



Dave Yost • Auditor of State

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Girard City School District
Trumbull County
704 E. Prospect Street
Girard, Ohio 44420

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Girard City School District, Trumbull County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Girard School District, Trumbull County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Federal Award Receipts and Expenditures Schedule presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

February 10, 2014

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**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

The management's discussion and analysis of the Girard City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- In total, net position of governmental activities decreased \$1,838,858 which represents an 5.68% decrease from 2012.
- General revenues accounted for \$13,719,649 in revenue or 80.44% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,336,760 or 19.56% of total revenues of \$17,056,409.
- The District had \$18,895,267 in expenses related to governmental activities; only \$3,336,760 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$13,719,649 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund, bond retirement fund, and the permanent improvement fund. The general fund had \$13,796,973 in revenues and \$14,866,141 in expenditures and other financing uses. During fiscal 2013, the general fund's fund balance decreased \$1,069,168 from a balance of \$5,407,252 to \$4,338,084.
- The bond retirement fund had \$1,050,341 in revenues and \$1,014,588 in expenditures. During fiscal 2013, the bond retirement fund's fund balance increased \$35,753 from \$276,716 to \$312,469.
- The permanent improvement fund had \$154,683 in revenues and \$239,717 in expenditures. During fiscal 2013, the permanent improvement fund's fund balance decreased \$85,034 from \$1,484,002 to \$1,398,968.

Using the Basic Financial Statements (BFS)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *statement of net position* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next 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 District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general, bond retirement and permanent improvement funds are by far the most significant funds, and the only governmental funds reported as major funds.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the 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 position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 17-18 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 12. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, bond retirement and permanent improvement fund.

Governmental Funds

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-23 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 24 and 25. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-57 of this report.

The District as a Whole

Certain asset, deferred outflow, liability, deferred inflow, and net position classifications have been restated by the District for fiscal year 2012 to conform to fiscal year 2013 presentation in accordance with GASB Statement No. 63 and GASB Statement No. 65. The net position of the District was restated at June 30, 2012 as described in Note 3.A to the basic financial statements. The table below provides a summary of the District's net position at June 30, 2013 and June 30, 2012.

	Net Position	
	Governmental Activities 2013	(Restated) Governmental Activities 2012
<u>Assets</u>		
Current and other assets	\$ 16,916,602	\$ 16,849,893
Capital assets	<u>33,067,596</u>	<u>34,274,272</u>
Total assets	<u>49,984,198</u>	<u>51,124,165</u>
<u>Deferred outflows</u>	<u>108,484</u>	<u>125,391</u>
<u>Liabilities</u>		
Current liabilities	1,719,237	1,313,886
Long-term liabilities	<u>12,204,059</u>	<u>12,924,374</u>
Total liabilities	<u>13,923,296</u>	<u>14,238,260</u>
<u>Deferred inflows</u>		
Property taxes levied for the next fiscal year	4,603,251	4,634,090
Payment in lieu of taxes levied for the next fiscal year	<u>1,027,787</u>	<u>-</u>
Total deferred inflows	<u>5,631,038</u>	<u>4,634,090</u>
<u>Net position</u>		
Net investment in capital assets	23,455,256	24,101,399
Restricted	2,803,623	3,109,016
Unrestricted	<u>4,279,469</u>	<u>5,166,791</u>
Total net position	<u>\$ 30,538,348</u>	<u>\$ 32,377,206</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's assets exceeded liabilities by \$30,538,348. Of this total, \$2,803,623 is restricted in use.

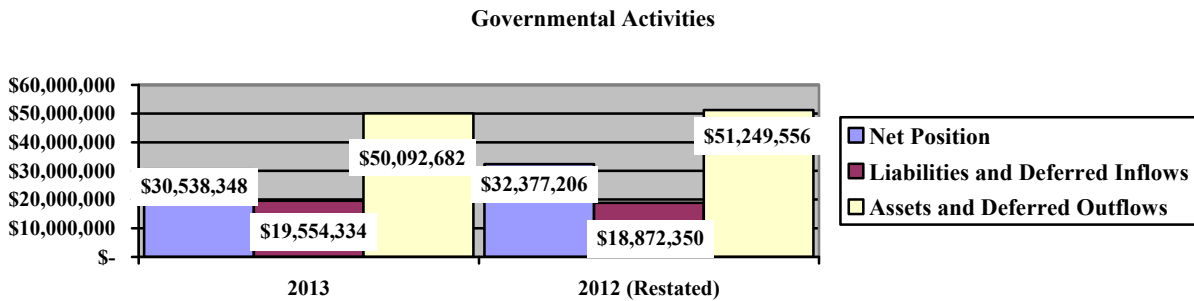
**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

At year-end, capital assets represented 66.16% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. The District's investment in capital assets at June 30, 2013, was \$23,455,256. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$2,803,623, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$4,279,469.

The graph below presents the District's governmental activities assets, deferred outflows, liabilities, deferred inflows and net position for fiscal year 2013 and 2012.



The net position of the District was restated at June 30, 2012 as described in Note 3.A to the basic financial statements. The table below shows the changes in net position for governmental activities for fiscal years 2013 and 2012.

	Change in Net Position	
	Governmental Activities 2013	(Restated) Governmental Activities 2012
Revenues		
Program revenues:		
Charges for services and sales	\$ 936,225	\$ 776,091
Operating grants and contributions	2,400,535	2,711,074
General revenues:		
Property taxes	4,735,490	4,623,953
Payment in lieu of taxes	372,787	-
Grants and entitlements	8,497,172	8,486,604
Investment earnings	27,153	44,012
Other	87,047	137,325
Total revenues	17,056,409	16,779,059

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	Change in Net Position	
	Governmental	(Restated) Governmental
	Activities	Activities
	<u>2013</u>	<u>2012</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 7,943,525	\$ 7,325,333
Special	1,892,089	2,122,760
Vocational	252,123	202,239
Other	910,740	810,215
Support services:		
Pupil	1,045,012	999,284
Instructional staff	209,116	218,785
Board of education	30,647	29,003
Administration	1,399,133	1,247,809
Fiscal	873,287	842,339
Operations and maintenance	1,559,800	1,978,738
Pupil transportation	607,024	609,716
Central	-	4,000
Operation of non-instructional services:		
Food service operations	691,590	684,391
Other non-instructional services	273,167	237,169
Extracurricular activities	690,079	729,812
Interest and fiscal charges	<u>517,935</u>	<u>544,535</u>
Total expenses	18,895,267	18,586,128
Special item	<u>-</u>	<u>(1,116,765)</u>
Change in net position	(1,838,858)	(2,923,834)
Net position at beginning of year (restated)	<u>32,377,206</u>	<u>35,301,040</u>
Net position at end of year	<u>\$ 30,538,348</u>	<u>\$ 32,377,206</u>

Governmental Activities

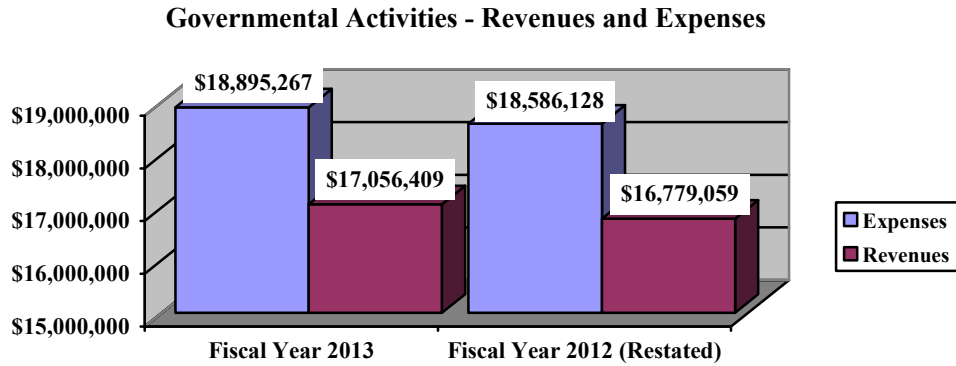
Net position of the District's governmental activities decreased \$1,838,858. Total governmental expenses of \$18,895,267 were partially offset by program revenues of \$3,336,760 and general revenues of \$13,719,649. Program revenues supported 17.66% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 79.77% of total governmental revenue. Real estate property is reappraised every six years.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

The net position of the District was restated at June 30, 2012 as described in Note 3.A to the basic financial statements. The graph below presents the District's governmental activities revenues and expenses for fiscal years 2013 and 2012.



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**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

The net position of the District was restated at June 30, 2012 as described in Note 3.A to the basic financial statements. The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2013 and 2012. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>	(Restated) Total Cost of Services <u>2012</u>	(Restated) Net Cost of Services <u>2012</u>
Program expenses				
Instruction:				
Regular	\$ 7,943,525	\$ 7,231,193	\$ 7,325,333	\$ 6,794,037
Special	1,892,089	621,360	2,122,760	655,954
Vocational	252,123	212,790	202,239	162,906
Other	910,740	910,740	810,215	810,215
Support services:				
Pupil	1,045,012	737,153	999,284	702,984
Instructional staff	209,116	173,513	218,785	194,804
Board of education	30,647	30,647	29,003	29,003
Administration	1,399,133	1,385,420	1,247,809	1,233,693
Fiscal	873,287	873,287	842,339	842,339
Operations and maintenance	1,559,800	1,552,750	1,978,738	1,972,178
Pupil transportation	607,024	578,379	609,716	596,541
Central	-	-	4,000	4,000
Operation of non-instructional services:				
Food service operations	691,590	109,183	684,391	59,900
Other non-instructional services	273,167	63,739	237,169	(6,494)
Extracurricular activities	690,079	560,418	729,812	502,368
Interest and fiscal charges	517,935	517,935	544,535	544,535
Total expenses	<u>\$ 18,895,267</u>	<u>\$ 15,558,507</u>	<u>\$ 18,586,128</u>	<u>\$ 15,098,963</u>

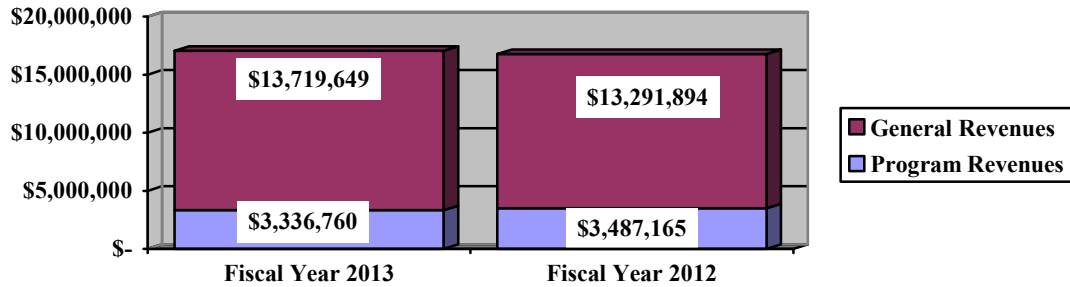
The dependence upon tax and other general revenues for governmental activities is apparent, 81.61% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 82.34%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio are by far the primary support for District's students.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

The graph below presents the District's governmental activities revenue for fiscal years 2013 and 2012.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 19) reported a combined fund balance of \$8,514,451, which is less than last year's total of \$9,701,397. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and 2012.

	Fund Balance <u>June 30, 2013</u>	Fund Balance <u>June 30, 2012</u>	Increase <u>(Decrease)</u>
General	\$ 4,338,084	\$ 5,407,252	\$(1,069,168)
Bond retirement	312,469	276,716	35,753
Permanent improvement	1,398,968	1,484,002	(85,034)
Other governmental	<u>2,464,930</u>	<u>2,533,427</u>	<u>(68,497)</u>
Total	<u>\$ 8,514,451</u>	<u>\$ 9,701,397</u>	<u>\$(1,186,946)</u>

General Fund

The District's general fund balance decreased \$1,069,168. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 3,671,695	\$ 3,568,508	\$ 103,187	2.89 %
Tuition	597,217	416,514	180,703	43.38 %
Earnings on investments	27,032	37,133	(10,101)	(27.20) %
Intergovernmental	9,357,245	9,043,145	314,100	3.47 %
Other revenues	<u>143,784</u>	<u>177,979</u>	<u>(34,195)</u>	(19.21) %
Total	<u>\$ 13,796,973</u>	<u>\$ 13,243,279</u>	<u>\$ 553,694</u>	4.18 %
<u>Expenditures</u>				
Instruction	\$ 9,159,969	\$ 8,294,159	\$ 865,810	10.44 %
Support services	5,103,762	4,810,160	293,602	6.10 %
Extracurricular activities	377,630	348,877	28,753	8.24 %
Debt service	<u>131,500</u>	<u>136,747</u>	<u>(5,247)</u>	(3.84) %
Total	<u>\$ 14,772,861</u>	<u>\$ 13,589,943</u>	<u>\$ 1,182,918</u>	8.70 %

The increase in tuition is due primarily to an increase in open enrollment. The decrease in earnings on investments can be attributed to the lower interest rates and less amounts invested for fiscal year 2013. All other revenue items remained consistent with the prior year. Instructional expenditures increased due to higher spending in regular expenditures. All other expenditure items remained consistent with the prior year.

Debt Retirement Fund

The bond retirement fund had \$1,050,341 in revenues and \$1,014,588 in expenditures. During fiscal 2013, the bond retirement fund's fund balance increased \$35,753 from \$276,716 to \$312,469.

Permanent Improvement Fund

The permanent improvement fund had \$154,683 in revenues and \$239,717 in expenditures. During fiscal 2013, the permanent improvement fund's fund balance decreased \$85,034 from \$1,484,002 to \$1,398,968.

General Fund Budgeting Highlights

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

During the course of fiscal 2013, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$13,391,790, which is more than the original budgeted revenues and other financing sources estimate of \$12,660,985. Actual revenues and other financing sources for fiscal 2013 were \$13,395,209. This represents a \$3,419 increase from final budgeted revenues.

General fund original appropriations and other financing uses were \$14,977,797. Final appropriations and other financing uses were decreased to \$14,493,373. Actual budget basis expenditures and other financing uses for fiscal year 2013 totaled \$14,493,561. This represents an \$188 increase from final appropriations.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2013, the District had \$33,067,596 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2013 balances compared to 2012:

	Capital Assets at June 30 (Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Land	\$ 644,177	\$ 644,177
Land improvements	3,853,647	4,081,432
Building and improvements	27,734,942	28,529,937
Furniture and equipment	543,553	658,645
Vehicles	<u>291,277</u>	<u>360,081</u>
Total	<u>\$ 33,067,596</u>	<u>\$ 34,274,272</u>

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2013 the District had \$10,462,054 in general obligation bonds outstanding. Of this total, \$540,000 is due within one year and \$9,922,054 is due in more than one year. The following table summarizes the bonds outstanding:

	Outstanding Debt, at Year End	
	<u>Governmental Activities 2013</u>	<u>Governmental Activities 2012</u>
General obligation bonds:		
School Improvement Refunding Bonds	2,465,000	2,745,000
Classroom facilities and school improvement bonds	<u>7,997,054</u>	<u>8,204,726</u>
Total	<u>\$ 10,462,054</u>	<u>\$ 10,949,726</u>

At June 30, 2013, the District's overall legal debt margin was \$1,982,729 with an unvoted debt margin of \$133,503.

See Note 10 to the basic financial statements for additional information on the District's debt administration.

Current Related Financial Activities

The Girard City School District has maintained the highest standards of service to our students, parents and community. Our school system is constantly presented with challenges and opportunities. National, state and local events economically affect the District and the surrounding area. The District continues to review and analyze the key factors which impact the District's financial condition.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)

The District has carefully managed its general fund budgets in order to optimize the dollars available for educating our students, and to minimize the millage amounts needed periodically from the overtaxed community.

The District's five-year projections indicate that the natural budget cycle needs will require management to continually look for ways to manage costs in a rising environment. With fiscal prudence the recent fiscal year budgets have been carefully managed in order to minimize the increased costs.

Unstable enrollments caused by alternative educational sources, which do not have the same requirements, deprive the District of needed funds. Open enrollment, community schools, ECOT, and other drains on the dollars available for school operations must be monitored by management of the District.

The District has committed itself to educational excellence for many years. The District is committed to living within its financial means, and working with the community it serves to obtain resources to support the best educational program possible now and into the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Mark Bello, CFO/Treasurer, Girard City School District, 704 E. Prospect Street, Girard, Ohio 44420.

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**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 10,186,632
Receivables:	
Property taxes	5,594,887
Payment in lieu of taxes	1,027,787
Accounts	2,030
Accrued interest	2,033
Intergovernmental	94,702
Prepayments	3,713
Materials and supplies inventory	4,818
Capital assets:	
Land	644,177
Depreciable capital assets, net	32,423,419
Capital assets, net	<u>33,067,596</u>
 Total assets.	 <u>49,984,198</u>
 Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	<u>108,484</u>
 Total deferred outflows of resources	 <u>108,484</u>
 Liabilities:	
Accounts payable	77,895
Accrued wages and benefits payable	1,253,288
Pension obligation payable	295,536
Intergovernmental payable	49,215
Accrued interest payable	43,303
Long-term liabilities:	
Due within one year	828,264
Due in more than one year	11,375,795
 Total liabilities	 <u>13,923,296</u>
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year	4,603,251
Payment in lieu of taxes levied for the next fiscal year	<u>1,027,787</u>
 Total deferred inflows of resources	 <u>5,631,038</u>
 Net position:	
Net investment in capital assets	23,455,256
Restricted for:	
Capital projects	1,789,459
Classroom facilities maintenance	511,666
Debt service.	324,475
State funded programs	15
Federally funded programs	348
Student activities	177,660
Unrestricted	<u>4,279,469</u>
 Total net position	 <u>\$ 30,538,348</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
				<u>Governmental Activities</u>
Governmental activities:				
Instruction:				
Regular	\$ 7,943,525	\$ 614,233	\$ 98,099	\$ (7,231,193)
Special	1,892,089	-	1,270,729	(621,360)
Vocational	252,123	-	39,333	(212,790)
Other	910,740	-	-	(910,740)
Support services:				
Pupil	1,045,012	-	307,859	(737,153)
Instructional staff	209,116	-	35,603	(173,513)
Board of education	30,647	-	-	(30,647)
Administration	1,399,133	-	13,713	(1,385,420)
Fiscal	873,287	-	-	(873,287)
Operations and maintenance	1,559,800	7,050	-	(1,552,750)
Pupil transportation	607,024	28,645	-	(578,379)
Operation of non-instructional services:				
Other non-instructional services	273,167	-	209,428	(63,739)
Food service operations	691,590	159,324	423,083	(109,183)
Extracurricular activities	690,079	126,973	2,688	(560,418)
Interest and fiscal charges	517,935	-	-	(517,935)
Total governmental activities	<u>\$ 18,895,267</u>	<u>\$ 936,225</u>	<u>\$ 2,400,535</u>	<u>(15,558,507)</u>
General revenues:				
Property taxes levied for:				
General purposes				3,680,695
Debt service				882,937
Capital outlay				118,520
Special revenue				53,338
Payment in lieu of taxes				372,787
Grants and entitlements not restricted				
to specific programs				8,497,172
Investment earnings				27,153
Miscellaneous				87,047
Total general revenues				<u>13,719,649</u>
Change in net position				(1,838,858)
Net position at beginning of year (restated)				<u>32,377,206</u>
Net position at end of year				<u>\$ 30,538,348</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and investments	\$ 5,882,042	\$ 299,386	\$ 1,396,431	\$ 2,608,773	\$ 10,186,632
Receivables:					
Property taxes	4,345,659	1,046,319	202,909	-	5,594,887
Payment in lieu of taxes	1,027,787	-	-	-	1,027,787
Accounts	2,029	-	-	1	2,030
Accrued interest	2,033	-	-	-	2,033
Intergovernmental	82,429	-	-	12,273	94,702
Prepayments	3,713	-	-	-	3,713
Materials and supplies inventory	-	-	-	4,818	4,818
Total assets	<u>\$ 11,345,692</u>	<u>\$ 1,345,705</u>	<u>\$ 1,599,340</u>	<u>\$ 2,625,865</u>	<u>\$ 16,916,602</u>
Liabilities:					
Accounts payable	\$ 28,023	\$ -	\$ -	\$ 49,872	\$ 77,895
Accrued wages and benefits payable	1,158,451	-	-	94,837	1,253,288
Compensated absences payable	123,193	-	-	-	123,193
Intergovernmental payable	45,887	-	-	3,328	49,215
Pension obligation payable	282,638	-	-	12,898	295,536
Total liabilities	<u>1,638,192</u>	<u>-</u>	<u>-</u>	<u>160,935</u>	<u>1,799,127</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	3,575,435	860,870	166,946	-	4,603,251
Delinquent property tax revenue not available	715,885	172,366	33,426	-	921,677
Accrued interest not available	300	-	-	-	300
Intergovernmental revenue not available	50,009	-	-	-	50,009
Discretionary	1,027,787	-	-	-	1,027,787
Total deferred inflows of resources	<u>5,369,416</u>	<u>1,033,236</u>	<u>200,372</u>	<u>-</u>	<u>6,603,024</u>
Fund balances:					
Nonspendable:					
Materials and supplies inventory	-	-	-	4,818	4,818
Prepays	3,713	-	-	-	3,713
Restricted:					
Debt service	-	312,469	-	-	312,469
Capital improvements	-	-	1,398,968	1,796,968	3,195,936
Classroom facilities maintenance	-	-	-	511,666	511,666
Non-public schools	-	-	-	568	568
Special education	-	-	-	382	382
Other purposes	-	-	-	363	363
Extracurricular	-	-	-	177,660	177,660
Assigned:					
Student instruction	21,335	-	-	-	21,335
Student and staff support	359,377	-	-	-	359,377
School supplies	15,183	-	-	-	15,183
Subsequent year's appropriations	324,985	-	-	-	324,985
Unassigned (deficit)	3,613,491	-	-	(27,495)	3,585,996
Total fund balances	<u>4,338,084</u>	<u>312,469</u>	<u>1,398,968</u>	<u>2,464,930</u>	<u>8,514,451</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,345,692</u>	<u>\$ 1,345,705</u>	<u>\$ 1,599,340</u>	<u>\$ 2,625,865</u>	<u>\$ 16,916,602</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013

Total governmental fund balances		\$	8,514,451
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			33,067,596
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	921,677	
Accrued interest receivable		300	
Intergovernmental receivable		50,009	
Total		50,009	971,986
Unamortized premiums on bonds issued are not recognized in the funds.			(315,730)
Unamortized amounts on refundings are not recognized in the funds.			108,484
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(43,303)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Refunding bonds		2,465,000	
School improvement bonds		7,997,054	
Compensated absences		803,082	
Capital lease obligations		500,000	
Total		500,000	(11,765,136)
Net position of governmental activities		\$	30,538,348

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Property taxes	\$ 3,671,695	\$ 879,128	\$ 117,833	\$ 53,338	\$ 4,721,994
Payment in lieu of taxes	372,787	-	-	-	372,787
Tuition	597,217	-	-	-	597,217
Transportation fees	28,645	-	-	-	28,645
Earnings on investments	27,032	-	-	3,179	30,211
Charges for services	-	-	-	159,324	159,324
Extracurricular	4,026	-	-	122,947	126,973
Classroom materials and fees	689	-	-	-	689
Rental income	7,050	-	-	-	7,050
Contributions and donations	4,100	-	-	2,420	6,520
Contract services	16,327	-	-	-	16,327
Other local revenues	82,947	-	-	-	82,947
Intergovernmental - state	8,946,355	171,213	36,850	242,890	9,397,308
Intergovernmental - federal	38,103	-	-	1,581,824	1,619,927
Total revenues	<u>13,796,973</u>	<u>1,050,341</u>	<u>154,683</u>	<u>2,165,922</u>	<u>17,167,919</u>
Expenditures:					
Current:					
Instruction:					
Regular	6,752,443	-	-	88,511	6,840,954
Special	1,266,940	-	-	641,316	1,908,256
Vocational	229,846	-	-	-	229,846
Other	910,740	-	-	-	910,740
Support services:					
Pupil	733,996	-	-	304,992	1,038,988
Instructional staff	167,000	-	-	30,691	197,691
Board of education	30,647	-	-	-	30,647
Administration	1,385,972	-	-	13,699	1,399,671
Fiscal	847,713	18,318	1,455	2,360	869,846
Operations and maintenance	1,408,626	-	-	163,831	1,572,457
Pupil transportation	529,808	-	-	-	529,808
Operation of non-instructional services:					
Other non-instructional services	-	-	-	272,759	272,759
Food service operations	-	-	-	680,583	680,583
Extracurricular activities	377,630	-	-	126,924	504,554
Facilities acquisition and construction	-	-	238,262	-	238,262
Debt service:					
Principal retirement	100,000	515,000	-	-	615,000
Interest and fiscal charges	31,500	481,270	-	-	512,770
Total expenditures	<u>14,772,861</u>	<u>1,014,588</u>	<u>239,717</u>	<u>2,325,666</u>	<u>18,352,832</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(975,888)</u>	<u>35,753</u>	<u>(85,034)</u>	<u>(159,744)</u>	<u>(1,184,913)</u>
Other financing sources (uses):					
Transfers in	-	-	-	93,280	93,280
Transfers (out)	(93,280)	-	-	-	(93,280)
Total other financing sources (uses)	<u>(93,280)</u>	<u>-</u>	<u>-</u>	<u>93,280</u>	<u>-</u>
Net change in fund balances	(1,069,168)	35,753	(85,034)	(66,464)	(1,184,913)
Fund balances at beginning of year	5,407,252	276,716	1,484,002	2,533,427	9,701,397
Decrease in reserve for inventory	-	-	-	(2,033)	(2,033)
Fund balances at end of year	<u>\$ 4,338,084</u>	<u>\$ 312,469</u>	<u>\$ 1,398,968</u>	<u>\$ 2,464,930</u>	<u>\$ 8,514,451</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds	\$	(1,184,913)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 248,050	
Current year depreciation	(1,454,726)	
Total		(1,206,676)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		(2,033)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	13,496	
Earnings on investments	(2,838)	
Intergovernmental	(122,168)	
Total		(111,510)
Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		615,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	3,124	
Accreted interest on capital appreciation bonds	(27,328)	
Amortization of bond premiums	35,946	
Amortization of deferred charges	(16,907)	
Total		(5,165)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		56,439
Change in net position of governmental activities	\$	(1,838,858)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 3,050,449	\$ 3,203,533	\$ 3,203,533	\$ -
Payment in lieu of taxes.	370,802	372,787	372,787	-
Tuition.	405,233	597,781	597,781	-
Transportation fees.	11,750	26,496	28,401	1,905
Earnings on investments	40,161	33,003	34,033	1,030
Rental income	6,391	7,050	7,050	-
Contributions and donations	8,670	4,100	4,100	-
Contract services.	16,996	16,327	16,327	-
Other local revenues	118,123	108,812	109,296	484
Intergovernmental - state	8,541,561	8,848,922	8,848,922	-
Total revenues	<u>12,570,136</u>	<u>13,218,811</u>	<u>13,222,230</u>	<u>3,419</u>
Expenditures:				
Current:				
Instruction:				
Regular	8,334,049	6,144,243	6,144,243	-
Special.	1,012,643	1,248,565	1,248,565	-
Vocational.	147,765	224,302	224,302	-
Other.	673,771	911,351	911,351	-
Support services:				
Pupil.	526,156	708,515	708,515	-
Instructional staff	130,791	169,151	169,151	-
Board of education	23,478	31,193	31,193	-
Administration.	1,113,550	1,469,798	1,469,798	-
Fiscal	703,757	832,237	832,425	(188)
Operations and maintenance.	1,379,767	1,592,275	1,592,275	-
Pupil transportation	493,306	551,993	551,993	-
Central.	3,436	4,288	4,288	-
Extracurricular activities.	292,136	370,324	370,324	-
Facilities acquisition and construction	117,353	131,500	131,500	-
Total expenditures	<u>14,951,958</u>	<u>14,389,735</u>	<u>14,389,923</u>	<u>(188)</u>
Excess of expenditures over revenues	<u>(2,381,822)</u>	<u>(1,170,924)</u>	<u>(1,167,693)</u>	<u>3,231</u>
Other financing sources (uses):				
Refund of prior year's expenditures	89,509	161,533	161,533	-
Transfers (out).	(25,839)	(103,638)	(103,638)	-
Sale of capital assets	1,340	11,446	11,446	-
Total other financing sources (uses)	<u>65,010</u>	<u>69,341</u>	<u>69,341</u>	<u>-</u>
Net change in fund balance	(2,316,812)	(1,101,583)	(1,098,352)	3,231
Fund balance at beginning of year	6,255,473	6,255,473	6,255,473	-
Prior year encumbrances appropriated	298,502	298,502	298,502	-
Fund balance at end of year	<u>\$ 4,237,163</u>	<u>\$ 5,452,392</u>	<u>\$ 5,455,623</u>	<u>\$ 3,231</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 257,203	\$ 57,046
Receivables:		
Accounts	250	364
Total assets.	257,453	\$ 57,410
Liabilities:		
Accounts payable.	2,313	\$ -
Due to students.	-	57,410
Total liabilities	2,313	\$ 57,410
Net position:		
Held in trust for scholarships	255,140	
Total net position.	\$ 255,140	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$ 458
Gifts and contributions	11,376
Total additions.	11,834
 Deductions:	
Scholarships awarded	13,648
Change in net position	(1,814)
Net position at beginning of year.	256,954
Net position at end of year	\$ 255,140

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The average daily membership (ADM) as of June 30, 2013, was 1,749. The District employed 133 certified employees and 66 non-certified employees.

The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisition and construction services, operation and maintenance, student transportation, food services, extracurricular activities and non-program services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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’s significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

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

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATION

Northeast Ohio Management Information Network (NEOMIN)

NEOMIN is a jointly governed organization among 29 districts and 2 service centers in Trumbull and Ashtabula counties. Jointly governed organization was formed for purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County Educational Service Center superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts, and a treasurer from each county who must be employed by a participating school district, the fiscal agent or NEOMIN. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio 44446.

INSURANCE PURCHASING POOLS

Workers' Compensation Group Rating Program

The District participates in a Workers' Compensation Group Rating Program (GRP) administered by CompManagement, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

Trumbull County Schools Employee Insurance Benefits Consortium

The District participates in the Trumbull County Schools Employee Insurance Benefits Consortium (the "Consortium"). This is a shared risk pool comprised of sixteen Trumbull County school districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. The Consortium's revenues are generated from charges for services.

B. Fund Accounting

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

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows and liabilities and deferred inflows is reported as fund balance. The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund - The bond retirement fund is used to account for the accumulation of resources and payment of general obligation bond and principal and interest from governmental resources when the government is obligated in some manner for payment.

Permanent improvement fund - The permanent improvement fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition of construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. 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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's trust funds are private-purpose trusts, which account for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for student activities and Bureau of Workers Compensation obligations.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current deferred outflows and current liabilities and current deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust funds are reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net assets by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net assets by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows on the governmental fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred inflows of resources.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2013 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2013.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts were as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2013; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2013, investments were limited to overnight repurchase agreements, negotiable certificates of deposit, federal agency securities, U.S. Treasury bills, a money market and STAR Ohio. Except for nonparticipating investments contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investments contracts, such as repurchase agreements, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. 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 2013 amounted to \$27,032, which includes \$7,870 assigned from other District funds.

For presentation on the basic financial statements, 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.

An analysis of the District's investment account at year end is provided in Note 4.

G. Inventory

On government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method. On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis and is expensed when purchased.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land improvements	5 - 20 years
Buildings and improvements	25 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	10 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". Receivables and payables resulting from short-term interfund loans from the general fund to cover negative cash balances in other governmental funds are classified as "due to/from other funds". These amounts are eliminated in the governmental activities column on the statement of net position. The District had no interfund loans outstanding at June 30, 2013.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2013 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

K. Issuance Costs/Bond Premium and Discount/Deferred Charges on Refunding

On the government-wide financial statements, issuance costs are expensed during the year in which they are incurred.

Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt reported on the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred charges on refunding amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources on the statement of net position on the government-wide financial statements.

On the governmental-wide financial statements bond premiums are recognized in the current period. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.A.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and capital lease obligations are recognized as a liability on the fund financial statements when due.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Fund Balance

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

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

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

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

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

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

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

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

P. Estimates

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

Q. Budget Stabilization Arrangement

The District has established a budget stabilization reserve in accordance with authority established by State law. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Expenditures out of the budget stabilization reserve can only be made to offset future budget deficits. At June 30, 2013, the balance in the budget stabilization reserve was \$95,565. This amount is included in unassigned fund balance of the general fund and in unrestricted net position on the statement of net position.

R. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

S. Parochial/Private Schools

Within the District boundaries are the St. Rose parochial school and the Seventh Day Adventist private school. Current state legislation provides funding to these parochial/private schools. These monies are received and disbursed on behalf of the parochial/private schools by the Treasurer of the District, as directed by the parochial/private school. The fiduciary responsibility of the District for these monies is reflected in a nonmajor governmental fund for financial reporting purposes.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2013, the District had neither transaction.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 had the following effect on the financial statements of the District:

	Governmental Activities
Net assets as previously reported	\$ 32,537,480
Removal of unamortized bond issuance costs	(160,274)
Net position at July 1, 2012	\$ 32,377,206

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2013 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 10,106
Title I - disadvantaged children	10,650
Improving teacher quality	1,921

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS

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 that 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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (State Treasury Asset Reserve of Ohio (STAR Ohio));
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (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 monies deposited with the institution.

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At June 30, 2013, the carrying amount of all District deposits was \$8,860,169, exclusive of the \$57,500 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$562,032 of the District's bank balance of \$8,924,146 was exposed to custodial risk as discussed below, while \$8,362,114 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of June 30, 2013, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FHLB	\$ 151,064	\$ -	\$ -	\$ -	\$ -	\$ 151,064
FNMA	405,301	-	-	-	-	405,301
Certificate of deposit	100,000	-	-	-	-	100,000
U.S. Treasury bills	301,869	-	301,869	-	-	-
Huntington money market	624,825	624,825	-	-	-	-
Repurchase agreement	57,500	57,500	-	-	-	-
STAR Ohio	153	153	-	-	-	-
Total	\$ 1,640,712	\$ 682,478	\$ 301,869	\$ -	\$ -	\$ 656,365

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District's investments in federal securities and U.S. Treasury bills were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investments in the federal agency securities that underlie the District's repurchase agreement were rated Aaa by Moody's Investor Services. The U.S. Treasury money market is not rated. STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury notes and federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agency, but not in the District's name. For the District's \$57,500 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2013:

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
FHLB	\$ 151,064	9.21
FNMA	405,301	24.70
Certificate of deposit	100,000	6.09
U.S. Treasury bills	301,869	18.40
Huntington money market	624,825	38.09
Repurchase agreement	57,500	3.50
STAR Ohio	153	0.01
Total	<u>\$ 1,640,712</u>	<u>100.00</u>

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 8,860,169
Investments	<u>1,640,712</u>
Total	<u>\$ 10,500,881</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 10,186,632
Private-purpose trust funds	257,203
Agency funds	<u>57,046</u>
Total	<u>\$ 10,500,881</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2013, consisted of the following, as reported on the fund financial statements:

<u>Transfers from the general fund to:</u>	
Nonmajor governmental fund	<u>\$ 93,280</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting on the statement of activities.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, 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 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, 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.

The District receives property taxes from Trumbull County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$54,339 in the general fund, \$13,083 in the bond retirement fund and \$2,537 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$32,730 in the general fund, \$7,804 in the bond retirement fund and \$1,516 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 125,083,020	93.65	\$ 124,438,960	93.21
Public utility personal	<u>8,481,270</u>	<u>6.35</u>	<u>9,063,890</u>	<u>6.79</u>
Total	<u>\$ 133,564,290</u>	<u>100.00</u>	<u>\$ 133,502,850</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$55.10		\$55.10	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2013 consisted of taxes, payments in lieu of taxes, accounts, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of general funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Taxes	\$ 5,594,887
Payments in lieu of taxes	1,027,787
Accounts	2,030
Accrued interest	2,033
Intergovernmental	<u>94,702</u>
Total	<u>\$ 6,721,439</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance</u> <u>6/30/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/13</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 644,177	\$ -	\$ -	\$ 644,177
Total capital assets, not being depreciated	<u>644,177</u>	<u>-</u>	<u>-</u>	<u>644,177</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	4,727,167	-	-	4,727,167
Buildings and improvements	34,258,249	248,050	-	34,506,299
Furniture and equipment	1,322,156	-	-	1,322,156
Vehicles	<u>1,365,695</u>	<u>-</u>	<u>(360,400)</u>	<u>1,005,295</u>
Total capital assets, being depreciated	<u>41,673,267</u>	<u>248,050</u>	<u>(360,400)</u>	<u>41,560,917</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(645,735)	(227,785)	-	(873,520)
Buildings and improvements	(5,728,312)	(1,043,045)	-	(6,771,357)
Furniture and equipment	(663,511)	(115,092)	-	(778,603)
Vehicles	<u>(1,005,614)</u>	<u>(68,804)</u>	<u>360,400</u>	<u>(714,018)</u>
Total accumulated depreciation	<u>(8,043,172)</u>	<u>(1,454,726)</u>	<u>360,400</u>	<u>(9,137,498)</u>
Governmental activities capital assets, net	<u>\$ 34,274,272</u>	<u>\$ (1,206,676)</u>	<u>\$ -</u>	<u>\$ 33,067,596</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,124,798
Vocational	21,023
<u>Support services:</u>	
Instructional staff	11,879
Administration	1,848
Operations and maintenance	3,590
Pupil transportation	77,104
Other non-instructional services	162,107
Extracurricular activities	43,019
Food service operations	<u>9,358</u>
Total depreciation expense	<u>\$ 1,454,726</u>

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 9 - CAPITALIZED LEASE - LESSEE DISCLOSURE

In prior years, the District entered into a capitalized lease for building improvements through the Girard Community Improvement Corporation. These lease agreements meet the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of building improvements have been capitalized in the amount of \$1,855,000. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Accumulated depreciation as of June 30, 2013 was \$556,500, leaving a current book value of \$1,298,500. Principal and interest payments in fiscal year 2013 totaled \$100,000 and \$31,500, respectively, paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 126,250
2015	121,000
2016	115,750
2017	110,500
2018	<u>105,250</u>
Total	578,750
Less: amount representing interest	<u>(78,750)</u>
Present value of minimum lease payments	<u>\$ 500,000</u>

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2013, the following changes occurred in governmental activities long-term obligations:

	<u>Interest Rate</u>	<u>Balance Outstanding 6/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding 6/30/13</u>	<u>Amounts Due in One Year</u>
Governmental activities:						
<u>General obligation bonds:</u>						
Refunding bonds	3.85-5.75%	\$ 2,745,000	\$ -	\$ (280,000)	\$ 2,465,000	\$ 295,000
Classroom facilities and school improvement bonds	3.50-4.40%	<u>8,204,726</u>	<u>27,328</u>	<u>(235,000)</u>	<u>7,997,054</u>	<u>245,000</u>
Total bonds payable		<u>10,949,726</u>	<u>27,328</u>	<u>(515,000)</u>	<u>10,462,054</u>	<u>540,000</u>
<u>Other long-term obligations:</u>						
Capital lease obligation	5.39-5.65%	600,000	-	(100,000)	500,000	100,000
Compensated absences		<u>1,022,972</u>	<u>121,577</u>	<u>(218,274)</u>	<u>926,275</u>	<u>188,264</u>
Total other long-term obligations		<u>1,622,972</u>	<u>121,577</u>	<u>(318,274)</u>	<u>1,426,275</u>	<u>288,264</u>
Total governmental activities		<u>\$ 12,572,698</u>	<u>\$ 148,905</u>	<u>\$ (833,274)</u>	11,888,329	<u>\$ 828,264</u>
			Add: Unamortized premium on bond issues		<u>315,730</u>	
			Total reported on statement of net position		<u>\$ 12,204,059</u>	

Compensated absences: Compensated absences will be paid from the fund from which the employees' salaries are paid, which is primarily the general fund.

Capital lease obligation: The District issued a capital lease for community improvement in prior years. The capital lease was issued in June 1998, in the amount of \$1,855,000 and matures in June 2018. See Note 9 for more details.

B. Refunding Bonds

On June 6, 2006 the District issued general obligation bonds (refunding bonds - series 2006) to advance refund the callable portion of the construction bonds - series 1999 (principal \$3,370,000). Issuance proceeds totaling \$3,598,240 were deposited with an escrow agent and were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The refunding issue is comprised of current interest term bonds, par value \$3,250,000. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. Payments of principal and interest on the refunding bonds will be made from the bond retirement fund.

The reacquisition price exceeded the net carrying amount of the old debt by \$228,240. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

C. Classroom Facilities and School Improvement Bonds

On December 27, 2007, the District issued general obligation bonds (classroom facilities and school improvement bonds - series 2007) in order to fund the local share and required locally funded initiatives under the Classroom Facilities Assistance Program of the Ohio Schools Facilities Commission (OSFC). These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. The bonds will be paid from the bond retirement fund. The source of payment is derived from the District's property tax bond levy.

The issue is comprised of both current interest bonds, par value \$8,870,000, and capital appreciation bonds, par value \$129,997. The interest rates on the current interest bonds range from 3.50% to 4.40%. The capital appreciation bonds mature on December 1, of 2020, and 2021 (stated interest rate of 12.075%) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$630,000. A total of \$117,057 in interest has been accreted on the capital appreciation bonds as of June 30, 2013.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final stated maturity of the current interest bonds is December 1, 2035.

At June 30, 2013, \$1,439,903 of proceeds from this bond issue are unspent.

The following is a schedule of activity for fiscal year 2013 for the classroom facilities and school improvement bonds - series 2007:

	Balance			Balance	Amounts
	<u>6/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/13</u>	<u>Due in</u> <u>One Year</u>
G.O. bonds - series 2007					
Current interest bonds	\$ 7,985,000	\$ -	\$ (235,000)	\$ 7,750,000	\$ 245,000
Capital appreciation bonds	129,997	-	-	129,997	-
Accreted interest	<u>89,729</u>	<u>27,328</u>	<u>-</u>	<u>117,057</u>	<u>-</u>
Total G.O. bonds - series 2007	<u>\$ 8,204,726</u>	<u>\$ 27,328</u>	<u>\$ (235,000)</u>	<u>\$ 7,997,054</u>	<u>\$ 245,000</u>

D. Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2013, are as follows:

Fiscal Year Ended	<u>Refunding Bonds - Series 2006</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 295,000	\$ 136,100	\$ 431,100
2015	310,000	117,950	427,950
2016	330,000	98,750	428,750
2017	350,000	78,350	428,350
2018	375,000	57,069	432,069
2019 - 2020	<u>805,000</u>	<u>47,006</u>	<u>852,006</u>
Total	<u>\$ 2,465,000</u>	<u>\$ 535,225</u>	<u>\$ 3,000,225</u>

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Ended	Classroom Facilities and School Improvement Bonds - Series 2007					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 245,000	\$ 319,520	\$ 564,520	\$ -	\$ -	\$ -
2015	250,000	310,857	560,857	-	-	-
2016	260,000	301,608	561,608	-	-	-
2017	270,000	291,669	561,669	-	-	-
2018	280,000	281,008	561,008	-	-	-
2019 - 2023	910,000	1,275,758	2,185,758	129,997	500,003	630,000
2024 - 2028	1,780,000	1,014,715	2,794,715	-	-	-
2029 - 2033	2,190,000	592,940	2,782,940	-	-	-
2034 - 2036	1,565,000	105,270	1,670,270	-	-	-
Total	<u>\$ 7,750,000</u>	<u>\$ 4,493,345</u>	<u>\$ 12,243,345</u>	<u>\$ 129,997</u>	<u>\$ 500,003</u>	<u>\$ 630,000</u>

E. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2013, are a voted debt margin of \$1,982,729 (including available funds of \$312,469) and an unvoted debt margin of \$133,503.

NOTE 11 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and state laws. Only administrative and support personnel who are under a full contract (260 days) are eligible for vacation time.

Classified employees earn five to twenty five days of vacation per year, depending upon length of service. Any vacation time which is unused as of the employee's anniversary date, is expired and not available for use in a subsequent year unless approved by the Superintendent. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 11 - OTHER EMPLOYEE BENEFITS - (Continued)

For classified employees, retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement if the employee has been employed by the District for a minimum of ten consecutive years at the time of retirement. Any employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to fifty days.

For certified employees, retirement severance is also paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement. The dollar amount of severance pay is calculated based on the following; an employee who has zero years through 29 years of service will receive twenty-five percent of the employee's accumulated sick leave at the time of his/her retirement, up to a maximum of fifty-three days. Employees who have thirty or more years of teaching service shall qualify for twenty-five percent of their accumulated current sick leave upon retirement up to a maximum of sixty-five days.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance was maintained in the amount of \$1,000,000 for each occurrence and \$2,000,000 in the aggregate and general liability coverage for employee dishonesty bonds was maintained in the amount of \$20,000 with no deductible.

The District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss.

The District maintains replacement cost insurance on buildings and contents, which includes boiler and machinery, in the amount of \$51,772,615 with a \$5,000 deductible.

\$20,000 performance bonds are maintained for the Superintendent, Treasurer and Board President. All performance bonds are maintained by the United States Fidelity and Guaranty Company through the Griffith Agency.

B. Employee Benefits

The District provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is \$50,000 for all certified and administrative staff, \$50,000 for all regular classified staff, \$150,000 for the Superintendent, and \$500,000 coverage for the Treasurer. Coverage is provided through the Medical Life Insurance Company. Coverage is not less than \$50,000 per union classified employee with coverage provided by the Medical Life Insurance Company.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 12 - RISK MANAGEMENT - (Continued)

For fiscal year 2013, the District contracted with the Trumbull County Schools Employee Insurance Benefits Consortium to provide employee medical/surgical benefits. The Trumbull County Schools Employee Insurance Benefits Consortium is a shared risk pool comprised of sixteen Trumbull County school districts. Rates are set through an annual calculation process. The District pays a monthly contribution into a common consortium fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims.

Dental, prescription drug, and vision coverage are also provided through Coresource for family coverage and individual coverage.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

C. Group Workers Compensation Group Rating Plan

The District participates in a Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2.A). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the group. Each participant pays its workers' compensation premium to the state based on the rate for its GRP tier rather than its individual rate. Total savings are then calculated and each participants performance is compare to the overall savings percentage of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

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

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 13 - PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$249,577, \$233,477 and \$223,453, respectively; 73.12 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

B. State Teachers Retirement System of Ohio

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

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

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

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 13 - PENSION PLANS - (Continued)

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$932,825, \$931,471 and \$916,016, respectively; 82.89 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$53,383 made by the District and \$38,131 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$39,666, \$47,842 and \$63,386, respectively; 73.12 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$14,098, \$13,788 and \$14,380, respectively; 73.12 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$71,756, \$71,652 and \$70,463, respectively; 82.89 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis),
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (1,098,352)
Net adjustment for revenue accruals	22,625
Net adjustment for expenditure accruals	(249,805)
Net adjustment for other sources	(162,621)
Funds budgeted elsewhere *	10,872
Adjustment for encumbrances	408,113
GAAP basis	<u>\$ (1,069,168)</u>

* Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, the emergency levy fund and the public school support fund.

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and spending projects. The District management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the District.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 17 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2012	\$ -
Current year set-aside requirement	292,940
Current year qualifying expenditures	(272,277)
Current year offsets	<u>(207,000)</u>
Total	<u>\$ (186,337)</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>
Set-aside balance June 30, 2013	<u><u>\$ -</u></u>

NOTE 18 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 379,469
Permanent improvement	55,827
Other governmental	<u>30,277</u>
Total	<u><u>\$ 465,573</u></u>

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**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
<i>Nutrition Cluster:</i>				
National School Breakfast Program	2012/2013	10.553	\$61,723	\$61,723
National School Lunch Program	2012/2013	10.555	323,311	323,311
Farm to School Grant	2012/2013	10.555	4,504	4,504
 <i>Non-Cash Assistance:</i>				
National School Lunch Program	2012/2013	10.555	18,233	18,233
			<u>407,771</u>	<u>407,771</u>
 <u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
<i>Title I, Part A Cluster</i>				
Title I Grants to Local Educational Agencies	2012	84.010		77,521
Title I Grants to Local Educational Agencies	2013	84.010	641,622	575,439
ARRA Title I Grants to Local Educational Agencies, Recovery Act	2012	84.389	868	868
<i>Total Title I Grants to Local Educational Agencies</i>			<u>642,490</u>	<u>653,828</u>
 <i>Special Education Cluster (IDEA)</i>				
Special Education Grants to States	2013	84.027	378,699	378,699
 <i>Education Jobs Funds</i>				
Education Jobs Funds	2012	84.410	52,328	52,328
 <i>Improving Teacher Quality State Grants Title II, Part A</i>				
Improving Teacher Quality State Grants	2013	84.367	86,617	80,729
 <i>Education Technology Title II-D</i>				
Education Technology Title II-D	2012	84.318	0	500
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,160,134</u>	<u>1,166,084</u>
TOTALS			<u>\$1,567,905</u>	<u>\$1,573,855</u>

The accompanying notes to this schedule are an integral part of this schedule.

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Girard City School District
Trumbull County
704 E. Prospect Street
Girard, Ohio 44420

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Girard City School District, Trumbull County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 10, 2014 wherein we noted the District has adopted Governmental Accounting Standards Board Statement No's. 63 and 65.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

February 10, 2014



Dave Yost • Auditor of State

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

Girard City School District
Trumbull County
704 E. Prospect Street
Girard, Ohio 44420

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Girard City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Girard City School District's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the Girard City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

February 10, 2014

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Girard City School District
Trumbull County
704 E. Prospect Street
Girard, Ohio 44420

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Girard City School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on November 28, 2012 to include prohibiting harassment, intimidation, or bullying on a school bus of any student or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

Dave Yost
Auditor of State
Columbus, Ohio

February 10, 2014

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Dave Yost • Auditor of State

GIRARD CITY SCHOOL DISTRICT

TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 18, 2014**