

GENOA AREA LOCAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Genoa Area Local School District
300 Susan Street
Clay Center, Ohio 43408

We have reviewed the Independent Auditor's Report of the Genoa Area Local School District, Ottawa County, prepared by Weber O'Brien, LTD, for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Genoa Area Local School District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

January 8, 2002

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GENOA AREA LOCAL SCHOOL DISTRICT

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GENOA AREA LOCAL SCHOOL DISTRICT
 ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL
 YEAR ENDED JUNE 30, 2001

Title Name	Term of Office or Contract Period	Surety	Amount
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BOARD OF EDUCATION

President:

Paul Henry	1/1/01 to 12/31/01	(A)	\$20,000
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Other Members:

George Cicak	1/1/98 to 12/31/01	(A)	\$20,000
John Harbal	1/1/98 to 12/31/01	(A)	\$20,000
Gary Moritz	1/1/98 to 12/31/01	(A)	\$20,000
Paul Henry	1/1/00 to 12/31/03	(A)	\$20,000

STATUTORY LEGAL COUNSEL

County Prosecuting Attorney:

Mark E. Mulligan
 62 Grande Lake Drive
 Port Clinton, OH 43452

RETAINED LEGAL COUNSEL

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

ADMINISTRATIVE PERSONNEL

Treasurer:

Michael Weis	1/1/99 to 12/31/02	(A)	\$20,000
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2868 N. Scott Ct
 Genoa, OH 43430

Superintendent:

Dennis Mock	8/1/97 to 7/31/01	(A)	\$20,000
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2964 N. Huss Blvd.
 Genoa, OH 43430

(A) Nationwide Insurance

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
INDEX OF FUNDS
YEAR ENDED JUNE 30, 2001

GOVERNMENTAL FUND TYPE:

General Fund Type:

General Fund

Special Revenue Fund Type:

Public School Support Fund

Jennings Foundation Grant Fund

Janet Philips Memorial Fund

District Managed Student Activities Fund

Emergency Levy Fund

Disadvantaged Pupils Program Fund

Excellence in Education Fund

Education Management Information System Fund

Public School Preschool Grant Fund

DPLA Restricted Grants-in-Aid Fund

Northwest Ohio Regional Teacher Training Center Fund

Migrant Education Basic State Formula Grant Fund

Title VI-B - Education of The Handicapped Act Fund

Chapter 1 - Education and Consolidation Improvement Act of 1981

Chapter 2 - Education Consolidation and Improvement Act of 1981

Drug Free Grant Fund

Debt Service Fund Type:

Bond Retirement Fund

Capital Projects Fund Type:

Permanent Improvement Fund

School Net

PROPRIETARY FUND TYPE:

Enterprise Fund Type:

Food Service Fund

Uniform School Supplies Fund

Continuing Education Fund

Internal Service Fund Type:

Rotary Camp Trip Fund

FIDUCIARY FUND TYPE:

Trust Fund Type:

Expendable Trust Funds:

Junior High Flower Fund

High School Flower Fund

Agency Fund:

Student Activity Fund



INDEPENDENT AUDITORS' REPORT

Board of Education
Genoa Area Local School District
300 Susan Street
Clay Center, OH 43408

We have audited the accompanying general-purpose financial statements of the Genoa Area Local School District ("District"), as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Genoa Area Local School District as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2001 on our consideration of the Genoa Area Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Weber O'Brien LTD.

October 25, 2001

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 2001

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	ACCOUNT GROUPS		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<u>Assets and Other Debits:</u>										
<u>Assets:</u>										
Equity in Pooled Cash and Investments	\$ 4,329,102	\$ 20,812	\$ 101,611	\$ 314,378	\$ 66,570	\$ 168	\$ 18,572			\$ 4,851,213
Receivables:										
Taxes	3,134,223	568,968	290,560	250,063	-	-	-			4,243,814
Interest	31,533	-	-	-	-	-	-			31,533
Interfund	32,454	-	36,391	-	-	-	-			68,845
Prepaid Items	41,988	-	-	-	-	-	-			41,988
Materials and Supplies Inventory	23,742	-	-	-	430	-	-			24,172
Fixed Assets (Net, Where Applicable, of Accumulated Depreciation)	-	-	-	-	54,237	-	-	\$ 10,455,045		10,509,282
Restricted Assets:										
Equity in Pooled Cash and Cash Equivalents	44,853	-	-	-	-	-	-			44,853
<u>Other Debits:</u>										
<u>Amount in debt service fund</u>										
Amount to be Provided from General Government Resources	-	-	-	-	-	-	-		\$ 4,611,165	4,611,165
Total Assets and Other Debits	\$ 7,637,895	\$ 589,780	\$ 428,562	\$ 564,441	\$ 121,237	\$ 168	\$ 18,572	\$ 10,455,045	\$ 4,611,165	\$ 24,426,865

"SEE INDEPENDENT AUDITORS' REPORT"

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

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS, CONTINUED
June 30, 2001

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	ACCOUNT GROUPS		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
Liabilities:										
Accounts Payable	\$ 15,636	\$ -	\$ -	\$ 510,980	\$ -	\$ -	\$ -			\$ 526,616
Interfund Payable	-	4,815	-	64,030	-	-	-			68,845
Accrued Wages and Benefits	751,400	16,548	-	-	61	-	-			768,009
Compensated Absences Payable	223,880	-	-	-	-	-	-	\$ 661,165		885,045
Deferred Revenue	2,578,827	523,029	224,084	202,089	-	-	-			3,528,029
General Obligation - Bonds Payable	-	-	-	-	-	-	-		3,950,000	3,950,000
Deposits	-	-	-	-	-	-	18,527			18,527
Total Liabilities	3,569,743	544,392	224,084	777,099	61	-	18,527	-	4,611,165	9,745,071
Fund Equity and Other Credits:										
Investment in General Fixed Assets	-	-	-	-	-	-	-	10,455,045		10,455,045
Retained Earnings:										
Unreserved	-	-	-	-	121,176	168	-			121,344
Fund Balance:										
Reserved for Encumbrances	23,644	20,524	-	152,327	-	-	-			196,495
Reserved for Inventory	23,742	-	-	-	-	-	-			23,742
Reserved for Prepaid Items	41,988	-	-	-	-	-	-			41,988
Reserved for Budget Stabilization	44,853	-	-	-	-	-	-			44,853
Reserved for Property Taxes	648,352	-	66,476	47,974	-	-	-			762,802
Designated for Budget Stabilization	1,495,486	-	-	-	-	-	-			1,495,486
Unreserved:										
Undesignated	1,790,087	24,864	138,002	(412,959)	-	-	45			1,540,039
Total Fund Equity and Other Credits	4,068,152	45,388	204,478	(212,658)	121,176	168	45	10,455,045	-	14,681,794
Total Liabilities, Fund Equity and Other Credits	\$7,637,895	\$589,780	\$428,562	\$564,441	\$121,237	\$168	\$18,572	\$10,455,045	\$4,611,165	\$24,426,865

"SEE INDEPENDENT AUDITORS' REPORT"

"THE ACCOMPANYING NOTES ARE AN INTEGRAL
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GENOA AREA LOCAL SCHOOL DISTRICT
 OTTAWA COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 YEAR ENDED JUNE 30, 2001

	GOVERNMENTAL FUND TYPES				FIDUCIARY	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expensible Trust	
REVENUES						
Local Sources:						
Taxes	\$ 3,607,000	\$ 638,887	\$ 350,076	\$ 283,392		\$ 4,879,355
Tuition	8,020	-	-	-		8,020
Earnings on Investments	504,299	-	-	-		504,299
Extracurricular Activities	-	285,525	-	-		285,525
Miscellaneous Receipts	13,154	37,613	-	26,255	\$ 392	77,414
State Sources:						
Unrestricted Grants-in-Aid	5,543,600	44,261	35,579	12,470		5,635,910
Restricted Grants-in-Aid	-	256,976	-	134,678		391,654
Federal Sources:						
Restricted Grants-in-Aid	-	186,510	-	74,643		261,153
TOTAL REVENUES	9,676,073	1,449,772	385,655	531,438	392	12,043,330
EXPENDITURES						
Instruction:						
Regular	4,648,503	882,827	-	4,619,130		10,150,460
Special and Vocational Education	641,331	143,552	-	-		784,883
Support Services:						
Pupils	297,664	36,785	-	-		334,449
Instructional Staff	142,432	58,825	-	-		201,257
Board of Education	12,426	-	-	-		12,426
Administration	807,938	35,967	-	-		843,905
Fiscal	281,172	5,070	-	4,976		291,218
Business	30,341	-	-	-		30,341
Operation and Maintenance - Plant	759,006	6,765	-	393,257		1,159,028
Pupil Transportation	327,232	11,661	-	296,700		635,593
Central	260,982	18,725	-	-	502	280,209

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GENOA AREA LOCAL SCHOOL DISTRICT
 OTTAWA COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS, CONTINUED
 YEAR ENDED JUNE 30, 2001

	GOVERNMENTAL FUND TYPES				FIDUCIARY	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expensible Trust	
EXPENDITURES, Continued						
Non-Instructional Services	-	-	-	66,500		66,500
Extracurricular Activities:						
Academic and Subject Oriented	-	16,094	-	-		16,094
Occupation Oriented	43,969	-	-	-		43,969
Sports Oriented	-	189,302	-	-		189,302
Co-curricular Activities	143,370	24,031	-	-		167,401
Debt Service - Interest	-	-	217,838	-		217,838
Debt Service - Principal	-	-	9,000	-		9,000
Capital Outlay-Replacement	-	-	-	66,000		66,000
TOTAL EXPENDITURES	8,396,366	1,429,604	226,838	5,446,563	502	15,499,873
TOTAL REVENUES OVER (UNDER) EXPENDITURES	1,279,707	20,168	158,817	(4,915,125)	(110)	(3,456,543)
OTHER FINANCING SOURCES (USES)						
Proceeds from the Sale of Fixed Assets				90,139		90,139
Transfers-in	-	8,671	-	2,309,060		2,317,731
Transfers-out	(2,342,671)	-	-	-		(2,342,671)
TOTAL OTHER FINANCING SOURCES	(2,342,671)	8,671	-	2,399,199		65,199
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(1,062,964)	28,839	158,817	(2,515,926)	(110)	(3,391,344)
FUND BALANCE AT BEGINNING OF YEAR	5,131,116	16,549	45,661	2,303,268	155	7,496,749
FUND BALANCE AT END OF YEAR	\$ 4,068,152	\$ 45,388	\$ 204,478	\$ (212,658)	\$ 45	\$ 4,105,405

"SEE INDEPENDENT AUDITORS' REPORT"

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GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
YEAR ENDED JUNE 30, 2001

	GOVERNMENTAL FUND TYPES										EXPENDABLE TRUST FUNDS				Totals (Memorandum Only)							
	General			Special Revenue			Capital Projects			Debt Service		Variance Favorable (Unfavorable)		Revised Budget		Actual		Variance Favorable (Unfavorable)				
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	
Revenues:																						
Taxes	\$3,744,000	\$3,359,627	(\$384,373)	\$	\$62,244	\$51,244	\$2,655,250	\$284,807	\$2,370,443	\$325,000	\$327,087	\$	\$2,370,443	\$284,807	\$	\$7,345,250	\$4,643,765	\$	\$7,345,250	\$4,643,765	\$2,701,485	
Intergovernmental	5,690,244	5,655,412	(34,832)	550,000	501,407	(48,593)			150,068	93,168	19,193			19,193		6,297,744	6,226,680		6,297,744	6,226,680	71,064	
Interest	490,556	489,998	(558)													490,556	489,998		490,556	489,998	558	
Tuition and Fees	15,000	8,020	(6,980)	469,640	285,525	(184,115)										15,000	8,020		15,000	8,020	6,980	
Extracurricular Activities																469,640	285,525		469,640	285,525	184,115	
Miscellaneous	80,000	13,194	(66,806)	12,698	37,613	24,915										80,000	13,194		80,000	13,194	66,806	
Total Revenues	10,019,800	9,526,251	(493,549)	1,653,338	1,406,289	(247,049)	2,712,750	551,869	(2,160,881)	325,000	346,280	21,280	325,000	346,280	392	14,710,888	11,921,581		14,710,888	11,921,581	2,789,307	
Expenditures:																						
Current:																						
Instruction:																						
Regular	5,487,221	4,637,393	849,828	900,000	882,118	17,882										5,487,221	4,637,393		5,487,221	4,637,393	849,828	
Special and Vocational	919,000	674,922	244,078	150,000	143,352	6,648										919,000	674,922		919,000	674,922	244,078	
Other	9,348	(88)	10,016													9,348	(88)		9,348	(88)	10,016	
Support Services:																						
Pupils	500,000	295,127	204,873	100,000	30,785	69,215										500,000	295,127		500,000	295,127	204,873	
Instructional Staff	225,000	140,895	84,105	150,000	58,825	91,175										225,000	140,895		225,000	140,895	84,105	
Board of Education	15,000	12,426	2,574													15,000	12,426		15,000	12,426	2,574	
Administration	880,000	877,396	2,604	75,000	35,967	39,033										880,000	877,396		880,000	877,396	2,604	
Fiscal	365,000	296,723	68,277	10,000	5,070	4,930										365,000	296,723		365,000	296,723	68,277	
Business	150,000	30,566	119,434													150,000	30,566		150,000	30,566	119,434	
Operation and Maintenance of Plant	775,000	759,047	15,953	10,000	6,765	3,235										775,000	759,047		775,000	759,047	15,953	
Pupil Transportation	328,831	323,715	5,116	50,000	11,661	38,339										328,831	323,715		328,831	323,715	5,116	
Central	300,000	269,414	30,586	32,313	18,725	13,588										300,000	269,414		300,000	269,414	30,586	
Extracurricular Activities	300,000	197,592	102,408	334,617	229,427	105,190										300,000	197,592		300,000	197,592	102,408	
Non-Instructional Services																						
Capital Outlay																						
Debt Service																						
Total Expenditures	10,255,000	8,515,118	1,739,882	1,811,490	1,428,895	382,595	5,562,012	5,336,397	225,615	257,111	226,838	30,273	257,111	226,838	502	17,892,171	15,507,750		17,892,171	15,507,750	2,384,421	
Excess of Revenues Over (Under) Expenditures	(235,200)	1,011,133	1,246,333	(158,152)	67,884	226,486	(2,849,262)	(4,784,528)	(1,493,266)	61,771	119,442	57,671	(110)	57,671	(110)	(3,181,283)	(3,586,169)		(3,181,283)	(3,586,169)	(404,886)	
Other Financing Sources (Uses):																						
Operating Transfers In																						
Advances In																						
Gifts and Donations																						
Operating Transfers Out																						
Advances Out																						
Total Other Financing Sources (Uses)	0	(112,143)	(2,375,165)	7,969	13,486	5,577	9,060	2,373,066	(43,298)	(36,391)	(36,391)	(36,391)	9,060	2,373,066	(43,298)	16,969	(2,342,671)		16,969	(2,342,671)	(2,342,671)	
Excess of Revenue and Other Financing Sources (Under) Expenditures and Other Financing Uses	(235,200)	(1,364,032)	(1,126,832)	(150,183)	81,380	232,063	(2,840,202)	(5,411,438)	(1,436,564)	25,380	83,051	21,280	(110)	83,051	(110)	(3,164,314)	(3,611,149)		(3,164,314)	(3,611,149)	(446,835)	
Fund Balances (Deficit) at Beginning of Year	5,016,361	5,688,983	672,622	5,697	802	515,444	2,641,857	2,711,080	69,223							\$	129	\$	129	155	26	7,143,705
Prior Year Encumbrances Appropriated	32,475	32,475					450,722	450,722														488,894
Fund Balances (Deficit) at End of Year	\$ 4,813,636	\$ 4,357,496	\$ (456,210)	\$ (659,628)	\$ 87,879	\$ 747,507	\$ 252,377	\$ 750,364	\$ 497,987	\$ 61,771	\$ 83,051	\$ 21,280	\$ (84)	\$ 83,051	\$ (84)	\$ 4,408,285	\$ 5,278,765		\$ 4,408,285	\$ 5,278,765	\$ 810,480	

SEE INDEPENDENT AUDITORS' REPORT
THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -
ALL PROPRIETARY FUND TYPES
YEAR ENDED JUNE 30, 2001

	PROPRIETARY FUND TYPES		TOTALS
	Enterprise	Internal Service	(Memorandum Only)
OPERATING REVENUES			
Tuition	\$388	-	\$388
Food Services	374,781	-	374,781
Extracurricular Activities	-	\$ 20,755	20,755
Classroom Materials and Fees	36,158	-	36,158
Total Operating Revenues	<u>411,327</u>	<u>20,755</u>	<u>432,082</u>
OPERATING EXPENSES			
Personal Services - Salaries	166,477	-	166,477
Employees' Retirement and Insurance	60,694	-	60,694
Purchased Services	1,358	21,030	22,388
Supplies and Materials	248,338	-	248,338
Operation and Maintenance - Plant	1,700	-	1,700
Depreciation	6,063	-	6,063
Total Operating Expenses	<u>484,630</u>	<u>21,030</u>	<u>505,660</u>
OPERATING LOSS	(73,303)	(275)	(73,578)
NON-OPERATING REVENUES			
Earnings on Investments	3,404	-	3,404
State Sources:			
Restricted Grants- in-Aid	2,821	-	2,821
Federal Sources:			
Unrestricted Grants-in-Aid	70,310	-	70,310
Total Non-operating Revenues	<u>76,535</u>	<u>-</u>	<u>76,535</u>
NET REVENUES UNDER EXPENSES BEFORE INTERFUND TRANSFERS AND ADVANCES	3,232	(275)	2,957
Transfers/Advances	<u>24,940</u>	<u>-</u>	<u>24,940</u>
NET GAIN (LOSS)	28,172	(275)	27,897
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>93,004</u>	<u>443</u>	<u>93,447</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 121,176</u>	<u>\$ 168</u>	<u>\$ 121,344</u>

"SEE INDEPENDENT AUDITORS' REPORT"

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

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES
YEAR ENDED JUNE 30, 2001

	<u>PROPRIETARY FUND TYPES</u>		<u>TOTAL (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Net Operating Loss	\$ (73,303)	\$ (275)	\$ (73,578)
Adjustments to Reconcile Net Income to Net Cash Used by Operating Activities:			
Depreciation	6,063	0	6,063
Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows:			
Inventory	113	0	113
Fixed Assets	(12,740)	0	(12,740)
Accrued Expense	61	0	61
Total Adjustments	<u>(6,503)</u>	<u>0</u>	<u>(6,503)</u>
NET CASH USED BY OPERATING ACTIVITIES	(79,806)	(275)	(80,081)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers In	24,940	0	24,940
Cash received from operating grants	73,131	0	73,131
NET CASH PROVIDED BY NONCAPITAL FINANCING	98,071	0	98,071
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest received on investments	3,404	0	3,404
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,404	0	3,404
NET INCREASE (DECREASE) IN POOLED CASH AND INVESTMENTS	21,669	(275)	21,394
EQUITY IN POOLED CASH AND INVESTMENTS AT BEGINNING OF YEAR	<u>44,901</u>	<u>443</u>	<u>45,344</u>
EQUITY IN POOLED CASH AND INVESTMENTS AT END OF YEAR	<u>\$ 66,570</u>	<u>\$ 168</u>	<u>\$ 66,738</u>

"SEE INDEPENDENT AUDITORS' REPORT"

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

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity

The Genoa Area Local School District (District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Management believes the financial statements included in this report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

Basis of Accounting

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

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

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

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

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2001 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2002 operations, have been recorded as deferred revenue. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue.

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

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

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Fund Accounting

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

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

Governmental Funds

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

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

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

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary Funds

Enterprise Funds - Enterprise Funds account for operations:

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

b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

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

Fiduciary Funds

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

Budgetary Process

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

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Budget

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

Estimated Resources

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

The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include July 1, 2001, unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

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

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

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

Fund Balance Reservations

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

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

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

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

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

Except for nonparticipating investment contracts, and investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. The District does not hold any investments as of June 30, 2001 that are required to be reported at fair value. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are recorded at cost or amortized cost.

The District has invested funds in STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001.

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

Inventories

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

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Interest on debt issued to construct general fixed assets is not capitalized in the account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are valued at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are valued at their estimated fair value on the date received. The District maintains a capitalization threshold of three hundred dollars.

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

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

Depreciation in the proprietary fund and in the general fixed assets account group is computed using the straight-line method.

Restricted Assets

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

Compensated Absences

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

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The General-Long Term Obligations Account Group and Proprietary Funds have a Service Retirement liability recognized for employees with over ten years in government service and are age 50 or over. The Service Retirement is based on employees' accrued but unused sick leave days and is paid at retirement based on 35% for certified and administrative staff and 26% for support staff, of the value of a 220 day maximum for certified and administrative staff and 210 day maximum for support staff.

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

Long-Term Obligations

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

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

Intergovernmental Revenue

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

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Total Columns on Financial Statements

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

Change in Accounting Principle

GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, was implemented during fiscal 2001. In accordance with this statement, certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions may have been reported in a manner inconsistent with prior fiscal years; however, the adoption of this statement had no effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

NOTE 2 - POOLED CASH AND CASH EQUIVALENTS

Legal Requirements

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

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

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

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

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2001

NOTE 2 - POOLED CASH AND CASH EQUIVALENTS, Continued

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

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

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

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

Deposits

At year-end, the carrying amount of the Genoa Area Local School District's deposits was \$4,654,697 and the bank balance was \$4,744,536, respectively. The entire bank balance was covered by federal depository insurance, by collateral held by the District, or by collateral held by a qualified third party trustee in the name of the District.

GENOA AREA LOCAL SCHOOL DISTRICT
 OTTAWA COUNTY
 NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
 YEAR ENDED JUNE 30, 2001

NOTE 2 - POOLED CASH AND CASH EQUIVALENTS, Continued

Investments

The Genoa Area Local School District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the District's name. The Genoa Area Local School District's investment, which is in STAR Ohio, is not categorized or assigned a risk category because it is not evidenced by securities that exist in physical or book entry form.

	<u>Carrying Value</u>	<u>Market Value</u>
Funds on Deposit with STAR Ohio	\$241,369	\$ 241,369
Reconciliation to Balance Sheet:		
Certificates of Deposit		4,572,933
District's Deposits		81,764
Star Ohio		<u>241,369</u>
Total Equity in Pooled Cash and Investments		<u>\$4,896,066</u>
Classification in Balance Sheet:		
Unrestricted		\$4,851,213
Restricted		<u>44,853</u>
Total Per Balance Sheet		<u>\$4,896,066</u>

NOTE 3 - PROPERTY TAX

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

GENOA AREA LOCAL SCHOOL DISTRICT
 OTTAWA COUNTY
 NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
 YEAR ENDED JUNE 30, 2001

NOTE 3 – PROPERTY TAX, Continued

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

The full tax rate applied to real property for the 2001 tax year was \$67.60 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$37.91 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$44.20 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the 2001 tax year was \$67.60 per \$1,000 of assessed valuations.

Tangible Personal Property – 2000 Valuation	
General	\$ 9,627,181
Public Utilities	9,836,090
Real Property – 2001 Valuation	
Residential/Agricultural	106,925,530
Commercial/Industrial	11,330,350
Public Utilities	<u>132,310</u>
Total Valuation	<u>\$137,851,461</u>

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001 was \$762,800 and is recognized

GENOA AREA LOCAL SCHOOL DISTRICT
 OTTAWA COUNTY
 NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
 YEAR ENDED JUNE 30, 2001

NOTE 3 – PROPERTY TAX, Continued

as revenue. \$555,400 was available to the general fund, \$93,000 was available to the special revenue funds, \$48,000 was available to the permanent improvement fund, and \$66,400 was available to the debt service fund.

NOTE 4 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2001 consisted of taxes, interest, reimbursements and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

<u>Receivables</u>	<u>Amount</u>
<u>General Fund:</u>	
Taxes – Current	\$ 555,396
Taxes – Deferred	2,578,827
Interest	31,533
<u>Special Revenue Funds:</u>	
Taxes – Current	92,956
Taxes – Deferred	476,012
<u>Capital Projects:</u>	
Taxes – Current	47,974
Taxes – Deferred	202,089
<u>Debt Service Fund</u>	
Taxes – Current	66,476
Taxes – Deferred	224,084

GENOA AREA LOCAL SCHOOL DISTRICT
 OTTAWA COUNTY
 NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
 YEAR ENDED JUNE 30, 2001

NOTE 5 - FIXED ASSETS

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

	General Fixed Assets			General Fixed Assets
	<u>6/30/00</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/01</u>
Land and Improvements	\$ 670,196	\$ 154,072	\$	\$ 824,268
Buildings and Improvements	3,815,399	452,492		4,267,891
Construction in Progress	1,604,126	4,827,254	196,822	6,234,558
Furniture and Equipment	2,133,210	218,754	615	2,351,349
Books	426,811			426,811
Moving Vehicles	<u>1,111,877</u>	<u>51,268</u>	<u>50,960</u>	<u>1,112,185</u>
Total General Fixed Assets	9,761,619	5,703,840	248,397	15,217,062
Less: Accumulated Depreciation	(4,494,438)	(292,590)	(25,011)	(4,762,017)
Net General Fixed Assets	<u>\$5,267,181</u>	<u>\$5,411,250</u>	<u>\$ 223,386</u>	<u>\$10,455,045</u>

The following is a summary of proprietary fund-type fixed assets at June 30, 2001:

	<u>Food Service</u>
Machinery and Equipment	\$ 179,430
Less: Accumulated Depreciation	(<u>125,193</u>)
Net Fixed Assets	<u>\$ 54,237</u>

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

NOTE 6 - STATE TEACHERS RETIREMENT SYSTEM

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

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2001

NOTE 6 - STATE TEACHERS RETIREMENT SYSTEM, Continued

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$709,000, \$678,000, and \$603,000, respectively. All required contributions were made to STRS before these respective year ends.

NOTE 7 - SCHOOL EMPLOYEES RETIREMENT SYSTEM

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

The Genoa Area Local School District Board of Education provides an employee share pick-up for all employees covered under SERS equal to 9 percent of the employees' gross salary. The District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal years 2000 and 1999, the portion used to fund pension obligation was 5.5 percent and 7.7percent respectively. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. Contribution rates are established by SERS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates. The adequacy of the contribution rates is determined annually. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$282,000, \$282,000, and \$252,000, respectively. All required contributions were made to SERS before each respective year end.

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2001

NOTE 8 - POSTEMPLOYMENT BENEFITS

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

The State Teacher's Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of health care costs in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board currently allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve fund from which payments for health care benefits are paid. For the School District, this amount equaled approximately \$375,000 during the 2001 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$ 3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000, net health care costs paid by STRS were \$ 283,137,000 and STRS had 99,011 eligible benefit recipients.

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

For this year and the prior fiscal year, employer contributions to fund health care benefits were 8.45 percent and 6.3 percent of covered payroll respectively. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000 (the latest information available), the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2001

NOTE 8 - POSTEMPLOYMENT BENEFITS, Continued

The target level for the health care reserve is 150 percent of annual health care expenses. SERS health care expenses at June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000 SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including the surcharge, equaled approximately \$110,700 during the 2001 fiscal year.

The District provides compensation sick leave absences to its employees. At retirement and after five (5) years of full-time service, a portion of an employee's accumulated days of sick leave is payable upon written request as an additional retirement benefit. This benefit is calculated at the employee's daily base rate of pay at the time of retirement. For certified teachers, this benefit is calculated as 35% of the employee's accumulated days of sick leave (220 days maximum), or a maximum of 77 days retirement benefit.

For full-time, permanent non-certified employees, the benefit is calculated as 26% of the employee's accumulated days of sick leave (210 days maximum), or a maximum of 55 days retirement benefit.

NOTE 9 - OTHER EMPLOYEE BENEFITS - DEFERRED COMPENSATION PLANS

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

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

NOTE 10 - LEASE COMMITMENTS AND RENTAL EXPENSE

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

The following is a schedule of the future minimum rental payments required under these operating leases that have an initial or remaining noncancelable lease term in excess of one year as of June 30, 2001:

GENOA AREA LOCAL SCHOOL DISTRICT
 OTTAWA COUNTY
 NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
 YEAR ENDED JUNE 30, 2001

NOTE 10 - LEASE COMMITMENTS AND RENTAL EXPENSE - CONTINUED

Year Ending <u>June 30</u>	<u>Amount</u>
2002	\$115,300
2003	51,300
2004	51,300
2005	51,300
2006	<u>21,400</u>
TOTAL	<u>\$290,600</u>

Total rent expense for the year ended June 30, 2001 was \$80,500.

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

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

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Expendable Trust</u>
Budgetary Basis	(\$1,364,032)	\$81,830	(\$2,411,438)	\$ 83,051	(\$110)
Revenue Accruals	149,862	(51,832)	5,678	39,375	-0-
Expense Accruals	127,562	(21,683)	(262,493)	36,391	-0-
Encumbrances	<u>23,644</u>	<u>20,524</u>	<u>152,327</u>	<u>-0-</u>	<u>-0-</u>
GAAP Basis	<u>(\$1,062,964)</u>	<u>\$28,839</u>	<u>(\$2,515,926)</u>	<u>\$158,817</u>	<u>(\$110)</u>

NOTE 12 - COMMITMENTS AND CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2001

NOTE 12 – COMMITMENTS AND CONTINGENCIES, Continued

B. School Funding Decision

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of October 25, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

Subsequent to year end, the court granted this motion for reconsideration. The Court may reexamine and redetermine any issue upon such reconsideration.

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

C. Litigation

In the normal course of operations, the District may be subject to litigation and claims. While the outcome of such matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2001

NOTE 12 - COMMITMENTS AND CONTINGENCIES, Continued

D. Commitments

The District is obligated to purchase equipment and complete the construction and renovation of an athletic facility totaling approximately \$1,400,000.

NOTE 13 - ENTERPRISE SEGMENT INFORMATION

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

NOTE 14 - LEGAL COMPLIANCE

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

NOTE 15 - INSURANCE

The District maintains comprehensive insurance coverage with private carriers for real property, building contents, general liability and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured. Settled claims have not exceeded the commercial coverage each of the past three years. There have been no significant reductions in insurance coverage from last year.

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

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2001

NOTE 15 – INSURANCE, Continued

A third party, Group Health Care and Medical Mutual of Ohio headquartered in Toledo, Ohio, reviews all claims which are then paid by the Pool. As of June 30, 2001, the Pool has cash reserves of \$3,761,000, which, in the opinion of San-Ott Consortium management, is adequate for any claims against the Pool.

During the fiscal year the District paid \$492,500 into the Pool for coverage. These costs are paid by the fund that pays the salary for the covered employees. The Pool purchases insurance coverage for excess claims to limit the potential loss to its members. The amount of risk retained within the Pool is an annual aggregate limit of \$100,000 per individual and claims exceeding that limit are covered by stop-loss insurance provided by a commercial insurer. The members, including the District, may be liable for any claims which exceed the Pool's assets and are less than the excess claims amount, which could be charged to members at a pro-rata share of the individual member's premium to the total Pool premiums. Financial information relating to the Pool may be obtained by writing to San-OTT Consortium, c/o Vanguard, 1306 Cedar Street, Fremont, OH 43420.

NOTE 16 – SET-ASIDES

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2001:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-Aside Cash Balance as of July 1, 2000			\$1,120,049	\$1,120,049
Current Year Set-aside Requirement	\$336,232	\$336,232	420,290	1,092,754
Current Year Offsets	-0-	-0-	-0-	-0-
Qualifying Disbursements	392,753	461,612	-0-	854,365
Returned to the General Fund	<u>-0-</u>	<u>-0-</u>	<u>1,495,486</u>	<u>1,495,486</u>
Total	(\$ <u>56,521</u>)	(\$ <u>125,380</u>)	\$ <u>44,853</u>	(\$ <u>137,048</u>)
Cash Balance Carried Forward to FY 2002			\$ <u>44,853</u>	
Total Restricted Assets				<u>\$44,853</u>

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2001

NOTE 16 – SET-ASIDES, Continued

Am. Sub Senate Bill 345 (SB 345), effective April 10, 2001, eliminated the requirement for the budget reserve set-aside established by HB 412. According to SB 345, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the district's general fund or may be left in a budget reserve account as authorized by ORC 5705.13 for use by the board to offset any budget deficit the district may experience in future years. The statute also authorizes the school district to use all or part of the funds formerly included in the budget reserve for the purpose of providing the district's portion of the basic project costs of any project undertaken in accordance with ORC 3318, Classroom Facilities. SB 345 places special conditions on any Bureau of Workers' Compensation (BWC) monies remaining in the budget reserve set-aside as of April 10, 2001. Any portion of the budget reserve set-aside consisting of refunds or rebates from BWC that were previously required by law to be deposited into the budget reserve may be used solely for the specified purposes. As of June 30, 2001, the Board has authorized the non-BWC rebate money of \$1,495,486 in the budget reserve to be set-aside and was designated by the Board to be used for budget stabilization purposes under ORC 5705.13.

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

NOTE 17 - LONG-TERM DEBT

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

GENOA AREA LOCAL SCHOOL DISTRICT
OTTAWA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2001

NOTE 17 - LONG-TERM DEBT, Continued

The following is a description of the District's bonds outstanding as of June 30, 2001:

	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Bonds Outstanding At 7/1/00</u>	<u>New Issues During 2001</u>	<u>Retired In 2001</u>	<u>Bonds Outstanding At 6/30/01</u>
Building Improvements	4.9 -5.5%	7/1/99	12/1/27	\$3,959,000	\$-0-	\$9,000	\$3,950,000

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds as of June 30, 2001:

<u>Year Ending June 30</u>	<u>Principal on General Obligation</u>	<u>Interest on General Obligation</u>	<u>Total</u>
2002	\$ 70,000	\$ 209,548	\$ 279,548
2003	70,000	205,697	275,697
2004	75,000	201,711	276,711
2005	80,000	197,446	277,446
2006	85,000	192,909	277,909
2007 and Thereafter	3,570,000	2,490,815	6,060,815
Total	\$3,950,000	\$3,498,126	\$7,448,126

During the year ended June 30, 2001 the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences will be paid from the fund from which the employee is paid.

	<u>Balance at 7/1/00</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 6/30/01</u>
Compensated Absences	\$ 600,793	\$60,372	\$-0-	\$ 661,165
General Obligation Bonds	3,959,000	-0-	9,000	3,950,000
Total	\$4,559,793	\$60,372	\$9,000	\$4,611,165

GENOA AREA LOCAL SCHOOL DISTRICT
 OTTAWA COUNTY
 NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
 YEAR ENDED JUNE 30, 2001

NOTE 18 – JOINTLY GOVERNED ORGANIZATIONS

A. Penta County Vocational School

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

B. Northern Ohio Educational Computer Association

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

NOTE 19 – ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The following fund had a deficit fund balance at June 30, 2001:

Fund Type/Fund	Deficit
Capital Projects Fund	
Building Fund	\$320,203

The deficits in the Capital Projects funds, were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

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

Board of Education
Genoa Area Local School District
300 Susan Street
Clay Center, Ohio 43408

We have audited the financial statements of Genoa Area Local School District ("District") as of and for the year ended June 30, 2001, and have issued our report thereon dated October 25, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

weber · obrien, LTD

October 25, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

GENOA AREA LOCAL SCHOOL DISTRICT

OTTAWA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 22, 2002**