

SWANTON LOCAL SCHOOL DISTRICT

FULTON COUNTY

Audit Report

For the Year Ended June 30, 2012

CHARLES E. HARRIS & ASSOCIATES, INC.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Board of Education
Swanton Local School District
108 North Main Street
Swanton, Ohio 43558

We have reviewed the *Report of Independent Accountants* of the Swanton Local School District, Fulton County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2011 through June 30, 2012. 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 Swanton Local School District is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

February 4, 2013

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**SWANTON LOCAL SCHOOL DISTRICT
 FULTON COUNTY
 AUDIT REPORT
 For the Year Ending June 30, 2012**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Swanton Local School District
Fulton County
108 North Main Street
Swanton, OH 43558

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Swanton Local School District, Fulton County, Ohio, (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

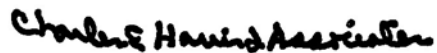
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform 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 opinions.

Ohio Administrative Code § 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 follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Swanton Local School District, Fulton County, Ohio, as of June 30, 2012, and the respective changes in cash financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with the accounting basis note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012, on our consideration of the District's internal control over financial reporting and on 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.

We conducted our audit to opine on the District's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental and business-type activities. The schedule of federal awards expenditures (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However, these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on them.



Charles E. Harris & Associates, Inc.
December 17, 2012

Swanton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

The discussion and analysis of Swanton Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012, within the limitations of cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Highlights for fiscal year 2012 are as follows:

In total, governmental net assets decreased \$975,418, or 8 percent, and due, in large part, to cash carryover spending. Net assets for the business-type activity increased 5 percent due to an increase in registration fees.

General revenues accounted for 85 percent of total revenues and reflect the School District's significant dependence on property taxes, income taxes, and unrestricted State entitlements.

For the business-type activity, 94 percent of total revenues were generated by the programs.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's cash basis of accounting.

The School District has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and the related assets and liabilities. Under the School District's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

The statement of net assets and the statement of activities provide information about the cash activities of the whole School District.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds, with all other nonmajor funds presented in total in a single column. For Swanton Local School District, the General Fund and the Bond Retirement debt service fund are the most significant funds.

Swanton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2012, within the limitations of cash basis accounting. The statement of net assets presents the cash balance of the governmental and business-type activities of the School District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental and business-type activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business activity draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Factors which contribute to these changes may also include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets and the statement of activities, the School District discloses two types of activities:

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

Business-Type Activity - This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The community recreation program is reported as a business-type activity.

Reporting the School District's Most Significant Funds

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major funds are the General Fund and the Bond Retirement debt service fund.

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

Swanton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Enterprise Fund - The School District's enterprise fund is used to report the same function that is presented as a business-type activity on the government-wide financial statements and uses the cash basis of accounting. The School District uses an enterprise fund to account for the community recreation program.

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

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2012 and fiscal year 2011:

Table 1
Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2012	2011	2012	2011	2012	2011
<u>Assets</u>						
Equity in Pooled Cash and Cash Equivalents	\$8,995,722	\$9,776,785	\$22,964	\$21,844	\$9,018,686	\$9,798,629
Cash and Cash Equivalents with Fiscal Agent	1,611,250	1,805,605	0	0	1,611,250	1,805,605
Total Assets	<u>10,606,972</u>	<u>11,582,390</u>	<u>22,964</u>	<u>21,844</u>	<u>10,629,936</u>	<u>11,604,234</u>
<u>Net Assets</u>						
Restricted	\$1,990,756	\$1,992,956	\$0	\$0	\$1,990,756	\$1,992,956
Unrestricted	8,616,216	9,589,434	22,964	21,844	8,639,180	9,611,278
Total Net Assets	<u>\$10,606,972</u>	<u>\$11,582,390</u>	<u>\$22,964</u>	<u>\$21,844</u>	<u>\$10,629,936</u>	<u>\$11,604,234</u>

The overall decrease in net assets for governmental activities was 8 percent and generally due to cash carryover spending.

There was a 5 percent decrease in net assets for the business-type activity due to an increase in registration receipts.

Swanton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Table 2 reflects the change in net assets for fiscal year 2012 and fiscal year 2011.

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2012	2011	2012	2011	2012	2011
<u>Receipts</u>						
Program Receipts						
Charges for Services	\$951,955	\$1,046,137	\$69,850	\$49,174	\$1,021,805	\$1,095,311
Operating Grants and Contributions	1,360,876	1,498,625	0	0	1,360,876	1,498,625
Total Program Receipts	<u>2,312,831</u>	<u>2,544,762</u>	<u>69,850</u>	<u>49,174</u>	<u>2,382,681</u>	<u>2,593,936</u>
General Receipts						
Property Taxes Levied for General Purposes	4,553,399	4,538,210	0	0	4,553,399	4,538,210
Property Taxes Levied for Debt Service	1,246,340	1,271,465	0	0	1,246,340	1,271,465
Property Taxes Levied for Permanent Improvements	168,417	175,265	0	0	168,417	175,265
Income Taxes	1,521,550	1,635,304	0	0	1,521,550	1,635,304
Grants and Entitlements	5,018,581	5,686,409	0	0	5,018,581	5,686,409
Interest	51,648	63,875	0	0	51,648	63,875
Gifts and Donations	6,028	13,500	0	0	6,028	13,500
Other	283,604	337,213	4,816	7,137	288,420	344,350
Total General Receipts	<u>12,849,567</u>	<u>13,721,241</u>	<u>4,816</u>	<u>7,137</u>	<u>12,854,383</u>	<u>13,728,378</u>
Total Receipts	<u>15,162,398</u>	<u>16,266,003</u>	<u>74,666</u>	<u>56,311</u>	<u>15,237,064</u>	<u>16,322,314</u>
<u>Disbursements</u>						
Instruction:						
Regular	6,266,628	6,671,840	0	0	6,266,628	6,671,840
Special	1,758,677	1,869,783	0	0	1,758,677	1,869,783
Vocational	91	0	0	0	91	0
Support Services:						
Pupils	729,115	644,603	0	0	729,115	644,603
Instructional Staff	724,795	709,742	0	0	724,795	709,742
Board of Education	100,744	35,091	0	0	100,744	35,091
Administration	1,296,167	1,301,573	0	0	1,296,167	1,301,573
Fiscal	417,598	466,140	0	0	417,598	466,140
Business	5,781	8,819	0	0	5,781	8,819
Operation of Maintenance of Plant	1,324,062	1,314,794	0	0	1,324,062	1,314,794
Pupil Transportation	724,755	897,484	0	0	724,755	897,484
Central	93,449	48,307	0	0	93,449	48,307
Non-Instructional Services	575,841	549,168	0	0	575,841	549,168
Extracurricular Activities	417,653	459,467	0	0	417,653	459,467
Capital Outlay	197,339	318,749	0	0	197,339	318,749
Principal Retirement	1,130,000	1,005,000	0	0	1,130,000	1,005,000
Interest and Fiscal Charges	375,121	417,547	0	0	375,121	417,547
Recreation	0	0	73,546	81,935	73,546	81,935
Total Disbursements	<u>16,137,816</u>	<u>16,718,107</u>	<u>73,546</u>	<u>81,935</u>	<u>16,211,362</u>	<u>16,800,042</u>
Increase (Decrease) in Net Assets	(975,418)	(452,104)	1,120	(25,624)	(974,298)	(477,728)
Net Assets at Beginning of Year	11,582,390	12,034,494	21,844	47,468	11,604,234	12,081,962
Net Assets at End of Year	<u>\$10,606,972</u>	<u>\$11,582,390</u>	<u>\$22,964</u>	<u>\$21,844</u>	<u>\$10,629,936</u>	<u>\$11,604,234</u>

Swanton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

For governmental activities, program receipts represent 15 percent of total receipts (same as the prior fiscal year) and primarily consist of restricted intergovernmental receipts, tuition, fees, charges for extracurricular activities, and food service sales. Operating grants and contributions reflected as program receipts are restricted intergovernmental resources which are directly associated with certain governmental activities, such as special education funding and food service subsidies. Overall receipts decreased primarily due to less grant funding, a reduction in income tax receipts, and a reduction in State grants and entitlements.

Program disbursements for governmental activities remained fairly similar to the prior fiscal year; however, note the reductions reflected within the instruction program due to retirements and resignations. Not all of those folks were replaced and those replaces were at lower salaries. The major program cost for governmental activities continues to be for instruction, which accounts for 50 percent of all governmental disbursements. Other programs which directly support the instruction process including pupils, instructional staff, and pupil transportation account for 14 percent of governmental disbursements. Maintenance of the School District's facilities also represents a significant cost, 8 percent.

For the business-type activity, the increase in registration receipts resulted in an overall increase in net assets.

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
Instruction:				
Regular	\$6,266,628	\$6,671,840	\$5,574,415	\$5,725,062
Special	1,758,677	1,869,783	863,984	912,262
Vocational	91	0	(4,320)	(4,411)
Support Services:				
Pupils	729,115	644,603	729,115	639,603
Instructional Staff	724,795	709,742	724,795	709,742
Board of Education	100,744	35,091	100,744	35,091
Administration	1,296,167	1,301,573	1,296,167	1,301,573
Fiscal	417,598	466,140	417,598	466,140
Business	5,781	8,819	5,781	8,819
Operation and Maintenance of Plant	1,324,062	1,314,794	1,324,062	1,314,794
Pupil Transportation	724,755	897,484	699,968	897,484
Central	93,449	48,307	86,249	(2,310)
Non-Instructional Services	575,841	549,168	(27,077)	57,799
Extracurricular Activities	417,653	459,467	331,044	370,401
Capital Outlay	197,339	318,749	197,339	318,749
Principal Retirement	1,130,000	1,005,000	1,130,000	1,005,000
Interest and Fiscal Charges	375,121	417,547	375,121	417,547
Total Expenses	<u>\$16,137,816</u>	<u>\$16,718,107</u>	<u>\$13,824,985</u>	<u>\$14,173,345</u>

Swanton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

The above table demonstrates the School District's significant dependence on general receipts as 86 percent of the current fiscal year's costs were paid for through general receipts. Note that only a very few of the school district's programs receive significant support from program receipts. For example, 51 percent of special instruction costs are provided for through operating grants restricted for special instruction programs. All of the non-instructional services costs were paid for through program receipts this fiscal year. This is primarily due to cafeteria sales, state and federal subsidies, and donated commodities for food service operations. This program also includes disbursements made by the School District on behalf of St. Richards Catholic School. Approximately 21 percent of extracurricular activities costs are paid for through program receipts. These program receipts are the result of music and athletic fees, ticket sales, and gate receipts at musical and athletic events.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting. For the General Fund, there was a 10 percent decrease in fund balance. Both receipts and disbursements remained fairly similar to the prior fiscal year; however, disbursements were in excess of receipts (cash carryover spending).

Fund balance in the Bond Retirement debt service fund did not change significantly.

The School District's business-type activity, which accounts for a community recreation program, had an increase in net assets due to an increase in registration receipts.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During fiscal year 2012, the School District amended its General Fund budget as needed. Changes from the original budget to the final budget and the final budget to actual revenues were not significant.

For expenditures, changes between the original and final appropriations were not significant. Actual expenditures were over \$973,000 less than amounts budgeted due to conservative budgeting.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2012, the School District had \$23,664,984 in capital assets for governmental activities. The School District is reflecting capital assets at cost. Donated capital assets are reflected at their fair market value as of the date received. For further information regarding the School District's capital assets, refer to Note 6 to the basic financial statements.

Swanton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Debt

The School District's outstanding debt at June 30, 2012, consisted of general obligation bonds, in the amount of \$10,701,995. For further information regarding the School District's long-term obligations, refer to Note 11 to the basic financial statements.

Current Issues

The School District was successful in asking voters to renew the \$825,000 emergency levy on the August 2012 ballot. This was accomplished due to the hard work of an outstanding community driven levy committee. In the spring prior to passing this levy, the School District announced a \$915,000 reduction in the annual budget starting with fiscal year 2013. This savings was accomplished by not replacing several retiring/resigning staff, reducing 2.5 full-time equivalent certified teachers, not filling several supplemental positions, and working on reducing overtime and substitutes for custodial staffing.

In reviewing the School District's October 2012 five-year forecast, there is still about \$800,000 to \$1,000,000 of an operating deficit through fiscal year 2017. With the reductions made for fiscal year 2013, this greatly improved the School District's financial situation for the future years. The Administration is starting the discussions on whether another significant decrease in operating expenses can be done without negatively impacting the Excellent with Distinction rating awarded by the Ohio Department of Education for the 2011/2012 school year.

The School District settled two of its union contracts that will keep salaries constant for the next two fiscal years. The Swanton Education Association (SEA) worked with the Administration and Board of Education to keep the base salary pay constant for the three years of the contract while increasing the employee share paid towards health insurance. This contract was effective April 4, 2012, and will run through August 31, 2014. The other contract keeping base salary constant with employees sharing a percentage towards their healthcare premiums was with the SSSA, representing the secretarial staff. This contract was effective September 1, 2012, and will go for two years. The SSSA negotiations went smoothly with each side showing dignity and respect towards each other.

The School District provides health insurance benefits to employees through a self-insured health plan through OME-RESA. The OME-RESA consortium tracks claims and contribution for the School District and then allows any excesses to cover any deficits in the annual expenses. There has been a significant balance in the OME-RESA consortium which allowed the School District to justify reducing the monthly premiums by 38 percent. This reduction in the monthly contribution helps employees who are now paying a percentage of the monthly premiums. This lower monthly premium should eliminate the need to take three to five monthly premium moratoriums which is confusing to employees. The lower monthly premium also gives the employees a truer picture of the cost of health insurance provided to them as a benefit.

The School District is collecting .75 percent from the School District income tax that was approved at this reduced rate by voters and started at this reduced rate on January 1, 2010. It took eighteen months for the full effect to be seen in the School District's cash flow. Overall, the collections are down by about \$1,000,000 from when the collection rate was at 1.25 percent. The School District is starting to see the month to month collections stabilizing, similar to what our neighboring school districts are experiencing. There is no reason to anticipate a significant increase in collections until the economy sees improvement. The School District income tax will run through December 31, 2014, meaning the School District will have to place a renewal of this tax before the voters in either calendar year 2013 or 2014.

Swanton Local School District
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With the healthy cash balance in the School District's Bond Retirement Fund and the low interest rates, consideration is being given to paying down the School District's bonded indebtedness and refunding/refinancing the remaining debt in the 2001 and 2004 debt issues. This will reduce outstanding debt and possibly pay off another portion of the bond debt at a faster pace than originally established.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Joyce Kinsman, Treasurer, Swanton Local School District, 108 North Main Street, Swanton, Ohio 43558-1032.

Swanton Local School District
Statement of Net Assets - Cash Basis
June 30, 2012

	Governmental Activities	Business-Type Activity	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$8,995,722	\$22,964	\$9,018,686
Cash and Cash Equivalents with Fiscal Agent	1,611,250	0	1,611,250
Total Assets	\$10,606,972	\$22,964	\$10,629,936
 <u>Net Assets:</u>			
Restricted For:			
Debt Service	1,710,774	0	1,710,774
Capital Projects	122,061	0	122,061
Other Purposes	157,921	0	157,921
Unrestricted	8,616,216	22,964	8,639,180
Total Net Assets	\$10,606,972	\$22,964	\$10,629,936

See Accompanying Notes to the Basic Financial Statements

Swanton Local School District
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2012

	Program Receipts		
Disbursements	Charges for Services	Operating Grants and Contributions	
<u>Governmental Activities:</u>			
Instruction:			
Regular	\$6,266,628	\$589,072	\$103,141
Special	1,758,677	64,769	829,924
Vocational	91	0	4,411
Support Services:			
Pupils	729,115	0	0
Instructional Staff	724,795	0	0
Board of Education	100,744	0	0
Administration	1,296,167	0	0
Fiscal	417,598	0	0
Business	5,781	0	0
Operation and Maintenance of Plant	1,324,062	0	0
Pupil Transportation	724,755	0	24,787
Central	93,449	0	7,200
Non-Instructional Services	575,841	213,217	389,701
Extracurricular Activities	417,653	84,897	1,712
Capital Outlay	197,339	0	0
Debt Service:			
Principal Retirement	1,130,000	0	0
Interest and Fiscal Charges	375,121	0	0
Total Governmental Activities	16,137,816	951,955	1,360,876
 <u>Business-Type Activity:</u>			
Recreation	73,546	69,850	0
Total	\$16,211,362	\$1,021,805	\$1,360,876

General Receipts:

Property Taxes Levied for General Purposes
Property Taxes Levied for Debt Service
Property Taxes Levied for Permanent Improvements
Income Taxes
Grants and Entitlements not Restricted to Specific Programs
Interest
Gifts and Donations
Other
Total General Receipts

Change in Net Assets

Net Assets at Beginning of Year
Net Assets at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Disbursements) Receipts and Change in Net Assets		
Governmental Activities	Business-Type Activity	Total
(\$5,574,415)	\$0	(\$5,574,415)
(863,984)	0	(863,984)
4,320	0	4,320
(729,115)	0	(729,115)
(724,795)	0	(724,795)
(100,744)	0	(100,744)
(1,296,167)	0	(1,296,167)
(417,598)	0	(417,598)
(5,781)	0	(5,781)
(1,324,062)	0	(1,324,062)
(699,968)	0	(699,968)
(86,249)	0	(86,249)
27,077	0	27,077
(331,044)	0	(331,044)
(197,339)	0	(197,339)
(1,130,000)	0	(1,130,000)
(375,121)	0	(375,121)
<u>(13,824,985)</u>	<u>0</u>	<u>(13,824,985)</u>
<u>0</u>	<u>(3,696)</u>	<u>(3,696)</u>
<u>(13,824,985)</u>	<u>(3,696)</u>	<u>(13,828,681)</u>
4,553,399	0	4,553,399
1,246,340	0	1,246,340
168,417	0	168,417
1,521,550	0	1,521,550
5,018,581	0	5,018,581
51,648	0	51,648
6,028	0	6,028
283,604	4,816	288,420
<u>12,849,567</u>	<u>4,816</u>	<u>12,854,383</u>
(975,418)	1,120	(974,298)
<u>11,582,390</u>	<u>21,844</u>	<u>11,604,234</u>
<u>\$10,606,972</u>	<u>\$22,964</u>	<u>\$10,629,936</u>

Swanton Local School District
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
June 30, 2012

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$7,004,966	\$1,710,774	\$231,893	\$8,947,633
Cash and Cash Equivalents with Fiscal Agent	1,611,250	0	0	1,611,250
<u>Restricted Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	48,089	0	0	48,089
Total Assets	<u>\$8,664,305</u>	<u>\$1,710,774</u>	<u>\$231,893</u>	<u>\$10,606,972</u>
<u>Fund Balances:</u>				
Restricted	\$48,089	\$1,710,774	\$231,893	\$1,990,756
Assigned	213,674	0	0	213,674
Unassigned	8,402,542	0	0	8,402,542
Total Fund Balances	<u>\$8,664,305</u>	<u>\$1,710,774</u>	<u>\$231,893</u>	<u>\$10,606,972</u>

See Accompanying Notes to the Basic Financial Statements

Swanton Local School District
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012

	General	Bond Retirement	Other Governmental	Total Governmental Funds
<u>Receipts:</u>				
Property Taxes	\$4,553,399	\$1,246,340	\$168,417	\$5,968,156
Income Taxes	1,521,550	0	0	1,521,550
Intergovernmental	5,080,119	241,002	1,056,624	6,377,745
Interest	51,648	0	0	51,648
Tuition and Fees	653,841	0	0	653,841
Extracurricular Activities	0	0	85,600	85,600
Charges for Services	0	0	213,217	213,217
Gifts and Donations	4,500	0	2,537	7,037
Other	273,494	0	10,110	283,604
Total Revenues	<u>12,138,551</u>	<u>1,487,342</u>	<u>1,536,505</u>	<u>15,162,398</u>
<u>Disbursements:</u>				
Current:				
Instruction:				
Regular	6,167,262	0	99,366	6,266,628
Special	1,255,419	0	503,258	1,758,677
Vocational	91	0	0	91
Support Services:				
Pupils	728,430	0	685	729,115
Instructional Staff	724,470	0	325	724,795
Board of Education	100,744	0	0	100,744
Administration	1,276,907	0	19,260	1,296,167
Fiscal	384,034	29,568	3,996	417,598
Business	5,781	0	0	5,781
Operation and Maintenance of Plant	1,324,062	0	0	1,324,062
Pupil Transportation	724,485	0	270	724,755
Central	78,294	0	15,155	93,449
Non-Instructional Services	4,916	0	570,925	575,841
Extracurricular Activities	277,774	0	139,879	417,653
Capital Outlay	0	0	197,339	197,339
Debt Service:				
Principal Retirement	0	1,130,000	0	1,130,000
Interest and Fiscal Charges	0	375,121	0	375,121
Total Expenditures	<u>13,052,669</u>	<u>1,534,689</u>	<u>1,550,458</u>	<u>16,137,816</u>
Excess of Receipts Under Disbursements	<u>(914,118)</u>	<u>(47,347)</u>	<u>(13,953)</u>	<u>(975,418)</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	0	0	59,100	59,100
Transfers Out	(59,100)	0	0	(59,100)
Total Other Financing Sources (Uses)	<u>(59,100)</u>	<u>0</u>	<u>59,100</u>	<u>0</u>
Changes in Fund Balances	(973,218)	(47,347)	45,147	(975,418)
Fund Balances at Beginning of Year	<u>9,637,523</u>	<u>1,758,121</u>	<u>186,746</u>	<u>11,582,390</u>
Fund Balances at End of Year	<u><u>\$8,664,305</u></u>	<u><u>\$1,710,774</u></u>	<u><u>\$231,893</u></u>	<u><u>\$10,606,972</u></u>

See Accompanying Notes to the Basic Financial Statements

Swanton Local School District
Statement of Receipts, Disbursements, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$4,698,000	\$4,698,000	\$4,553,399	(\$144,601)
Income Taxes	1,400,000	1,400,000	1,521,550	121,550
Intergovernmental	4,908,241	4,909,491	5,080,119	170,628
Interest	27,000	27,000	11,985	(15,015)
Tuition and Fees	704,000	704,000	653,841	(50,159)
Gifts and Donations	10,000	10,000	4,500	(5,500)
Other	259,920	260,048	153,241	(106,807)
Total Receipts	<u>12,007,161</u>	<u>12,008,539</u>	<u>11,978,635</u>	<u>(29,904)</u>
<u>Disbursements:</u>				
Current:				
Instruction:				
Regular	6,432,110	6,346,186	6,068,547	277,639
Special	1,394,570	1,308,878	1,236,835	72,043
Vocational	0	0	91	(91)
Support Services:				
Pupils	691,988	691,990	717,345	(25,355)
Instructional Staff	751,605	848,299	719,692	128,607
Board of Education	57,060	167,060	107,744	59,316
Administration	1,474,956	1,452,025	1,251,809	200,216
Fiscal	431,496	431,495	378,810	52,685
Business	5,600	5,600	5,781	(181)
Operation and Maintenance of Plant	1,576,422	1,576,422	1,387,840	188,582
Pupil Transportation	837,368	837,368	701,368	136,000
Central	53,200	53,200	78,294	(25,094)
Extracurricular Activities	196,648	196,650	287,719	(91,069)
Total Disbursements	<u>13,903,023</u>	<u>13,915,173</u>	<u>12,941,875</u>	<u>973,298</u>
Excess of Receipts				
Under Disbursements	<u>(1,895,862)</u>	<u>(1,906,634)</u>	<u>(963,240)</u>	<u>943,394</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	0	0	66,854	66,854
Other Financing Sources	0	0	53,399	53,399
Transfers Out	(46,500)	(46,500)	(59,100)	(12,600)
Total Other Financing Sources (Uses)	<u>(46,500)</u>	<u>(46,500)</u>	<u>61,153</u>	<u>107,653</u>
Changes in Fund Balance	(1,942,362)	(1,953,134)	(902,087)	1,051,047
Fund Balance at Beginning of Year	7,697,953	7,697,953	7,697,953	0
Prior Year Encumbrances Appropriated	133,925	133,925	133,925	0
Fund Balance at End of Year	<u>\$5,889,516</u>	<u>\$5,878,744</u>	<u>\$6,929,791</u>	<u>\$1,051,047</u>

See Accompanying Notes to the Basic Financial Statements

Swanton Local School District
Statement of Fund Net Assets - Cash Basis
Enterprise Fund
June 30, 2012

	<u>Recreation</u>
<u>Current Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$22,964</u>
<u>Net Assets:</u>	
Unrestricted	<u>\$22,964</u>

See Accompanying Notes to the Basic Financial Statements

Swanton Local School District
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Cash Basis
Enterprise Fund
For the Fiscal Year Ended June 30, 2012

	Recreation
<u>Operating Revenues:</u>	
Charges for Services	\$69,850
Other Operating Revenues	4,816
Total Operating Revenues	74,666
 <u>Operating Expenses:</u>	
Salaries	17,634
Fringe Benefits	2,810
Materials and Supplies	53,102
Total Operating Expenses	73,546
 Change in Net Assets	 1,120
 Net Assets at Beginning of Year	 21,844
Net Assets at End of Year	\$22,964

See Accompanying Notes to the Basic Financial Statements

Swanton Local School District
Statement of Cash Flows - Cash Basis
Enterprise Fund
For the Fiscal Year Ended June 30, 2012

	<u>Recreation</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	
<u>Cash Flows from Operating Activities</u>	
Cash Received from Customers	\$69,850
Cash Payments for Salaries	(17,634)
Cash Payments for Fringe Benefits	(2,810)
Cash Payments for Goods and Services	(53,102)
Cash Received from Other Revenues	4,816
Net Cash Provided by Operating Activities	1,120
Cash and Cash Equivalents at Beginning of Year	21,844
Cash and Cash Equivalents at End of Year	\$22,964

See Accompanying Notes to the Basic Financial Statements

Swanton Local School District
Statement of Cash Basis Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$12,600	\$22,267
<u>Liabilities:</u>		
Undistributed Assets	0	\$22,267
<u>Net Assets:</u>		
Held in Trust for Scholarships	\$12,600	

See Accompanying Notes to the Basic Financial Statements

Swanton Local School District
Statement of Change in Cash Basis Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2012

<u>Additions:</u>	
Interest	\$16
<u>Deductions:</u>	<u>0</u>
Change in Net Assets	16
Net Assets at Beginning of Year	<u>12,584</u>
Net Assets at End of Year	<u><u>\$12,600</u></u>

See Accompanying Notes to the Basic Financial Statements

Note 1 - Description of the School District and Reporting Entity

Swanton Local School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state and federal guidelines.

The School District was established in 1887 and serves an area of approximately forty-two square miles. It is located in Fulton and Lucas Counties, and includes all of the Village of Swanton and portions of Fulton, Hardin, Spencer, Swancreek, and Swanton Townships. The School District is the 380th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by forty-eight classified employees, eighty-eight certified teaching personnel, and six administrative employees who provide services to 1,369 students and other community members. The School District currently operates four instructional buildings and an administration building.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the Swanton Local School District.

The School District’s reporting entity includes the following:

St. Richards Catholic School - Within the School District’s boundaries, St. Richards Catholic School is operated through the Toledo Catholic Diocese. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The activity is reflected in a special revenue fund of the School District.

The School District participates in five jointly governed organizations, three insurance pools, and is associated with a related organization. These organizations are the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Northwestern Ohio Educational Research Council, Inc., the Penta Career Center, the Ohio Schools Council Association, the Ohio School Plan, the Northern Buckeye Education Council Workers’ Compensation Group Rating Plan, the Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan, and the Swanton Public Library. These organizations are presented in Notes 15, 16, and 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless these pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The School District does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental receipts) and those that are considered business-type activities (primarily supported by fees and charges).

The statement of net assets presents the cash balance of the governmental and business-type activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities and the business-type activity. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business activity is self-financing on a cash basis or draws from the School District's general receipts.

Fund Financial Statements

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

Note 2 - Summary of Significant Accounting Policies (continued)

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into three categories; governmental, proprietary, and fiduciary.

Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The School District's major governmental funds are the General Fund and the Bond Retirement debt service fund.

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

Bond Retirement Fund - The Bond Retirement debt service fund is used to account for property taxes and related receipts restricted for the payment of principal and interest on general obligation bonds.

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, change in net assets, financial position, and cash flows.

Enterprise Fund - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's enterprise fund accounts for a community recreation program.

Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's private purpose trust fund accounts for the provision of college scholarships for students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for various student-managed activities.

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School 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.

Note 2 - Summary of Significant Accounting Policies (continued)

As a result of the use of the 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 the financial statements.

D. Budgetary Process

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources requested by the School District prior to fiscal year end.

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

E. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Cash and cash equivalents that were held separately with the School District's third-party administrator are recorded as "Cash and Cash Equivalents with Fiscal Agent".

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 was \$51,648, which includes \$10,921 assigned from other School District funds.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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, laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the General Fund represent unexpended revenues restricted for bus purchases.

G. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

H. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

I. Long-Term Obligations

Cash basis financial statements do 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 disbursements are made.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Fund Balance

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

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Swanton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 2 - Summary of Significant Accounting Policies (continued)

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

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the 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.

Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or 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 the Board of Education.

Unassigned - 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 used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are 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 can be used.

L. Operating Receipts and Disbursements

Operating receipts are those receipts that are generated directly from the primary activity of the enterprise fund. For the School District, these receipts are charges for services for the recreation program. Operating disbursements are the necessary costs incurred to provide the service that is the primary activity of the fund. All receipts and disbursements not meeting these definitions are reported as nonoperating.

M. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the enterprise fund.

Note 2 - Summary of Significant Accounting Policies (continued)

Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

Note 3 - Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School 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 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 held by the School District 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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers' acceptances if training requirements have been met.

Swanton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 3 - Deposits and Investments (continued)

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 School 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.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$2,092,353 of the School District's bank balance of \$9,337,882 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial credit 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 School 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 105 percent of the deposits being secured.

Note 4 - Property Taxes

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax distributions are received by the School 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 and public utility property located in the School District. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, 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 revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 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.

Swanton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 4 - Property Taxes (continued)

The School District receives property taxes from Fulton and Lucas Counties. The County Auditors periodically advance to the School 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.

The assessed values upon which fiscal year 2012 taxes were collected are:

	2011 Second- Half Collections		2012 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$168,824,860	82.30%	\$153,224,250	82.57%
Industrial/Commercial	30,581,280	14.91	26,521,500	14.29
Public Utility	5,713,240	2.79	5,832,480	3.14
Total Assessed Value	<u>\$205,119,380</u>	<u>100.00%</u>	<u>\$185,578,230</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$63.69		\$64.15	

Note 5 - Income Taxes

The School District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2010, for a five-year period. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

Note 6 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance at 6/30/11	Additions	Reductions	Balance at 6/30/12
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$563,666	\$0	\$0	\$563,666
Depreciable Capital Assets				
Land Improvements	\$952,432	0	0	\$952,432
Buildings and Building Improvements	19,624,140	0	0	19,624,140
Furniture, Fixtures, and Equipment	1,039,835	24,176	0	1,064,011
Vehicles	1,460,735	0	0	1,460,735
Total Depreciable Capital Assets	<u>23,077,142</u>	<u>24,176</u>	<u>0</u>	<u>23,101,318</u>
Governmental Activities Capital Assets, Net	<u>\$23,640,808</u>	<u>\$24,176</u>	<u>\$0</u>	<u>\$23,664,984</u>

Swanton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 7 - Risk Management

The School 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. During fiscal year 2012, the School District contracted for the following insurance coverage.

Coverage provided by Ohio School Plan is as follows:

General Liability	
Per Occurrence	\$3,000,000
Total per Year	5,000,000
Automobile Liability	3,000,000
Building and Contents	57,029,509

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

For fiscal year 2012, the School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

The School District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis, and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

The School District offers medical, drug, and dental insurance to all employees through a self-insured program through the General Fund. The School District's third party administrator is OME-RESA Health Benefits. The School District purchased stop loss insurance for claims in excess of \$500,000 per individual and \$1,000,000 aggregate. The School District's self-insured deductible is \$50,000. Amounts between \$50,000 and \$500,000 are paid from a shared risk pool. Settled claims have not exceeded this coverage for the past three years. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Note 8 - Defined Benefit Pension Plans

A. State Teachers Retirement System

Plan Description - The School 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 can be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on 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 DCP 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 fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, 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 DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DBP or CP member with five or more years of 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 DCP who become disabled are entitled only to their account balance. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contribution to STRS Ohio for the DBP and for the defined benefit portion of the CP were \$702,651 and \$6,591 for the fiscal year ended June 30, 2012, \$697,157 and \$6,414 for the fiscal year ended June 30, 2011, and \$674,618 and \$5,586 for the fiscal year ended June 30, 2010. For fiscal year 2012, 84 percent has been contributed for both the DBP and the CP. The full amount has been contributed for fiscal years 2011 and 2010.

The contribution to STRS Ohio for the DCP for fiscal year 2012 was \$4,949 made by the School District and \$3,535 made by the plan members. In addition, member contributions of \$4,708 were made for fiscal year 2012 for the defined contribution portion of the CP.

Note 8 - Defined Benefit Pension Plans (continued)

B. School Employees Retirement System

Plan Description - The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirement of plan members and employers is 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. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the system's funds (pension trust fund, death benefit fund, Medicare B fund, and health care fund). For the fiscal year ended June 30, 2012, the allocation to pension and death benefits was 12.7 percent. The remaining 1.3 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011, and 2010 was \$186,294, \$181,519, and \$204,320, respectively. For fiscal year 2012, 48 percent has been contributed. The full amount has been contributed 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, none of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 9 - Postemployment Benefits

A. State Teachers Retirement System

Plan Description - The School District participates in a cost-sharing multiple-employer defined benefit Health Care 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. Ohio law authorizes STRS Ohio to offer the Plan. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which can be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

Note 9 - Postemployment Benefits (continued)

Funding Policy - Chapter 3307 of the Ohio Revised Code 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The School District's contribution for health care for the fiscal years ended June 30, 2012, 2011, and 2010 was \$54,938, \$55,371, and \$53,483, respectively. For fiscal year 2012, 84 percent has been contributed. The full amount has been contributed for fiscal years 2011 and 2010.

B. School Employees Retirement System

Plan Description - The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System (SERS) for classified 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 as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal 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 fiscal year 2012, .55 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2012, this amount was \$35,800. For fiscal year 2012, the School District paid \$25,276 in surcharge.

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

The School District's contribution for health care for the fiscal years ended June 30, 2012, 2011, and 2010 was \$8,068, \$21,979, and \$7,354, respectively; 48 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2012, this actuarially required allocation was .75 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 was \$11,002, \$11,681, and \$12,151, respectively. For fiscal year 2012, 48 percent has been contributed. The full amount has been contributed for fiscal years 2011 and 2010.

Note 10 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred forty days for classified employees and two hundred thirty-five days for certified employees. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of thirty days for classified employees and fifty-eight and three quarters days for certified employees. In addition, each certified employee will receive an additional \$50 for each year of service to the School District, up to a maximum of thirty years of service.

B. Separation Benefit

For STRS employees, a cash payment of \$15,000 is made to all members who elect to retire under normal circumstances in the first year they are eligible. The employee has the option of participating with a Board approved annuity company for deferring all or a portion of the payment for tax purposes. The employee may choose to defer the payment until January of the following calendar year or take the payment at the time of retirement. To qualify, the employee must have at least fifteen years of service with the School District and must meet all eligibility requirements for retirement under STRS. Continuation of the program is reviewed with each negotiated agreement. The current enrollment period ended in August 2012.

For bus drivers and all other SERS employees, a cash payment of \$4,500 is made to all bargaining unit members who elect to retire under normal circumstances and in the first year they are eligible. The employee has the option of participating with a Board approved annuity company for deferring all or a portion of the payment for tax purposes. The employee may choose to defer the payment until January of the following calendar year or take the payment at the time of retirement. To qualify, the employee must have at least fifteen years of service with the School District for bus drivers, or seven years of service for all other SERS employees, must meet all eligibility requirements for retirement under SERS, and must indicate a retirement date before August 1 preceding their year of eligibility. Continuation of the program is reviewed with each negotiated agreement. The current enrollment period for bus drivers, ended in August 2011, and for all other SERS employees, ends in August 2012.

Swanton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 11 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2012 were as follows:

	<u>Balance at 6/30/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/12</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
<u>General Obligation Bonds</u>					
FY01 School Improvement Bonds					
Serial Bonds 4.2-4.4%	\$625,000	\$0	\$625,000	\$0	\$0
Term Bonds 4.9-5.25%	1,335,000	0	0	1,335,000	0
Capital Appreciation Bonds 4.9-5%	524,992	0	0	524,992	272,460
FY01 School Improvement Bonds					
Accretion of Capital Appreciation Bonds	599,808	88,763	0	688,571	0
FY05 School Improvement Bonds					
Serial Bonds 3-3.25%	140,000	0	140,000	0	0
Term Bonds 4-4.25%	1,020,000	0	0	1,020,000	0
Capital Appreciation Bonds 3.83-4.07%	99,998	0	0	99,998	38,986
Accretion of Capital Appreciation Bonds	194,208	53,059	0	247,267	0
Premium	130,859	0	14,540	116,319	0
FY06 School Improvement Refunding Bonds					
Serial Bonds 3.75-4.2%	6,405,003	0	365,000	6,040,003	25,000
Capital Appreciation Bonds 4.4-4.7%	374,997	0	0	374,997	0
Accretion of Capital Appreciation Bonds	325,083	88,212	0	413,295	0
Premium	367,882	0	19,805	348,077	0
Accounting Loss	(535,386)	0	(28,822)	(506,564)	0
Total General Long-Term Obligation Bonds	<u>\$11,607,444</u>	<u>\$230,034</u>	<u>\$1,135,523</u>	<u>\$10,701,955</u>	<u>\$336,446</u>

FY01 School Improvement Bonds - On June 1, 2001, the School District issued \$15,999,992 in voted general obligation bonds for buildings and other improvements. The bond issue included serial, term, and capital appreciation bonds, in the original amount of \$5,360,000, \$10,115,000, and \$524,992, respectively. The bonds were issued for a twenty-six year period, with final maturity during fiscal year 2027. The bonds will be retired through the Bond Retirement debt service fund. During fiscal year 2006, a portion of the term bonds, in the amount of \$8,780,000, was advance refunded.

Swanton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 11 - Long-Term Obligations (continued)

The term bonds maturing on December 1, 2015, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, 2014 (with the balance of \$685,000 to be paid at stated maturity on December 1, 2015), at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

Year	Amount
2014	\$650,000

Term bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement.

The serial bonds are subject to optional redemption on or after December 1, 2011, by and at the sole option of the School District, either in whole on any date or in part on any interest payment date and in integral multiples of \$5,000, at the following redemption prices (expressed as percentages of the principal amount redeemed), plus accrued interest to the redemption date, according to the following schedule:

Redemption Dates (Dates Inclusive)	Redemption Prices
December 1, 2011, through November 30, 2012	101%
December 1, 2012, and thereafter	100

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2013 and 2014. The maturity amount of the bonds is \$1,300,000.

FY05 School Improvement Bonds - On December 1, 2004, the School District issued \$1,999,998 in voted general obligation bonds to retire \$2,000,000 of outstanding bond anticipation notes. The bond issue included serial, term, and capital appreciation bonds, in the original amount of \$880,000, \$1,020,000, and \$99,998, respectively. The bonds were issued for a twenty-one year period, with final maturity during fiscal year 2026. The bonds will be retired through the Bond Retirement debt service fund.

The term bonds maturing on December 1, 2018, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1 in each of the years 2015 through 2017 (with the balance of \$95,000 to be paid at stated maturity on December 1, 2018), at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

Year	Amount
2015	\$95,000
2016	90,000
2017	95,000

Swanton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 11 - Long-Term Obligations (continued)

The term bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1 in each of the years 2016 through 2021 (with the balance of \$85,000 to be paid at stated maturity on December 1, 2022), at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

Year	Amount
2019	\$75,000
2020	80,000
2021	80,000

The term bonds maturing on December 1, 2025, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1 in each of the years 2023 through 2024 (with the balance of \$100,000 to be paid at stated maturity on December 1, 2025), at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

Year	Amount
2023	\$110,000
2024	115,000

Term bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement.

The serial bonds are subject to optional prior redemption, by and at the sole option of the School District, either in whole or in part and in integral multiples of \$5,000, on any date on or after December 1, 2014, at a redemption price of 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2013 through 2015. The maturity amount of the bonds is \$435,000.

FY06 School Improvement Refunding Bonds - On March 28, 2006, the School District issued bonds, in the amount of \$8,780,000, to partially refund bonds previously issued in fiscal year 2001 for buildings and other improvements. The refunding bond issue included serial and capital appreciation bonds, in the original amount of \$8,405,003 and \$374,997, respectively. The bonds were issued for a nineteen year period, with final maturity during fiscal year 2026. The bonds will be retired through the Bond Retirement debt service fund.

The serial bonds are subject to optional prior redemption, by and at the sole option of the School District, either in whole or in part and in integral multiples of \$5,000, on any date on or after December 1, 2015, at a redemption price of 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.

Swanton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 11 - Long-Term Obligations (continued)

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2017 and 2018. The maturity amount of the bonds is \$1,410,000.

At June 30, 2012, \$8,780,000 of the refunded 2001 School Improvement Bonds was still outstanding.

The School District's overall debt margin was \$8,500,301 with an unvoted debt margin of \$179,828 at June 30, 2012.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2012, were as follows:

General Obligation Bonds					
Fiscal Year Ending June 30,	Serial	Term	Capital Appreciation	Interest	Total
2013	\$25,000	\$0	\$311,446	\$835,307	\$1,171,753
2014	25,000	0	285,562	860,191	1,170,753
2015	25,000	650,000	27,982	450,845	1,153,827
2016	25,000	780,000	0	298,220	1,103,220
2017	0	90,000	198,613	783,624	1,072,237
2018-2022	3,015,000	425,000	176,384	1,625,656	5,242,040
2023-2026	2,925,003	410,000	0	249,016	3,584,019
Total	\$6,040,003	\$2,355,000	\$999,987	\$5,102,859	\$14,497,849

Note 12 - Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

Swanton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 12 - Fund Balance (continued)

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Bond Retirement	Other Governmental	Total Governmental Funds
Restricted for:				
Athletics and Music	\$0	\$0	\$6,342	\$6,342
Bus Purchase	48,089	0	0	48,089
Debt Retirement	0	1,710,774	0	1,710,774
Drug Education and Prevention	0	0	5,038	5,038
Food Service	0	0	55,551	55,551
Noninstructional Services	0	0	15,183	15,183
Nonpublic Schools	0	0	19,347	19,347
Permanent Improvements	0	0	122,061	122,061
Regular Instruction	0	0	6,655	6,655
Special Instruction	0	0	1,716	1,716
Total Restricted	<u>48,089</u>	<u>1,710,774</u>	<u>231,893</u>	<u>1,990,756</u>
Assigned for:				
Educational Activities	96,507	0	0	96,507
Unpaid Obligations	117,167	0	0	117,167
Total Assigned	<u>213,674</u>	<u>0</u>	<u>0</u>	<u>213,674</u>
Unassigned	8,402,542	0	0	8,402,542
Total Fund Balance	<u>\$8,664,305</u>	<u>\$1,710,774</u>	<u>\$231,893</u>	<u>\$10,606,972</u>

Note 13 - Set Asides

The School 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. The amount 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. This amount must be carried forward and used for the same purpose in future years.

The following cash basis information identifies the change in the fund balance reserve for capital improvements during fiscal year 2012.

Balance June 30, 2011	\$0
Current Year Set Aside Requirement	235,869
Current Year Offsets	(173,909)
Qualifying Expenditures	(61,960)
Balance June 30, 2012	<u>\$0</u>

Note 14 - Interfund Transfers

During fiscal year 2012, the General Fund transferred \$59,100 to other governmental funds to subsidize operations.

Note 15 - Jointly Governed Organizations

A. Northwest Ohio Computer Association

The School District is a participant in the Northwest Ohio Computer Association (NWOCA), which is a computer consortium. NWOCA is an association of educational entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, 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 educational entities.

The NWOCA Assembly consists of the superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the Governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Governing Council. During fiscal year 2012, the School District paid \$93,448 to NWOCA for various services. Financial information can be obtained from Northwest Ohio Computer Association, 22-900 State Route 34, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected board consisting of two representatives from each of the six counties in which the member educational entities are located. The Board is elected from an assembly consisting of a representative from each participating educational entity. Financial information can be obtained from the Northern Buckeye Education Council, 22-900 State Route 34, Archbold, Ohio 43502.

C. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools, and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

Note 15 - Jointly Governed Organizations (continued)

D. Penta Career Center

The Penta Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education. The Career Center operates under the direction of a Board consisting of one representative from each of the sixteen participating school districts' Board of Education. The Board possesses its own budgeting and taxing authority. The degree of control exercised by the School District is limited to its representation on the Board. Financial information can be obtained from Penta Career Center, 9301 Buck Road, Perrysburg, Ohio 43551.

E. Ohio Schools Council Association

The Ohio Schools Council Association (Council) is a jointly governed organization among thirty-eight school districts which was formed to purchase quality products and services at the lowest possible cost to participating school districts. The Council is governed by a board consisting of seven superintendents from the participating school districts. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained from the Ohio Schools Council Association, 155 Center Road, Bedford, Ohio 44146.

The School District participates in the Council's prepaid electricity program, Energy for Education Program III. This program allows the School District to purchase electricity at reduced rates if the School District committed to participation through May 2011. The School District makes monthly payments based on estimated usage. Estimates are compared to actual usage and adjustments are made annually.

Note 16 - Insurance Pools

A. Ohio School Plan

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Schuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

B. Northern Buckeye Education Council Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (Plan) was established through the Northern Buckeye Education Council (NBEC) as an insurance purchasing pool. The Plan is governed by the NBEC and the participants of the Plan. The Executive Director of the NBEC coordinates the management and administration of the Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Note 16 - Insurance Pools (continued)

C. Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan (Plan), a risk-sharing, claims servicing, and insurance purchasing pool comprised of seventy-five members, including two insurance consortiums. Each participant appoints a member of the insurance plan's assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the assembly. The Plan offers medical, dental, and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$100,000, under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible limit and the \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plans participants. All participants pay a premium rate that is actuarially calculated based on the participant's actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$500,000, stop loss coverage is purchased, as well as from an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services.

Note 17 - Related Organization

The Swanton Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Swanton Board of Education. The Board of Trustees possesses its own budgeting and contracting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Swanton Public Library, 305 Chestnut Street, Swanton, Ohio 43558.

Note 18 - Contingencies

A. Grants

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

Note 18 - Contingencies (continued)

The School 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. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2012, if applicable, cannot be determined at this time.

B. Litigation

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

SWANTON LOCAL SCHOOL DISTRICT
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2012

<u>Federal Grantor/Pass Trough Grantor Program Title</u>	<u>CFDA Number</u>	<u>Federal Receipts</u>	<u>Federal Disbursements</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>			
Passed Through Ohio Department of Education:			
Title I-FY2011	84.010	16,896	21,286
Title I-FY2012	84.010	177,591	175,875
Total Title I		194,487	197,161
Title II-D FY2011	84.318	-	4
Title II-D FY2012	84.318	1,435	1,435
Total Title II-D		1,435	1,439
Title IV-SDFS FY2012	84.186	7	7
Title II-A FY2011	84.367	5,216	8,532
Title II-A FY2012	84.367	55,376	49,032
Total Title II-A		60,592	57,564
Education Jobs Fund FY2011	84.410	23,094	33,113
Education Jobs Fund FY2012	84.410	15,985	15,985
Total Education Jobs Fund		39,079	49,098
Ohio Resident Educator Program	84.395	325	325
TOTAL U. S. DEPARTMENT OF EDUCATION		295,925	305,594
<u>U. S. DEPARTMENT OF AGRICULTURE</u>			
Child Nutrition Cluster:			
Passed through Ohio Department of Education:			
Cash Assistance			
National School Lunch Program	10.555	271,238	271,238
National School Breakfast Program	10.553	71,510	71,510
Direct Program: Non-Cash Assistance:			
National School Lunch Program - see Note 2	10.555	27,249	27,249
Total Nutrition Cluster		369,997	369,997
TOTAL U. S. DEPARTMENT OF AGRICULTURE		369,997	369,997
TOTAL FEDERAL RECEIPTS AND EXPENDITURES		\$ 665,922	\$ 675,591

See Notes to the Schedule of Federal Awards Expenditures

SWANTON LOCAL SCHOOL DISTRICT
Fulton County, Ohio
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2012

1. Significant Accounting Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

2. Food Distribution

Nonmonetary assistance is reported in the schedule at entitlement value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2012, the District had food commodities in inventory.

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614 W Superior Ave Ste 1242
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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Swanton Local School District
Fulton County
108 North Main Street
Swanton, OH 43558

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Swanton Local School District, Fulton County, Ohio (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 17, 2012, wherein we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. 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 Controls Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, the 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.

A handwritten signature in black ink that reads "Charles E. Harris". The signature is written in a cursive, slightly slanted style.

Charles E. Harris and Associates, Inc.

December 17, 2012

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Swanton Local School District
Fulton County
108 North Main Street
Swanton, OH 43558

To the Board of Education:

Compliance

We have audited the compliance of the Swanton Local School District, Fulton County, Ohio's (the District) compliance 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 the District's federal program for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings 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.

In our opinion, the Swanton Local School District, Fulton County, Ohio complied, in all material respects, with the requirements referred to above that directly and materially affect its major federal program for the year ended June 30, 2012.

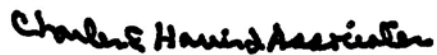
Internal Control Over Compliance

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 requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

We 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.



CHARLES E. HARRIS & ASSOCIATES, INC.

December 17, 2012

**SWANTON LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505**

1. SUMMARY OF AUDITOR'S RESULTS

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

**SWANTON LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505**

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**SWANTON LOCAL SCHOOL DISTRICT
FULTON COUNTY
JUNE 30, 2012**

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the year ending June 30, 2011, reported no material citations or recommendations.

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Dave Yost • Auditor of State

SWANTON LOCAL SCHOOL DISTRICT

FULTON 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
FEBRUARY 19, 2013**