



**Auditor of State
Betty Montgomery**

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

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 Government), as of and for the year ended June 30, 2005, which collectively comprise the Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Government's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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 City School District, Trumbull County, Ohio, as of June 30, 2005, and the respective changes in financial position, thereof and the budgetary comparisons for the General and Emergency Levy Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 3, the District implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, Technical Bulletin No. 2004-02, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2006, on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Government's basic financial statements. The federal awards expenditure schedule is required by 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 basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Betty Montgomery
Auditor of State

April 6, 2006

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

The 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, 2005. 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 2005 are as follows:

- In total, net assets of governmental activities increased \$1,368,506 which represents a 23.93% increase from 2004.
- General revenues accounted for \$12,612,871 in revenue or 75.71% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,046,366 or 24.29% of total revenues of \$16,659,237.
- The District had \$15,290,731 in expenses related to governmental activities; only \$4,046,366 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 \$12,612,871 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, emergency levy fund and classroom facilities fund. The general fund had \$12,732,664 in revenues and other financing sources and \$12,351,360 in expenditures and other financing uses. During fiscal 2005, the general fund's fund deficit decreased \$381,304 from \$1,076,422 to \$695,118.
- The Emergency levy fund had \$537,270 in revenues and \$8,270 in expenditures. During fiscal 2005, the emergency levy fund balance increased \$529,000 from \$3,805 to \$532,805.
- The Classroom facilities fund had \$4,516 in revenues and \$130,267 in expenditures. During fiscal 2005, the classroom facilities fund balance decreased \$125,751 from \$2,437,611 to \$2,311,860.

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 Assets* 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 fund, emergency levy fund and classroom facilities fund 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, 2005
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Reporting the District as a Whole

Statement of Net Assets 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 2005?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, 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 assets* and changes in those assets. This change in net assets 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 Assets 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 assets and statement of activities can be found on pages 13-14 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 9. 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, emergency levy fund and classroom facilities fund.

Governmental Funds

Most 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 Assets 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 15-20 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 Assets and Changes in Fiduciary Net Assets on pages 21 and 22. 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, 2005
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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 23-51 of this report.

The District as a Whole

The Statement of Net Assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2005 and 2004. Net assets as of June 30, 2004 have been restated as described in Note 3.B.

	Net Assets	
	Governmental Activities 2005	Restated Governmental Activities 2004
<u>Assets</u>		
Current and other assets	\$ 10,543,827	\$ 8,339,865
Capital assets	<u>10,376,152</u>	<u>10,884,794</u>
Total assets	<u>20,919,979</u>	<u>19,224,659</u>
<u>Liabilities</u>		
Current liabilities	6,514,332	5,542,862
Long-term liabilities	<u>7,317,302</u>	<u>7,961,958</u>
Total liabilities	<u>13,831,634</u>	<u>13,504,820</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	4,167,324	4,224,794
Restricted	3,758,981	3,351,738
Unrestricted	<u>(837,960)</u>	<u>(1,856,693)</u>
Total net assets	<u>\$ 7,088,345</u>	<u>\$ 5,719,839</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2005, the District's assets exceeded liabilities by \$7,088,345. Of this total, \$3,758,981 is restricted in use.

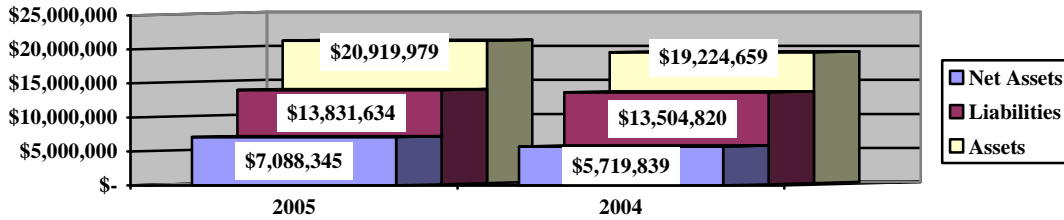
At year-end, capital assets represented 49.60% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2005, were \$4,167,324. These capital assets are used 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
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A portion of the District's net assets, \$3,758,981, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is a deficit of \$837,960.

Governmental Activities



The table below shows the change in net assets for fiscal years 2005 and 2004.

Change in Net Assets

	Governmental Activities <u>2005</u>	Governmental Activities <u>2004</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,678,442	\$ 1,634,398
Operating grants and contributions	2,352,079	1,965,488
Capital grants and contributions	15,845	1,458,525
General revenues:		
Property taxes	4,475,332	4,150,360
Grants and entitlements	8,014,753	8,001,055
Investment earnings	111,344	118,750
Other	<u>11,442</u>	<u>7,392</u>
Total revenues	<u>16,659,237</u>	<u>17,335,968</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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Change in Net Assets

	Governmental Activities 2005	Restated Governmental Activities 2004
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 6,527,905	\$ 6,854,202
Special	1,248,447	1,287,320
Vocational	214,238	245,962
Other	2,012,545	1,896,332
Support services:		
Pupil	638,936	854,653
Instructional staff	209,797	225,513
Board of education	38,436	44,165
Administration	853,936	1,093,632
Fiscal	329,138	270,972
Business	-	2,283
Operations and maintenance	1,115,695	1,385,968
Pupil transportation	443,367	508,362
Central	7,236	10,475
Operations of non-instructional services	223,415	207,833
Food service operations	577,825	660,112
Extracurricular activities	487,334	642,531
Interest and fiscal charges	362,481	384,054
Total expenses	<u>15,290,731</u>	<u>16,574,369</u>
Change in net assets	1,368,506	761,599
Net assets at beginning of year	<u>5,719,839</u>	<u>4,958,240</u>
Net assets at end of year	<u><u>\$ 7,088,345</u></u>	<u><u>\$ 5,719,839</u></u>

Governmental Activities

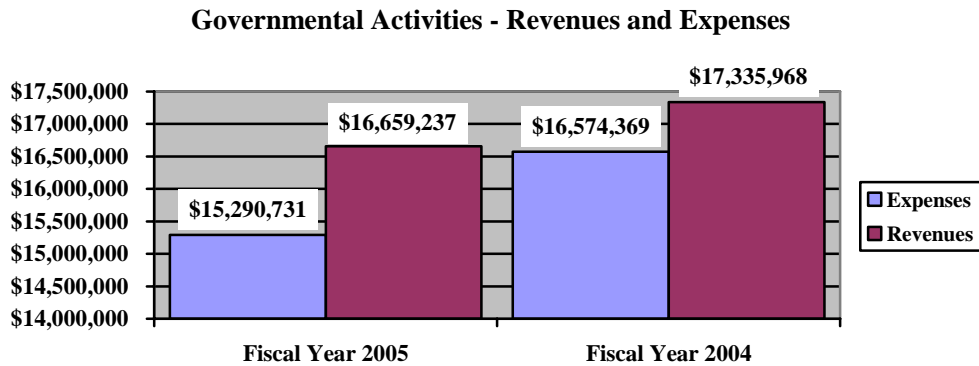
Net assets of the District's governmental activities increased \$1,368,506. Total governmental expenses of \$15,290,731 were offset by program revenues of \$4,046,366 and general revenues of \$12,612,817. Program revenues supported 26.46% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 74.97% 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, 2005
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The graph below presents the District's governmental activities revenue and expenses for fiscal year 2005 and 2004.



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. 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>2005</u>	Net Cost of Services <u>2005</u>	Total Cost of Services <u>2004</u>	Net Cost of Services <u>2004</u>
Program expenses				
Instruction:				
Regular	\$ 6,527,905	\$ 5,849,448	\$ 6,854,202	\$ 6,202,500
Special	1,248,447	687,763	1,287,320	742,264
Vocational	214,238	199,238	245,962	243,151
Other	2,012,545	892,201	1,896,332	721,387
Support services:				
Pupil	638,936	279,680	854,653	597,607
Instructional staff	209,797	143,757	225,513	191,456
Board of education	38,436	38,436	44,165	44,165
Administration	853,936	813,981	1,093,632	1,055,032
Fiscal	329,138	268,927	270,972	270,155
Business	-	-	2,283	931
Operations and maintenance	1,115,695	1,067,487	1,385,968	(29,932)
Pupil transportation	443,367	386,912	508,362	474,128
Central	7,236	3,219	10,475	(1,052)
Operations of non-instructional services	223,415	(70,626)	207,833	42,552
Extracurricular activities	487,334	371,000	642,531	486,390
Food service operations	577,825	(49,539)	660,112	91,170
Interest and fiscal charges	362,481	362,481	384,054	384,054
Total expenses	<u>\$ 15,290,731</u>	<u>\$ 11,244,365</u>	<u>\$ 16,574,369</u>	<u>\$ 11,515,958</u>

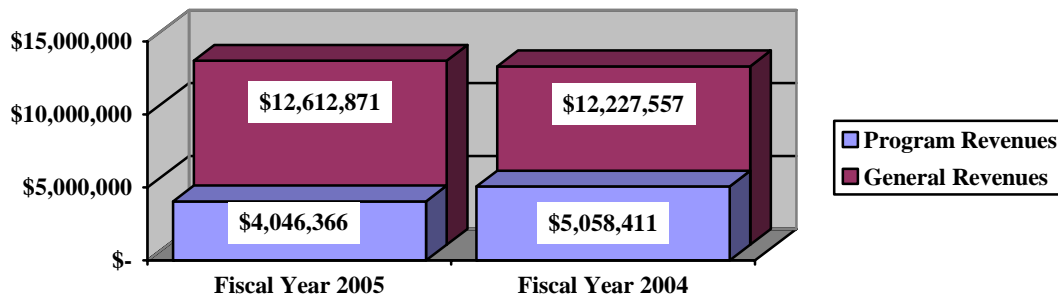
**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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The dependence upon tax and other general revenues for governmental activities is apparent, 76.26% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 75.71%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2005 and 2004.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$3,368,340, which is higher than last year's total of \$2,092,928. The June 30, 2004 fund deficit balances have been restated as described in Note 3.A. to the basic financial statements. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2005 and 2004.

	Fund Balance (deficit) <u>June 30, 2005</u>	Restated Fund Balance (deficit) <u>June 30, 2004</u>	Increase (Decrease)
General	\$ (695,118)	\$ (1,076,422)	\$ 381,304
Emergency Levy	532,805	3,805	529,000
Classroom Facilities	2,311,860	2,437,611	(125,751)
Other Governmental	<u>1,218,793</u>	<u>727,934</u>	<u>490,859</u>
Total	<u>\$ 3,368,340</u>	<u>\$ 2,092,928</u>	<u>\$ 1,275,412</u>

General Fund

The District's general fund deficit decreased \$381,304. 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, 2005
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	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 3,344,763	\$ 2,978,766	12.29 %
Tuition	148,401	40,652	265.05 %
Earnings on investments	105,558	112,198	(5.92) %
Intergovernmental	7,957,718	7,927,999	0.37 %
Other revenues	<u>1,174,912</u>	<u>1,234,585</u>	(4.83) %
Total	<u>\$ 12,731,352</u>	<u>\$ 12,294,200</u>	3.56 %
<u>Expenditures</u>			
Instruction	\$ 8,509,452	\$ 8,177,646	4.06 %
Support services	3,127,645	3,537,647	(11.59) %
Extracurricular activities	342,016	382,388	(10.56) %
Facilities acquisition and construction	23,622	-	100.00 %
Debt service	<u>342,766</u>	<u>378,875</u>	(9.53) %
Total	<u>\$ 12,345,501</u>	<u>\$ 12,476,556</u>	(1.05) %

Emergency Levy Fund

The Emergency levy fund had \$537,270 in revenues and \$8,270 in expenditures. During fiscal 2005, the emergency levy fund balance increased \$529,000 from \$3,805 to \$532,805.

Classroom Facilities Fund

The Classroom facilities fund had \$4,516 in revenues and \$130,267 in expenditures. During fiscal 2005, the classroom facilities fund balance decreased \$125,751 from \$2,437,611 to \$2,311,860.

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 2005, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$13,129,872, which is greater than the original budgeted revenues and other financing sources estimate of \$12,546,326. Actual revenues and other financing sources for fiscal 2005 was \$13,014,701. This represents a \$115,171 decrease under final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$11,862,574 were decreased to \$11,859,080 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2005 totaled \$12,910,791. This represents a \$1,051,711 increase over final budgeted appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2005, the District had \$10,376,152 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The 2004 capital assets have been restated as described in Note 8.A. The following table shows fiscal 2005 balances compared to 2004:

	Capital Assets at June 30	
	(Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Land	\$ 173,570	\$ 173,570
Land improvements	165,457	177,049
Building and improvements	9,197,456	9,572,970
Furniture and equipment	748,792	846,476
Vehicles	<u>90,877</u>	<u>114,729</u>
Total	<u>\$ 10,376,152</u>	<u>\$ 10,884,794</u>

The overall decrease in capital assets of \$508,642 is primarily due to depreciation expense of \$523,294 exceeding capital outlay of \$14,652 for fiscal 2005.

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

Debt Administration

At June 30, 2005 the District had \$4,513,828 in general obligation bonds and general obligation notes outstanding. Of this total, \$249,531 is due within one year and \$4,264,297 is due within greater than one year. The following table summarizes the bonds and notes outstanding:

	Governmental	Governmental
	Activities	Activities
	<u>2005</u>	<u>2004</u>
General obligation bonds:		
G.O. bonds - Intermediate school	\$ 4,445,000	\$ 4,630,000
Energy Conservation Bonds	45,000	90,000
General obligation notes:		
EPA Asbestos Loan	<u>23,828</u>	<u>33,359</u>
Total	<u>\$ 4,513,828</u>	<u>\$ 4,753,359</u>

At June 30, 2005, the District's overall legal debt margin was \$8,677,329 with an unvoted debt margin of \$145,515.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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See Note 10 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related 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 impact key factors figure in the school district financial condition.

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 Board'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. The 6.5 mil continuing operating levy was passed in a special election held on August 3, 2004, which brings in approximately \$940,000 annually. The collections began in January of 2005.

The District is on the OSFC building list for a new high school in fiscal year 2006. The Board will seek the community input on where and when to undertake this project through several forums and meetings as well as surveys and other needed input.

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 and the Board.

The Board 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 citizen's 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, Treasurer, Girard City School District, 704 E. Prospect Street, Girard, Ohio 44420.

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

STATEMENT OF NET ASSETS
JUNE 30, 2005

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents.	\$ 4,414,924
Receivables:	
Taxes	5,524,075
Accounts	27,753
Intergovernmental	541,450
Accrued interest	11
Prepayments.	26,181
Materials and supplies inventory	9,433
Capital assets:	
Land	173,570
Depreciable capital assets, net	10,202,582
Total capital assets, net.	<u>10,376,152</u>
 Total assets.	 <u>20,919,979</u>
Liabilities:	
Accounts payable.	135,652
Accrued wages and benefits	1,061,246
Pension obligation payable.	281,512
Intergovernmental payable	73,086
Deferred revenue	4,925,773
Accrued interest payable	37,063
Long-term liabilities:	
Due within one year.	606,251
Due in more than one year	6,711,051
 Total liabilities	 <u>13,831,634</u>
Net Assets:	
Invested in capital assets, net of related debt.	4,167,324
Restricted for:	
Capital projects	2,681,345
Debt service.	86,875
Locally funded programs.	29,189
State funded programs.	97,259
Federally funded programs.	412,204
Student activities.	97,198
Other purposes	354,911
Unrestricted (deficit)	<u>(837,960)</u>
 Total net assets	 <u>\$ 7,088,345</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, 2005

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 6,527,905	\$ 169,242	\$ 509,215	\$ -	\$ (5,849,448)
Special	1,248,447	-	560,684	-	(687,763)
Vocational	214,238	-	15,000	-	(199,238)
Other	2,012,545	1,120,344	-	-	(892,201)
Support services:					
Pupil	638,936	-	359,256	-	(279,680)
Instructional staff	209,797	-	66,040	-	(143,757)
Board of education	38,436	-	-	-	(38,436)
Administration	853,936	-	39,955	-	(813,981)
Fiscal	329,138	-	60,211	-	(268,927)
Operations and maintenance	1,115,695	-	32,363	15,845	(1,067,487)
Pupil transportation	443,367	37,755	18,700	-	(386,912)
Central	7,236	-	4,017	-	(3,219)
Operation of non-instructional services:					
Food service operations	577,825	234,767	392,597	-	49,539
Other non-instructional services	223,415	-	294,041	-	70,626
Extracurricular activities	487,334	116,334	-	-	(371,000)
Interest and fiscal charges	362,481	-	-	-	(362,481)
Totals	<u>\$ 15,290,731</u>	<u>\$ 1,678,442</u>	<u>\$ 2,352,079</u>	<u>\$ 15,845</u>	<u>(11,244,365)</u>

General Revenues:

Property taxes levied for:	
General fund	3,426,494
Special revenue	473,520
Debt service	447,501
Capital projects	127,817
Grants and entitlements not restricted	
to specific programs	8,014,753
Investment earnings	111,344
Miscellaneous	11,442
Total general revenues	<u>12,612,871</u>
Change in net assets	1,368,506
Net assets at beginning of year (restated)	<u>5,719,839</u>
Net assets at end of year	<u>\$ 7,088,345</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	<u>General</u>	<u>Emergency Levy</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 169,121	\$ 530,847	\$ 2,332,543	\$ 1,027,502	\$ 4,060,013
Receivables:					
Taxes	4,323,651	550,398	-	650,026	5,524,075
Accounts	27,753	-	-	-	27,753
Intergovernmental	-	-	-	541,450	541,450
Accrued interest	11	-	-	-	11
Interfund loans	160,919	-	-	-	160,919
Due from other funds.	37,193	-	-	-	37,193
Prepayments	26,181	-	-	-	26,181
Materials and supplies inventory	-	-	-	9,433	9,433
Restricted assets:					
Equity in pooled cash and cash equivalents	354,911	-	-	-	354,911
Total assets	<u>\$ 5,099,740</u>	<u>\$ 1,081,245</u>	<u>\$ 2,332,543</u>	<u>\$ 2,228,411</u>	<u>\$ 10,741,939</u>
Liabilities:					
Accounts payable.	\$ 37,832	\$ -	\$ 20,683	\$ 77,137	\$ 135,652
Accrued wages and benefits	1,013,698	-	-	47,548	1,061,246
Compensated absences payable.	80,690	-	-	-	80,690
Pension obligation payable.	281,512	-	-	-	281,512
Intergovernmental payable.	72,860	-	-	226	73,086
Interfund loans payable.	-	-	-	160,919	160,919
Due to other funds.	-	-	-	37,193	37,193
Deferred revenue	4,308,266	548,440	-	686,595	5,543,301
Total liabilities	<u>5,794,858</u>	<u>548,440</u>	<u>20,683</u>	<u>1,009,618</u>	<u>7,373,599</u>
Fund Balances:					
Reserved for encumbrances	32,562	-	7,196	107,829	147,587
Reserved for materials and supplies inventory	-	-	-	9,433	9,433
Reserved for property tax unavailable for appropriation.	15,385	1,958	-	2,312	19,655
Reserved for prepayments.	26,181	-	-	-	26,181
Reserved for debt service	-	-	-	69,223	69,223
Reserved for instructional materials.	259,346	-	-	-	259,346
Reserved for BWC refunds	95,565	-	-	-	95,565
Unreserved, undesignated (deficit), reported in:					
General fund.	(1,124,157)	-	-	-	(1,124,157)
Special revenue funds	-	530,847	-	676,198	1,207,045
Capital projects funds	-	-	2,304,664	353,798	2,658,462
Total fund balances.	<u>(695,118)</u>	<u>532,805</u>	<u>2,311,860</u>	<u>1,218,793</u>	<u>3,368,340</u>
Total liabilities and fund balances	<u>\$ 5,099,740</u>	<u>\$ 1,081,245</u>	<u>\$ 2,332,543</u>	<u>\$ 2,228,411</u>	<u>\$ 10,741,939</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2005

Total governmental fund balances		\$ 3,368,340
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		10,376,152
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 578,647	
Intergovernmental revenue	38,881	
Total		617,528
Accrued interest payable is not due and payable within the current period, therefore it is not reported in the funds.		(37,063)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	4,445,000	
Energy conservation bonds	45,000	
Asbestos loan	23,828	
Compensated absences	1,027,784	
Capital lease obligation	1,695,000	
Total		(7,236,612)
Net assets of governmental activities		\$ 7,088,345

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, 2005

	General	Emergency Levy	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:					
From local sources:					
Taxes	\$ 3,344,763	\$ 477,059	\$ -	\$ 583,133	\$ 4,404,955
Tuition.	148,401	-	-	-	148,401
Transportation fees	37,755	-	-	-	37,755
Charges for services.	-	-	-	234,767	234,767
Earnings on investments.	105,558	-	4,516	1,270	111,344
Extracurricular.	-	-	-	116,754	116,754
Classroom materials and fees	-	-	-	13,593	13,593
Other local revenues	1,137,157	-	-	145	1,137,302
Intergovernmental - Intermediate	-	-	-	15,000	15,000
Intergovernmental - State	7,799,055	60,211	-	622,789	8,482,055
Intergovernmental - Federal.	158,663	-	-	1,688,078	1,846,741
Total revenues.	<u>12,731,352</u>	<u>537,270</u>	<u>4,516</u>	<u>3,275,529</u>	<u>16,548,667</u>
Expenditures:					
Current:					
Instruction:					
Regular	5,527,893	-	-	457,377	5,985,270
Special.	769,310	-	-	475,643	1,244,953
Vocational.	199,704	-	-	13,825	213,529
Other	2,012,545	-	-	-	2,012,545
Support Services:					
Pupil.	418,559	-	-	223,288	641,847
Instructional staff	151,686	-	-	49,766	201,452
Board of education	38,436	-	-	-	38,436
Administration.	824,954	-	-	28,147	853,101
Fiscal	289,265	8,270	-	10,210	307,745
Operations and maintenance.	1,014,383	-	19,625	66,041	1,100,049
Pupil transportation	387,362	-	-	23,812	411,174
Central.	3,000	-	-	4,236	7,236
Operation of non-instructional:					
Food service operations	-	-	-	572,589	572,589
Other non-instructional services	-	-	-	223,306	223,306
Extracurricular activities.	342,016	-	-	126,782	468,798
Facilities acquisition and construction	23,622	-	110,642	8,022	142,286
Debt service:					
Principal retirement	245,000	-	-	239,531	484,531
Interest and fiscal charges	97,766	-	-	268,441	366,207
Total expenditures	<u>12,345,501</u>	<u>8,270</u>	<u>130,267</u>	<u>2,791,016</u>	<u>15,275,054</u>
Excess of revenues over (under) expenditures	<u>385,851</u>	<u>529,000</u>	<u>(125,751)</u>	<u>484,513</u>	<u>1,273,613</u>
Other financing sources (uses):					
Transfers in.	-	-	-	5,859	5,859
Transfers (out)	(5,859)	-	-	-	(5,859)
Sale of capital assets	1,312	-	-	-	1,312
Total other financing sources (uses)	<u>(4,547)</u>	<u>-</u>	<u>-</u>	<u>5,859</u>	<u>1,312</u>
Net change in fund balances	381,304	529,000	(125,751)	490,372	1,274,925
Fund balances (deficit) at					
beginning of year.	(1,076,422)	3,805	2,437,611	727,934	2,092,928
Increase in reserve for inventory	-	-	-	487	487
Fund balances (deficit) at end of year	<u>\$ (695,118)</u>	<u>\$ 532,805</u>	<u>\$ 2,311,860</u>	<u>\$ 1,218,793</u>	<u>\$ 3,368,340</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, 2005

Net change in fund balances - total governmental funds \$ 1,274,925

Amounts reported for governmental activities in the statement of activities are different because:

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 outlay	\$ 14,652	
Depreciation expense	(523,294)	
Total		(508,642)

Governmental funds report expenditures for inventory when purchased, however, on the statement of activities they are reported as an expense when consumed. 487

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes	70,377	
Intergovernmental	38,881	
Total		109,258

Repayment of bond, note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 484,531

On the statement of activities, interest is accrued on outstanding bonds and notes, whereas in governmental funds, an interest expenditure is reported when due. 3,726

Some expenses reported on the statement of activities, such as compensated absences, early retirement incentive, and pension obligations do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 4,221

Change in net assets of governmental activities \$ 1,368,506

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, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 3,231,816	\$ 3,382,132	\$ 3,352,465	\$ (29,667)
Tuition	143,060	149,714	148,401	(1,313)
Transportation fees	36,143	37,824	37,492	(332)
Earnings on investments	101,770	106,503	105,569	(934)
Other local revenues	1,116,668	1,168,606	1,158,355	(10,251)
Intergovernmental - State	7,518,381	7,868,071	7,799,055	(69,016)
Intergovernmental - Federal	152,953	160,067	158,663	(1,404)
Total revenues	<u>12,300,791</u>	<u>12,872,917</u>	<u>12,760,000</u>	<u>(112,917)</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,234,731	5,233,190	5,697,292	(464,102)
Special	691,866	691,662	753,001	(61,339)
Vocational	190,962	190,906	207,836	(16,930)
Other	1,860,693	1,860,145	2,025,110	(164,965)
Support Services:				
Pupil	429,055	428,929	466,968	(38,039)
Instructional staff	144,693	144,650	157,478	(12,828)
Board of education	23,620	23,613	25,707	(2,094)
Administration	810,595	810,356	882,222	(71,866)
Fiscal	265,277	265,199	288,718	(23,519)
Operations and maintenance	967,302	967,017	1,052,776	(85,759)
Pupil transportation	363,184	363,077	395,276	(32,199)
Central	2,757	2,756	3,000	(244)
Extracurricular activities	314,632	314,539	342,434	(27,895)
Facilities acquisition and construction	336,641	336,542	366,388	(29,846)
Total expenditures	<u>11,636,008</u>	<u>11,632,581</u>	<u>12,664,206</u>	<u>(1,031,625)</u>
Excess of revenues over (under) expenditures	<u>664,783</u>	<u>1,240,336</u>	<u>95,794</u>	<u>(1,144,542)</u>
Other financing sources (uses):				
Refund of prior year expenditures	167,335	175,118	173,582	(1,536)
Transfers in	76,935	80,513	79,807	(706)
Transfers (out)	(78,711)	(78,688)	(85,666)	(6,978)
Advances (out)	(147,855)	(147,811)	(160,919)	(13,108)
Sale of capital assets	1,265	1,324	1,312	(12)
Total other financing sources (uses)	<u>18,969</u>	<u>30,456</u>	<u>8,116</u>	<u>(22,340)</u>
Net change in fund balance	683,752	1,270,792	103,910	(1,166,882)
Fund balance at beginning of year	326,733	326,733	326,733	-
Prior year encumbrances appropriated	22,995	22,995	22,995	-
Fund balance at end of year	<u>\$ 1,033,480</u>	<u>\$ 1,620,520</u>	<u>\$ 453,638</u>	<u>\$ (1,166,882)</u>

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)
EMERGENCY LEVY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<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:				
Taxes	\$ 488,809	\$ 491,683	\$ 478,906	\$ (12,777)
Intergovernmental - State	61,456	61,817	60,211	(1,606)
Total revenues.	<u>550,265</u>	<u>553,500</u>	<u>539,117</u>	<u>(14,383)</u>
Expenditures:				
Current:				
Support Services:				
Fiscal	520,921	520,921	8,270	512,651
Total expenditures	<u>520,921</u>	<u>520,921</u>	<u>8,270</u>	<u>512,651</u>
Net change in fund balance	29,344	32,579	530,847	498,268
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 29,344</u>	<u>\$ 32,579</u>	<u>\$ 530,847</u>	<u>\$ 498,268</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 31,971	\$ 41,348
Total assets	31,971	\$ 41,348
Liabilities:		
Accounts payable.	\$ 1,500	\$ 6,554
Due to students	-	34,794
Total liabilities	1,500	\$ 41,348
Net Assets:		
Held in trust for scholarships	30,471	
Total net assets	\$ 30,471	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 236
Gifts and contributions.	23,000
	23,236
Total additions.	23,236
Deductions:	
Scholarships awarded	10,650
	12,586
Change in net assets	12,586
Net assets at beginning of year.	17,885
Net assets at end of year	\$ 30,471

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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 District is the 322nd largest in the State of Ohio (among the 614 public school districts) in terms of enrollment. The average daily membership (ADM) as of June 30, 2005, was 1,765. The District employed 113 certified employees and 48 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 also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. 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", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. 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, foods service, preschool 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; (2) the District is legally entitled to or can otherwise access the organization's resources; (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. 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). The following organizations are described due to their relationship to the District:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

JOINTLY GOVERNED ORGANIZATIONS

North East Ohio Management Information Network (NEOMIN)

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

Superintendents and Treasurers of the participating school districts are eligible to be voting members of the Governing Board which consists of ten voting members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts, and one treasurer from each of the aforementioned counties (non-voting members 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. A copy of NEOMIN's financial statements may be obtained from the Trumbull County Education Service Center, 347 North Park Avenue, Warren, Ohio 44481.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

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.

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 liabilities is reported as fund balance. The following are the District's major governmental funds:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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

Emergency Levy Fund - The Emergency Levy special revenue fund is used to account for the accumulation of tax revenue generated by an emergency tax levy and the use of those funds.

Classroom Facilities Fund - The classroom facilities capital projects fund is used to account for financial resources and expenditures related to the school facilities construction project.

Other governmental funds of the District are used to account (a) for food service operations; (b) for the accumulation of resources for, and the repayment, of, long-term debt principal, interest and related costs; and (c) for grants and other resources whose use is restricted to a particular purpose.

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 assets and changes in net assets. 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 only trust fund is a private-purpose trust which accounts 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 fund accounts for student activities.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets 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 all liabilities associated with the operation of the District are included on the statement of net assets.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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 liabilities 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 fund is 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.

Revenues - Exchange and Non-exchange 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities received 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. Unused donated commodities are reported as deferred 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. Allocation of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

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 express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with Trumbull County Budget Commission for rate determination.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commissions' Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, 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 the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the original and final amended Certificate issued during the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at any level of control. Any revisions that alter the fund level must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, all supplemental appropriations were legally enacted.

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

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 Cash Equivalents" on the basic financial statements.

During fiscal year 2005, investments were limited to overnight repurchase agreements and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

The District has invested funds in STAR Ohio during fiscal 2005. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2005.

Under existing Ohio statutes all investment earning 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 2005 amounted to \$105,558, which includes \$97,518 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 and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when received. Inventories are accounted for using the purchase method on the fund statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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 assets but are not reported in the fund financial statements.

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 \$1,500. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	5 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.” These amounts are eliminated in the governmental activities column on the statement of net assets.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment 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 provision of GASB Statement No. 16, “Accounting for Compensated Absences”, sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments. All employees with ten or more years of service were included in the calculation of the long-term compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1.) The employees’ rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee. 2.) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

K. 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, compensated absences, and contractually required pension contributions 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 notes are recognized as a liability on the fund financial statements when due.

L. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, instructional materials, prepayments, property taxes unavailable for appropriation, Bureau of Workers Compensation (BWC) refunds, debt service and materials and supplies inventory. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under state statute.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. 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. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset on the fund financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

O. 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.

P. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by state statute to be set-aside for Bureau of Workers' Compensation (BWC) refunds and to create a reserve for textbooks/instructional materials. These amounts will only be restricted to the extent that cash is available. See Note 17 for details.

Q. 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.

R. Parochial/Private Schools

Within the District boundaries is 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.

S. 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. Neither type of transaction occurred during fiscal 2005.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2005, the District has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures" and GASB Technical Bulletin 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers".

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the District, however additional note disclosure can be found in Note 4. The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on the fund balances of the major and non-major funds of the District as they were previously reported as of June 30, 2004:

	<u>General</u>	Emergency <u>Levy</u>	Classroom <u>Facilities</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2004	\$ (999,982)	\$ 3,805	\$ 2,437,611	\$ 739,746	\$ 2,181,180
GASB Technical Bulletin No. 2004-2	<u>(76,440)</u>	<u>-</u>	<u>-</u>	<u>(11,812)</u>	<u>(88,252)</u>
Restated Fund Balance, June 30, 2004	<u>\$ (1,076,422)</u>	<u>\$ 3,805</u>	<u>\$ 2,437,611</u>	<u>\$ 727,934</u>	<u>\$ 2,092,928</u>

B. Prior Period Adjustment

Beginning net assets have been restated due to errors and omissions previously reported in capital assets.

Net Assets June 30, 2004	\$ 6,976,170
Adjustment for Capital Assets	<u>(1,256,331)</u>
Restated Net Assets July 1, 2004	<u>\$ 5,719,839</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)

C. Deficit Fund Balances

Fund balances at June 30, 2005 included the following individual fund deficits:

	<u>Deficit</u>
<u>Major Fund</u>	
General	\$ 695,118
<u>Nonmajor Funds</u>	
DPIA	3,858
Drug Free School Grant	2,152

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. 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 are the result of adjustments for accrued liabilities.

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 moneys 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.

Protection of 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.

Interim monies to 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;

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 division (1) or (2) of this section 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 (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.

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, 2005, the carrying amount of all District deposits was \$(468,915), exclusive of the \$357,934 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, 2005, the District's bank balance of \$67,131 was covered by Federal Deposit Insurance Corporation.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

B. Investments

As of June 30, 2005, the District had the following investments and maturities:

<u>Investment type</u>	Investment Maturities	
	<u>Balance at Fair Value</u>	<u>6 months or less</u>
Repurchase Agreement	\$ 357,934	\$ 357,934
STAR Ohio	<u>4,599,224</u>	<u>4,599,224</u>
Total	<u>\$ 4,957,158</u>	<u>\$ 4,957,158</u>

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: Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

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 investment or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment company's counterparty, not in the name of the District.

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, 2005:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase Agreement	\$ 357,934	7.22
STAR Ohio	<u>4,599,224</u>	<u>92.78</u>
	<u>\$ 4,957,158</u>	<u>100.00</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2005:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ (468,915)
Investments	<u>4,957,158</u>
Total	<u>\$ 4,488,243</u>
<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 4,414,924
Private-purpose trust funds	31,971
Agency funds	<u>41,348</u>
Total	<u>\$ 4,488,243</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Due to/from other funds at June 30, 2005 as reported on the fund statements, consist of the following amounts receivable/payable:

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 37,193</u>

The primary purpose of the amounts payable to other funds is for the collection of retirement and other premiums. These interfund balances will be repaid once the anticipated revenues are received.

- B.** Interfund balances at June 30, 2005 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 160,919</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2005 are reported on the Statement of Net Assets.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 5 - INTERFUND TRANSACTIONS – (Continued)

- C. Interfund transfers for the year ended June 30, 2005, consisted of the following, as reported on the fund financial statements:

	<u>Amount</u>
Transfers to Nonmajor Governmental funds from:	
General fund	<u>\$ 5,859</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) 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 in the statement of activities.

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, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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 revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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, 2005, are available to finance fiscal year 2005 operations. The amount available as an advance can vary based on the date tax bills are sent.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2005 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 revenue.

The amount available as an advance at June 30, 2005 was \$15,385 in the general fund, \$1,797 in the debt service fund, \$515 in the Permanent Improvement capital projects fund, and \$1,958 in the Emergency Levy special revenue fund. These amounts have been recorded as revenue. The amount available as an advance at June 30, 2004 was \$23,087 in the general fund, \$3,718 in the debt service fund, \$1,003 in the Permanent Improvement capital projects fund, and \$3,805 in the Emergency Levy special revenue fund.

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

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second Half Collections		2005 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 121,896,270	84.18	\$ 123,056,260	84.57
Public utility personal	9,496,520	6.56	9,538,130	6.56
Tangible personal property	<u>13,413,879</u>	<u>9.26</u>	<u>12,920,157</u>	<u>8.87</u>
Total	<u>\$ 144,806,669</u>	<u>100.00</u>	<u>\$ 145,514,547</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 44.00		\$ 50.30	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2005 consisted of taxes, accounts (billings for user charged services and student fees), 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 Federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental Activities

Taxes	\$ 5,524,075
Accounts	27,753
Intergovernmental	541,450
Accrued interest	<u>11</u>
Total	<u>\$ 6,093,289</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 7 – RECEIVABLES – (Continued)

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

NOTE 8 - CAPITAL ASSETS

- A. The capital asset balances of the governmental activities have been restated due to errors and omissions reported in prior years. See Note 3.B for detail:

	Audited Balance <u>06/30/04</u>	<u>Adjustments</u>	Restated Balance <u>06/30/04</u>
Governmental Activities			
Capital assets, not being depreciated:			
Land	\$ 71,900	\$ 101,670	\$ 173,570
Total capital assets, not being depreciated	<u>71,900</u>	<u>101,670</u>	<u>173,570</u>
Capital assets, being depreciated:			
Land improvements	340,154	196,129	536,283
Building/improvements	13,454,183	(95,494)	13,358,689
Furniture/equipment	2,752,634	(477,709)	2,274,925
Vehicles	<u>870,385</u>	<u>(55,125)</u>	<u>815,260</u>
Total capital assets, being depreciated	<u>17,417,356</u>	<u>(432,199)</u>	<u>16,985,157</u>
Less: accumulated depreciation			
Land improvements	(330,447)	(28,787)	(359,234)
Building/improvements	(2,386,852)	(1,398,867)	(3,785,719)
Furniture/equipment	(1,962,034)	533,585	(1,428,449)
Vehicles	<u>(668,798)</u>	<u>(31,733)</u>	<u>(700,531)</u>
Total accumulated depreciation	<u>(5,348,131)</u>	<u>(925,802)</u>	<u>(6,273,933)</u>
Governmental activities capital assets, net	<u>\$ 12,141,125</u>	<u>\$(1,256,331)</u>	<u>\$ 10,884,794</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 8 - CAPITAL ASSETS – (Continued)

B. Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	Restated Balance <u>06/30/04</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/05</u>
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 173,570	\$ -	\$ -	\$ 173,570
Total capital assets, not being depreciated	<u>173,570</u>	<u>-</u>	<u>-</u>	<u>173,570</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	536,283	-	-	536,283
Buildings and improvements	13,358,689	-	-	13,358,689
Furniture and equipment	2,274,925	14,652	-	2,289,577
Vehicles	<u>815,260</u>	<u>-</u>	<u>-</u>	<u>815,260</u>
Total capital assets, being depreciated	<u>16,985,157</u>	<u>14,652</u>	<u>-</u>	<u>16,999,809</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(359,234)	(11,592)	-	(370,826)
Buildings and improvements	(3,785,719)	(375,514)	-	(4,161,233)
Furniture and equipment	(1,428,449)	(112,336)	-	(1,540,785)
Vehicles	<u>(700,531)</u>	<u>(23,852)</u>	<u>-</u>	<u>(724,383)</u>
Total accumulated depreciation	<u>(6,273,933)</u>	<u>(523,294)</u>	<u>-</u>	<u>(6,797,227)</u>
Governmental activities capital assets, net	<u>\$ 10,884,794</u>	<u>\$ (508,642)</u>	<u>\$ -</u>	<u>\$ 10,376,152</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 458,850
<u>Support Services:</u>	
Pupil	156
Instructional staff	10,576
Administration	1,190
Fiscal	120
Operations and maintenance	399
Pupil transportation	32,228
Extracurricular activities	14,965
Food service operations	<u>4,810</u>
Total depreciation expense	<u>\$ 523,294</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In a prior year, the District entered into a capitalized lease for building improvements through the Girard Community Improvement Corporation. This lease agreement met the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. 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 \$4,015,000. 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. Principal payments in fiscal year 2005 totaled \$245,000 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, 2005:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2006	\$ 282,090
2007	475,757
2008	152,250
2009	152,500
2010	147,250
2011 - 2015	657,500
2016 - 2018	<u>331,500</u>
Total minimum lease payments	2,198,847
Less amount representing interest	<u>(503,847)</u>
Total	<u>\$ 1,695,000</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2005, the following changes occurred in governmental activities long-term obligations:

	Interest Rate	Balance Outstanding 06/30/04	Additions	Reductions	Balance Outstanding 06/30/05	Amounts Due in One Year
Governmental Activities:						
<u>General Obligation Notes:</u>						
Asbestos loan	N/A	\$ 33,359	\$ -	\$ (9,531)	\$ 23,828	\$ 9,531
Total general obligation notes payable		<u>\$ 33,359</u>	<u>\$ -</u>	<u>\$ (9,531)</u>	<u>\$ 23,828</u>	<u>\$ 9,531</u>
<u>General Obligation Bonds:</u>						
Construction bonds	4.60-7.00%	\$ 4,630,000	\$ -	\$ (185,000)	\$ 4,445,000	\$ 195,000
Energy conservation bonds	5.00%	90,000	-	(45,000)	45,000	45,000
Total bonds payable		<u>\$ 4,720,000</u>	<u>\$ -</u>	<u>\$ (230,000)</u>	<u>\$ 4,490,000</u>	<u>\$ 240,000</u>
<u>Other Long-Term Obligations:</u>						
Capital lease obligation	5.39-5.65%	\$ 1,940,000	\$ -	\$ (245,000)	\$ 1,695,000	\$ 195,000
Compensated absences		1,071,817	110,854	(74,197)	1,108,474	161,720
Early retirement incentive		196,782	224,410	(421,192)	-	-
Total other long-term obligations		<u>\$ 3,208,599</u>	<u>\$ 335,264</u>	<u>\$ (740,389)</u>	<u>\$ 2,803,474</u>	<u>\$ 356,720</u>
Total governmental activities		<u>\$ 7,961,958</u>	<u>\$ 335,264</u>	<u>\$ (979,920)</u>	<u>\$ 7,317,302</u>	<u>\$ 606,251</u>

EPA Asbestos Loan: Non-interest bearing with semi-annual payments of \$4,766. The note matures December 2007.

Energy Conservation Bonds: The District issued Energy conservation bonds on October 1, 1995. These bonds are retired from the debt service fund, and mature December 2005.

General Obligation Bonds: Construction bonds were issued in December 1999, with an interest rate of 5.58% for construction of the Intermediate School and mature December 2009.

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid.

Capital Lease Obligation: The District issued two capital leases for community improvement in prior years. The first was issued in October 1998, in the amount of \$2,160,000, which matures in October 2006. The second was issued in June 1998, in the amount of \$1,855,000, which matures in June 2018. See Note 9 for more details.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

- B.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2005, are as follows:

<u>Year Ended</u>	<u>General Obligation Notes</u>			<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 9,531	\$ -	\$ 9,531	\$ 240,000	\$ 260,306	\$ 500,306
2007	9,531	-	9,531	205,000	249,468	454,468
2008	4,766	-	4,766	215,000	235,820	450,820
2009	-	-	-	225,000	224,608	449,608
2010	-	-	-	235,000	205,945	440,945
2011 - 2015	-	-	-	1,450,000	776,060	2,226,060
2016 - 2020	-	-	-	1,920,000	292,906	2,212,906
Total	<u>\$ 23,828</u>	<u>\$ -</u>	<u>\$ 23,828</u>	<u>\$ 4,490,000</u>	<u>\$ 2,245,113</u>	<u>\$ 6,735,113</u>

C. 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 effects of these debt limitations at June 30, 2005 are a voted debt margin of \$8,677,329 and an unvoted debt margin of \$145,515.

NOTE 11 - OTHER EMPLOYEE BENEFITS

A. 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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 11 - OTHER EMPLOYEE BENEFITS – (Continued)

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 (30) or more years of teaching service, excluding ERI years, shall qualify for twenty-five percent of their accumulated current sick leave upon retirement up to a maximum of sixty-five (65) days.

B. Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance in the amount of \$50,000 to certified employees. For classified employees, group term life insurance is provided in the amount of \$50,000 employees under contract for thirty-five hours or more per week, \$20,000 for classified employees under contract for twenty to thirty-four hours per week, and \$10,000 for employees working less than twenty hours per week.

C. Retirement Incentive

The District Board of Education approved an early retirement incentive program for the period of June 1, 2001 to May 31, 2002. Participation was open to employees who were at least fifty years old, qualified for retirement with years purchased by the Board, and agreed to retire within ninety days after notification that credit had been purchased. The credit could not exceed the lesser of three years or one-fifth of each member's total Ohio service. Participation is limited to 5% of STRS members within the District, although at the Superintendents discretion the percentage may be exceeded. The Board had the option of paying the liability in its entirety or in installments with interest. Early retirement incentive payments are reflected as general fund expenditures in the basic financial statements for governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. These payments are made over a three year period, therefore the amounts outstanding will appear on the statement of net assets as a long-term liability.

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, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 12 - RISK MANAGEMENT - (Continued)

The District maintains replacement cost insurance on buildings and contents, which includes boiler and machinery, in the amount of \$30,715,500 with a \$1,000 deductible. Other property insurance includes \$10,000,000 for the boiler and machinery with a \$1,000 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. Group Health and Dental Insurance

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 non-union full time 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.

The District has elected to provide employee medical/surgical benefits through a consortium of school districts known as the Trumbull County Schools Insurance Consortium Association. This consortium purchases stop loss coverage of \$125,000 through the General American Life Insurance Company, and the pool covers the excess. A third part administrator, Coresource, located in Columbus, Ohio, reviews and pays claims for the consortium. The premium is expensed to the fund that pays the wages of the employee.

Dental, prescription drug, and vision coverage are also provided through Coresource for family coverage and individual coverage. The District also offers a health maintenance plan to its employees through MetLife Insurance Company.

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. OSBA Group Workers Compensation Group Rating Plan

For fiscal year 2005, the District participated in the Ohio School Boards Association (OSBA) 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 participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 13 - DEFINED BENEFIT PENSION PLAN

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling (614) 222-5853.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% 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 2005, 10.57% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$188,184, \$191,069 and \$196,527, respectively; 41.85% has been contributed for fiscal year 2005 and 100% for the fiscal years 2004 and 2003. \$109,428, represents the unpaid contribution for fiscal year 2005 and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (614) 227-4090, or by visiting the STRS website at www.strsoh.org.

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 member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 13 - DEFINED BENEFIT PENSION PLAN - (Continued)

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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% 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 years 2005 and 2004, 13% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2005, 2004, and 2003 were \$882,164, \$883,390, and \$876,423, respectively; 83.45% has been contributed for fiscal year 2005 and 100% for the fiscal years 2004 and 2003. \$146,024 represents the unpaid contribution for fiscal year 2005 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal 2005 were \$7,842 made by the District and \$21,873 made by plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement Systems/State Teachers Retirement System. As of June 30, 2005, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS are funded on a pay-as-you-go-basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For fiscal year 2005, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the District, this amount equaled \$63,012 during fiscal 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.1 billion at June 30, 2004 (the latest information available). For the fiscal year ended June 30, 2004 (the latest information available), net health care costs paid by STRS were \$268.739 million and STRS had 111,853 eligible benefit recipients.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 14 - POSTEMPLOYMENT BENEFITS – (Continued)

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

For fiscal year 2005, employer contributions to fund health care benefits were 3.43% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established at \$27,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses, before premium deduction. Gross expenses for health care at June 30, 2004 (the latest information available) were \$223.444 million and the target level was \$335.2 million. At June 30, 2004, (the latest information available) SERS had net assets available for payment of health care benefits of \$300.8 million and SERS had approximately 62,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$66,309 during the 2005 fiscal year.

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);
- (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 a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

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>	<u>Emergency Levy</u>
Budget basis	\$ 103,910	\$ 530,847
Net adjustment for revenue accruals	(28,648)	(1,847)
Net adjustment for expenditure accruals	248,311	-
Net adjustment for other sources/uses	(12,663)	-
Adjustment for encumbrances	<u>70,394</u>	<u>-</u>
GAAP basis	<u>\$ 381,304</u>	<u>529,000</u>

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.

C. State School Funding Decision

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

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

The District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 17 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2005, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2004	\$ 191,116	\$ -	\$ 95,565
Current year set-aside requirement	258,990	258,990	-
Qualifying disbursements	<u>(190,760)</u>	<u>(362,814)</u>	<u>-</u>
Total	<u>\$ 259,346</u>	<u>\$ (103,824)</u>	<u>\$ 95,565</u>
Balance carried forward to FY 2006	<u>\$ 259,346</u>	<u>\$ -</u>	<u>\$ 95,565</u>

Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by state statute. The District is still required by state law to maintain the instructional materials reserve and the capital acquisition reserve.

Although the District had qualifying disbursements during the year that reduced the set-aside amounts below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

A schedule of the governmental fund restricted assets at June 30, 2005 follows:

Amount restricted for BWC refunds	\$ 95,565
Amount restricted for instructional materials	<u>259,346</u>
Total restricted assets	<u>\$ 354,911</u>

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GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2005

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$71,347		\$71,347
School Breakfast Program		10.553	\$ 38,026		\$ 38,026	
National School Lunch Program		10.555	292,408		292,408	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>330,434</u>	<u>71,347</u>	<u>330,434</u>	<u>71,347</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)		84.027			3,034	
	6BSF-2004		22,928		19,027	
	6BSD-2005		260,023		142,927	
	6BSF-2005					
Total Special Education Cluster			<u>282,951</u>		<u>164,988</u>	
Grants to Local Educational Agencies (ESEA Title I)		84.010			84,593	
	C1S1-2004		313,120		368,754	
	C1S1-2005		313,120		453,347	
Total Grants to Local Educational Agencies (ESEA Title I)			<u>313,120</u>		<u>453,347</u>	
Innovative Educational Program Strategies		84.298			312	
	C2S1-2004		8,086		312	
	C2S1-2005		8,086		312	
Total Innovative Educational Program Strategies			<u>8,086</u>		<u>312</u>	
Drug-Free Schools Grant		84.186			3,663	
	DRS1-2004		12,719		3,663	
	DRS1-2005		12,719		3,663	
Total Drug Free Schools Grant			<u>12,719</u>		<u>3,663</u>	
Education Technology State Grants		84.318			4,423	
	TJS1-2004		14,119		11,686	
	TJS1-2005		14,119		16,109	
Total Education Technology State Grants			<u>14,119</u>		<u>16,109</u>	
Improving Teacher Quality State Grants		84.367			15,111	
	TRS1-2004		59,854		80,152	
	TRS1-2005		59,854		95,263	
Total Improving Teacher Quality State Grants			<u>59,854</u>		<u>95,263</u>	
21st Century Community Learning Centers		84.287	152,806		105,979	
Total Department of Education			<u>843,655</u>		<u>839,661</u>	
Totals			<u><u>\$1,174,089</u></u>	<u><u>\$71,347</u></u>	<u><u>\$1,170,095</u></u>	<u><u>\$71,347</u></u>

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

**GIRARD CITY SCHOOL DISTRICT
TRUMBLL COUNTY
FISCAL YEAR ENDED JUNE 30, 2005**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Government's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B—CHILD NUTRITION CLUSTER

Program regulations do not require the Government to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' 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, OH 44420

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Girard City School District, Columbiana County (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 6, 2006, wherein we noted the District restated fund balances due to the implementation of Technical Bulletin No. 2004-2.. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated April 6, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated April 6, 2006, we reported other matters related to noncompliance we deemed immaterial.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 6, 2006



Auditor of State Betty Montgomery

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

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

To the Board of Education:

Compliance

We have audited the compliance of Girard City School District, Trumbull County (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each of its major federal programs for the year ended June 30, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Government's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements. In our opinion, the Girard City School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2005. In a separate letter to the District's management dated April 6, 2006, we reported an other matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the Government's management in a separate letter dated April 6, 2006.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 6, 2006

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

**GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY
JUNE 30, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I (84.010) 21 st Century (84.287)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	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



**Auditor of State
Betty Montgomery**

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**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
MAY 9, 2006**