$3,744,415	$8,644,415	$94,797	$255,203	$350,000

In August, 2011 the District issued energy conservation notes for the purpose of purchasing and installing energy conservation measures. The proceeds of the note were received on August 31, 2011. The initial principal amount of the notes was $432,000, with an interest rate of 4.65% and a maturity date of December 1, 2025. Principal and interest payments in fiscal year 2011 totaled $12,000 and $14,907, respectively. These amounts are reported as debt service expenditures in the Bond Retirement Fund.

NOTE 11 – DEBT (Continued)

The following is a summary of the District's future annual debt service requirements to maturity for the energy conservation notes:

Year Ended	Principal	Interest	Total
2013	$20,000	$19,040	$39,040
2014	25,000	18,020	43,020
2015	25,000	16,858	41,858
2016	25,000	15,716	40,716
2017	25,000	14,512	39,512
2018-2022	155,000	52,206	207,206
2023-2025	145,000	13,843	158,843
Total	$420,000	$150,195	$570,195

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation use in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2012, are a voted debt margin of $9,042,751 (including available funds of $1,536,645) and an unvoted debt margin of $171,528.

NOTE 12 – SET ASIDE REQUIREMENTS AND FUND RESERVES

The District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end. These amounts must be carried forward and used for the same purposes in future years. A similar provision related to the purchase of textbooks and other instructional materials was repealed effective July 1, 2011.

The following cash basis information identifies the changes in the fund balance reserves for capital improvements and budget stabilization during 2012.

NOTE 12 – SET ASIDE REQUIREMENTS AND FUND RESERVES (Continued)

	Capital Improvements	Budget Stabilization
Set Aside Reserve Balance June 30, 2011		$44,853
Current Year Set Aside Requirement	$255,264	
Current Year Qualifying Expenditures	(1,856)	
Current Year Offsets	(361,701)	
Total	($108,293)	$44,853
Set Aside Reserve Balance June 30, 2012		$44,583
Balance Carried Forward		$44,853

The District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years.

NOTE 13 – CONSTRUCTION AND CONTRACTUAL COMMITMENTS

The District had the following contractual commitments outstanding at June 30, 2012, related to construction projects undertaken by the District:

Contractor	Amount
Loop Group	$ 11,203
School Specialty #1	368
School Specialty #2	285
Vaughn	32,079
Warner	42,667
Buehrer Group	21,704
Stan & Associates	8,391
Total	$116,697

NOTE 14 – CONTINGENCIES

A. Grants

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

Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. The effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

NOTE 14 – CONTINGENCIES (Continued)

B. Litigation

The District is not a party to legal proceedings that would have a material effect on the financial condition of the District.

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GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR ***Pass Through Grantor*** **Program Title**	**Federal CFDA Number**	**Receipts**	**Disbursements**
UNITED STATES DEPARTMENT OF AGRICULTURE			
Passed through the Ohio Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	$ 45,621	$ 45,621
National School Lunch Program			
Non-Cash Assistance (Food Distribution)	10.555	33,646	33,646
Cash Assistance	10.555	216,647	216,647
Total National School Lunch Program		250,293	250,293
Total United States Department of Agriculture		**295,914**	**295,914**
UNITED STATES DEPARTMENT OF EDUCATION			
Special Education Cluster (IDEA):			
Passed through North Point Educational Service Center			
Special Education - Preschool Grants (IDEA Preschool)	84.173	6,635	6,635
ARRA - Special Education - Preschool Grants (IDEA Preschool)	84.392	7,061	2,845
Passed through the Ohio Department of Education			
Special Education - Grants to States (IDEA, Part B)	84.027	274,424	274,936
ARRA - Special Education - Grants to States (IDEA, Part B)	84.391	20,624	17,032
Total - Special Education Cluster		308,744	301,448
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	145,381	153,119
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389		1,277
Total - Title I, Part A Cluster		145,381	154,396
Education Technology State Grants	84.318		1,163
Improving Teacher Quality State Grants	84.367	45,979	50,068
ARRA - Race to the Top	84.395	57	
Education Jobs Fund (EdJobs)	84.410	8,704	8,704
Total United States Department of Education		**508,865**	**515,779**
TOTAL FEDERAL FINANCIAL ASSISTANCE		**$ 804,779**	**$ 811,693**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY

NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports Genoa Area Local School District's (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the program that benefitted from the use of those donated food commodities.

NOTE D - MATCHING REQUIREMENTS

Certain federal programs require the District to contribute non-federal funds (matching funds) to support the federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-federal matching funds.

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

Genoa Area Local School District
Ottawa County
2810 North Genoa-Clay Center Road
Genoa, Ohio 43430-9730

To the Board of Education:

We have audited the financial statements of Genoa Area Local School District, Ottawa County, Ohio (the District), as of and for the year ended June 30, 2012, and have issued our report thereon dated March 6, 2013 wherein we issued an adverse opinion on the District's financial statements because the District prepared its financial statements using accounting practices the Auditor of State prescribes or permits for governmental entities not required to report in accordance with GAAP rather than accounting principles generally accepted in the United States of America. 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 District'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 District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2012-001 and 2012-002 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

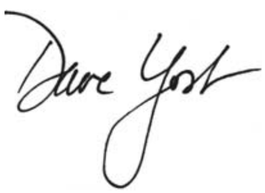
Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2012-001.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 6, 2013.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

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



Dave Yost
Auditor of State

March 6, 2013

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

Genoa Area Local School District
Ottawa County
2810 North Genoa-Clay Center Road
Genoa, Ohio 43430-9730

To the Board of Education:

Compliance

We have audited the compliance of Genoa Area Local School District, Ottawa County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings and questioned costs identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District'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 District'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 District's compliance with these requirements.

As described in findings 2012-003 and 2012-004 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding allowable costs/cost principles and period of availability applicable to its Special Education Cluster and Title I, Part A Cluster major federal programs. Compliance with these requirements is necessary, in our opinion, for the District to comply with requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Genoa Area Local School District, Ottawa 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, 2012.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
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www.ohioauditor.gov

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-003 and 2012-004 to be material weaknesses.

The District's responses to the findings we identified are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

We also noted a matter involving federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated March 6, 2013.

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

Dave Yost

Dave Yost
Auditor of State

March 6, 2013

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Adverse
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	Yes
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Qualified
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Special Education Cluster – Special Education – Grants to States CFDA #84.027, ARRA Special Education-Grants to States CFDA #84.391, Special Education-Preschool Grants CFDA #84.173 and ARRA Special Education-Preschool Grants CFDA #84.392; Title I, Part A Cluster – Title I Grants to Local Educational Agencies CFDA #84.010, ARRA Title I Grants to Local Educational Agencies CFDA #84.389
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

FINDING NUMBER 2012-001

Noncompliance Citation / Material Weakness

Ohio Revised Code, § 117.38, provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Administrative Code § 117-2-03 (B), which further clarifies the requirements of Ohio Revised Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

For fiscal year 2012, the District prepared financial statements in accordance with the regulatory basis of accounting prescribed or permitted by the Auditor of State for governments not required to report in accordance with GAAP. This presentation differs from accounting principles generally accepted in the United States of America. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District take the necessary steps to ensure the financial report is prepared in accordance with generally accepted accounting principles.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2012-002

Material Weakness - Financial Reporting

The results of our procedures identified the following errors requiring adjustment to the financial statements:

- Estimated Receipts were adjusted in the General, Special Revenue, Debt Service and Enterprise fund types in amounts ranging from $10,000 to $170,679;

- $126,129 and $43,128 representing principal and interest payments, respectively, in the Permanent Improvement fund were improperly classified as operations and maintenance disbursements;

- The District undertook construction projects through the Ohio School Facilities Commission. The Treasurer improperly recorded retainage amounts withheld as disbursements. An adjustment in the amount of $160,916 was made to capital outlay in the Capital Project Fund Type; and

- $49,450 representing the sale of the Brunner Elementary building was improperly recorded as Other Local Revenue instead of Sale of Assets in the Permanent Improvement Fund.

Sound financial reporting is the responsibility of the Treasurer and the Board of Education and is essential to ensure the information provided to the readers of the financial statements and accompanying notes is complete and accurate.

FINDING NUMBER 2012-002
(Continued)

To ensure the District's financial statements and notes to the statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements and notes by the Treasurer, to identify and correct errors and omissions. Also, the Treasurer can refer to the USAS accounting manual at the following web site address for guidance on the recording of transactions: http://www.ohioauditor.gov/services/lgs/publications/LocalGovernmentManualsHandbooks/uniform_school_accounting_system_user_manual.pdf

Officials' Response:

We did not receive a response from Officials to this finding.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2012-003
CFDA Title and Number	Special Education Cluster: Special Education – Grants to States (IDEA, Part B) – CFDA #84.027 ARRA - Special Education – Grants to States (IDEA, Part B) – CFDA #84.391 Special Education - Preschool Grants (IDEA Preschool) – CFDA #84.173 ARRA – Special Education – Preschool Grants (IDEA Preschool) – CFDA #84.392 Title I, Part A Cluster: Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) – CFDA #84.010 ARRA - Title I – Grants to Local Educational Agencies – CFDA #84.389
Federal Award Number / Year	2012
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

Allowable Costs/Cost Principles – Noncompliance/Questioned Cost/Material Weakness

A State Educational Agency (SEA) or Local Educational Agency (LEA) that consolidates Federal administrative funds under Sections 9201 or 9203 of ESEA (20 USC 7821 or 7823) is not required to keep separate records by individual program. The SEA or LEA may treat the consolidated administrative cost objective as a "dedicated function." Time-and-effort requirements with respect to consolidated administrative funds vary under different circumstances:

FINDING NUMBER 2012-003
(Continued)

1. **2 CFR 225 (OMB Circular A 87), Appendix B, Paragraph 8.h.(3)**, indicates an employee who works solely on a single cost objective (i.e., the consolidated administrative cost objective) must furnish a semi-annual certification that he/she has been engaged solely in these activities. The certifications must be signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee.

2. **2 CFR 225 (OMB Circular A 87), Appendix B, paragraphs 8.h.(4), (5), and (6)**, indicates an employee who works in part on a single cost objective (i.e., the consolidated administrative cost objective) and in part on a Federal program whose administrative funds have not been consolidated or on activities funded from other revenue sources must maintain time and effort distribution records documenting the portion of time and effort dedicated to:

   a. The single cost objective, and

   b. Each program or other cost objective supported by non-consolidated Federal funds or other revenue sources.

A Title I teacher performs certain non-Title I functions. The District allocated 96 percent of the employee's compensation and fringe benefits to the Title I grant with the remaining four percent charged to the General Fund. Time and activity logs were not maintained in order to ensure the amounts charged to the Title I grant were representative of actual time spent on activities chargeable to the grant.

Compensation and fringe benefits charged to the Title I grant in the amount of $90,431 represent questioned costs on the basis of underlying documentation supporting these disbursements was not properly maintained. Total questioned costs for allowable costs are ninety thousand four hundred thirty-one dollars ($90,431) of the $154,396 Title I grant during fiscal year 2012.

The Title I Teacher should maintain and time and effort documentation to support the portion of compensation charged against the grant fund. The Treasurer should ensure the portion of salary charged against the grant fund is supported by the time and effort documentation and record any necessary adjustments in the District's records to account for differences between the amounts allocated to grant funds and the calculated allowable amount based on time and effort documentation.

The Special Education Coordinator in the District performs certain non-special education functions. The District allocated 80 percent of the employee's compensation and fringe benefits to the Special Education Cluster grant with the remaining 20 percent allocated to the General Fund. Time and activity logs were not maintained for the period of July 1, 2011 through December 31, 2011 in order to ensure the amounts charged to the Special Education Cluster grant were representative of actual time spent on activities chargeable to the grant.

Compensation and fringe benefits charged to the Special Education Cluster grant in the amount of $35,000 represent questioned costs on the basis of underlying documentation supporting these disbursements was not properly maintained.

Total questioned costs for allowable costs are thirty-five thousand dollars ($35,000) of the $301,448 Special Education Cluster grant during fiscal year 2012.

The Special Education Coordinator should maintain and time and effort documentation to support the portion of compensation charged against the grant fund. The Treasurer should ensure any salary charged against the grant fund is supported by the time and effort documentation and record any necessary adjustments in the District's records to account for differences between the amounts allocated to grant funds and the calculated allowable amount based on time and effort documentation.

FINDING NUMBER 2012-003
(Continued)

Officials' Response:

The District has implemented procedures during 2012 to ensure completion of the required time & effort sheets and semi-annual certifications by the appropriate staff members.

Finding Number	2012-004
CFDA Title and Number	Special Education Cluster: Special Education – Grants to States (IDEA, Part B) – CFDA #84.027 ARRA - Special Education – Grants to States (IDEA, Part B) – CFDA #84.391 Special Education - Preschool Grants (IDEA Preschool) – CFDA #84.173 ARRA – Special Education – Preschool Grants (IDEA Preschool) – CFDA #84.392 Title I, Part A Cluster: Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) – CFDA #84.010 ARRA - Title I – Grants to Local Educational Agencies – CFDA #84.389
Federal Award Number / Year	2012
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

Period of Availability – Noncompliance/Questioned Cost/Material Weakness

34 CFR 74.28 provides that where a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Secretary. The Ohio Department of Education (ODE) 2012 Continuous Comprehensive Improvement (CCIP) Consolidated Application for the Special Education Cluster and Title I grants defined the available period as July 1, 2011 to June 30, 2012. 34 C.F.R. 76.707 states that an obligation for personal services by an employee of the State or subgrantee occurs when the services are performed.

The District charged $21,614 in compensation and fringe benefits for services performed prior to July 1, 2011 to their 2012 Title I grant. These costs represent two Title I teachers' payroll expenses for July, 2011 and the first pay in August, 2011 attributable to the 2011 contract year.

Total questioned for expenditures outside the period of availability are twenty-one thousand six hundred fourteen dollars ($21,614) of the $154,396 spent on the Title I Program grant during 2012.

The District charged $29,436 in compensation and fringe benefits benefits for services performed prior to July 1, 2011 to their 2012 Special Education Cluster grant. These costs represent four special education intervention specialists' payroll expenses for July, 2011 and the first pay in August, 2011 attributable to the 2011 contract year.

FINDING NUMBER 2012-004
(Continued)

Total questioned for expenditures outside the period of availability are twenty-nine thousand four hundred thirty-six dollars ($29,436) of the $301,448 spent on the Special Education Program grant during 2012.

We recommend the District ensure grants are charged only for obligations incurred during the period of availability.

Officials' Response:

The District will implement in 2013 procedures to ensure payroll is reviewed and allocated to the appropriate cost center and grant year that follows the contract year instead of the fiscal year.

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2011-001	Ohio Administrative Code § 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	No	Not corrected. Reissued as finding number 2012-001 in this report.
2011-002	Finding for Recovery against Ohio Revised Code § 3313.12 for pick-up of Board member retirement.	Yes	
2011-003	Recommended monitoring of financial statements.	No	Not corrected. Reissued as finding number 2012-002 in this report.
2011-004	2 CFR Part 225, Appendix A, Section (C)(1)(j) for purchase of a special education bus used to transport special education and non-special education students.	Yes	
2011-005	2 CFR Appendix B, Paragraphs 8.h(3) through 8.h(6) for lack of time and effort documentation.	No	Not corrected. Reissued as finding number 2012-003 in this report.
2011-006	2 CFR 80.20(b)(7) for not spending advances of monies in a timely manner.	Yes	
2011-007	OMB Circular A-133 §.320(a) for not making timely submission of the data collection form and reporting package.	Yes	

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GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2012

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2012-003	The District has implemented procedures in 2012 to ensure completion of the required time and effort sheets and semi-annual certifications by the appropriate staff members.	June, 2012	J. William Nye, Treasurer
2012-004	The District will implement in 2013 procedures to ensure payroll is reviewed and allocated to the appropriate cost center and grant year that follows the contract year instead of the fiscal year.	June, 2013	J. William Nye, Treasurer

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Dave Yost • Auditor of State

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 26, 2013