

Girard City School District

Girard, Ohio

General Purpose Financial Statements

For the Year Ended June 30, 1999

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Board of Education
Girard City School District
Girard, Ohio

We have reviewed the independent auditor's report of the Girard City School District, Trumbull County, prepared by Reali, Giampetro & Scott, Certified Public Accountants, for the audit period July 1, 1998 through June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO
Auditor of State

February 28, 2000

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INDEPENDENT AUDITORS' REPORT

Board of Education
Girard City School District
Girard, Ohio

We have audited the accompanying general purpose financial statements of the Girard City School District as of and for the year ended June 30, 1999, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Girard City School District as of June 30, 1999, and the results of its operations and cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated January 18, 2000, on our consideration of Girard City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of Girard City School District taken as a whole. The accompanying Schedule of Expenditures of Federal Awards - Cash Basis is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Reali, Giampetro & Scott

January 18, 2000

INTRODUCTORY SECTION

Girard City Board of Education

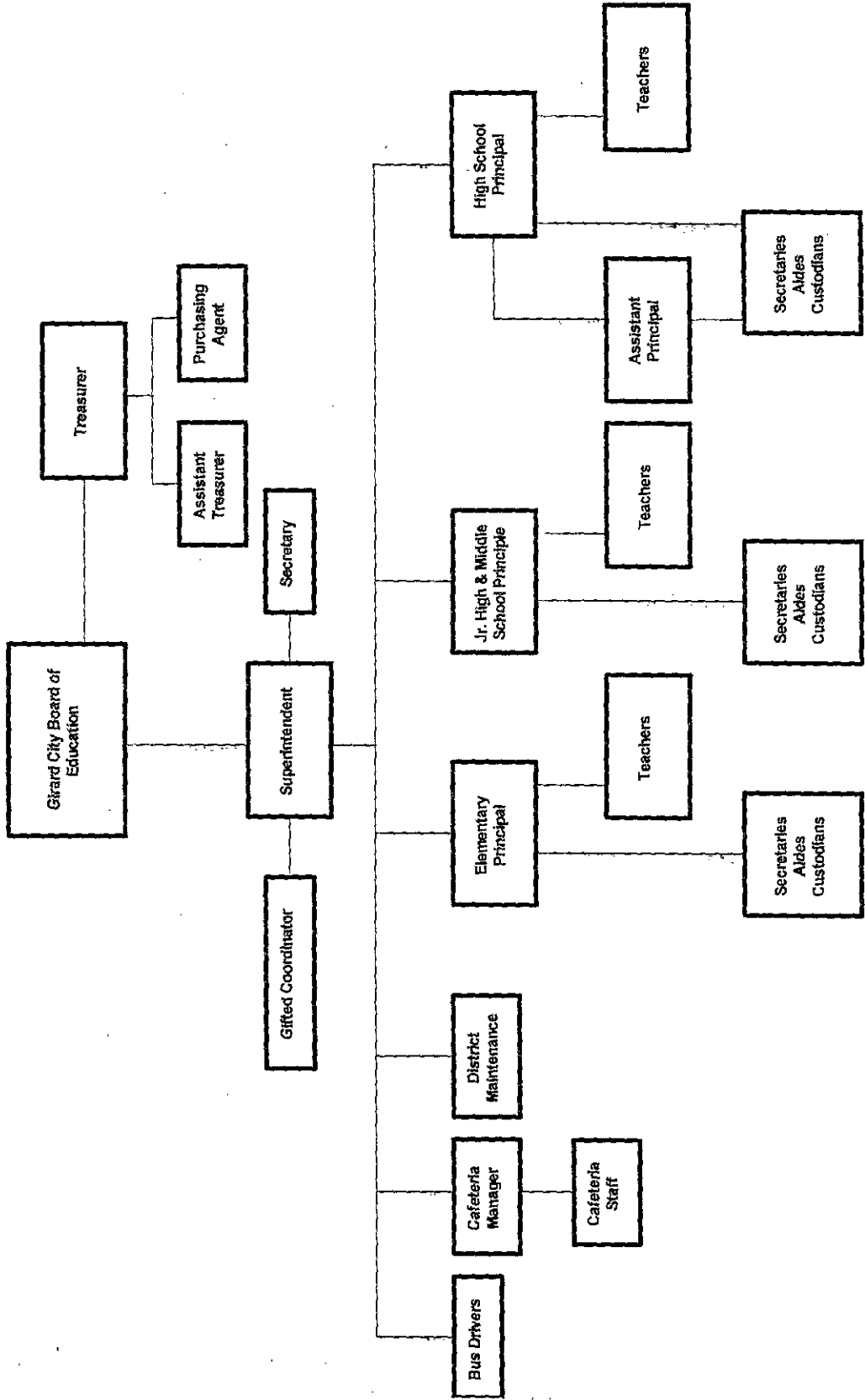
List of Principal Officials
June 30, 1999

BOARD OF EDUCATION	
Mr. Richard Ragozine	President
Mr. John Moliterno	Vice President
Mrs. Stephanie Frankford	Member
Mrs. Rosemary Owens	Member
Mr. Dennis Tammaro	Member

Treasurer
Mr. Mark Bello

ADMINISTRATION	
Mr. Anthony D'Ambrosio	Superintendent
Mr. Joseph Jeswald	Girard High School Principal
Mr. Ronald Ragozine	Girard High School Asst. Principal
Mr. Robert Foley	Tod Woods Intermediate School Principal
Mrs. Joanne Carmello	Prospect Elementary Principal

ORGANIZATIONAL CHART



GENERAL PURPOSE FINANCIAL STATEMENTS

Girard City School District
Combined Balance Sheet
All Fund Types and Account Groups
Year Ended June 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Equity in Pooled Cash and Investments	\$ 622,866	490,288	0	372,670
Restricted Assets	169,442	0	0	0
Taxes Receivable	2,864,615	541,054	197,362	0
Due from Other Funds	0	0	0	0
Intergovernmental Receivable	4,068	0	0	0
Accounts Receivable	17,308	560	0	0
Supplies Inventory	0	0	0	0
Inventory for Resale	0	0	0	0
Property, Plant & Equipment	0	0	0	0
Accumulated Depreciation, where applicable	0	0	0	0
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0
Total Assets and Other Debits	\$ 3,678,299	1,031,902	197,362	372,670
Liabilities:				
Due to Other Funds	\$ 151,332	10,984	0	0
Intergovernmental Payable	2,412	230	0	0
Accounts Payables	44,670	6,484	0	0
Accrued Salaries & Benefits	734,814	85,787	0	0
Deferred Revenue	2,755,357	520,286	187,389	0
Due to Others	0	0	0	0
General Obligation Notes Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Early Retirement Incentive Payable	40,198	0	0	0
Compensated Absences Payable	19,011	0	0	0
Total Liabilities	3,747,794	623,771	187,389	0
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	85,997	16,929	0	3,010
Reserved for Trust	0	0	0	0
Reserved for Budget Stabilization	169,442	0	0	0
Reserved for Future Appropriation	109,258	20,768	9,973	0
Unreserved Fund Balance	(434,192)	370,434	0	369,660
Total Fund Equity	(69,495)	408,131	9,973	372,670
Total Fund Balances/Retained Earnings and Other Credits	(69,495)	408,131	9,973	372,670
Total Liabilities, Fund Equity, and Other Credits	\$ 3,678,299	1,031,902	197,362	372,670

See Accompanying Notes to the General Purpose Financial Statements.

**Girard City School District
 Combined Balance Sheet, Continued
 All Fund Types and Account Groups
 Year Ended June 30, 1999**

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals 1999
		Trust and Agency	General Fixed Assets	General Long Term Debt
26,005	247,570	0	0	\$ 1,759,399
0	0	0	0	169,442
0	0	0	0	3,603,031
0	170,362	0	0	170,362
0	0	0	0	4,068
0	0	0	0	17,868
0	66	0	0	66
946	0	0	0	946
7,233	0	0	0	7,233
127,609	0	7,875,548	0	8,003,157
(69,207)	0	0	0	(69,207)
0	0	0	9,973	9,973
0	0	0	6,147,514	6,147,514
92,586	417,998	7,875,548	6,157,487	19,823,852
8,046	0	0	0	170,362
43	250,274	0	68,331	321,290
17,810	10,938	0	0	79,902
7,832	0	0	0	828,433
6,299	0	0	0	3,469,331
0	139,813	0	0	139,813
0	0	0	866,571	866,571
0	0	0	930,000	930,000
0	0	0	3,440,000	3,440,000
0	0	0	0	40,198
9,072	0	0	852,585	880,668
49,102	401,025	0	6,157,487	11,166,568
0	0	7,875,548	0	7,875,548
43,484	0	0	0	43,484
0	4,000	0	0	109,936
0	10,000	0	0	10,000
0	0	0	0	169,442
0	0	0	0	139,999
0	2,973	0	0	308,875
0	16,973	0	0	738,252
43,484	16,973	7,875,548	0	8,657,284
92,586	417,998	7,875,548	6,157,487	\$ 19,823,852

Girard City School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
All Governmental Fund Types and Expendable Trust Fund
Year Ended June 30, 1999

	Governmental Fund Types				Fiduciary	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum) (Only)
REVENUES:						
Revenue from Local Sources						
Taxes	\$ 2,585,491	511,992	318,969	0	0	\$ 3,416,452
Transportation Fees	26,017	0	0	0	0	26,017
Earnings on Investments	112,955	4,114	0	0	0	117,069
Extracurricular Activities	0	106,194	0	0	0	106,194
Miscellaneous	138,061	0	0	0	18,500	156,561
Revenue from Intermediate Sources						
Revenue For/On Behalf of District	58,310	0	0	0	0	58,310
Revenue from State Sources						
Unrestricted Grants-in-Aid	5,949,080	394,045	20,105	0	0	6,363,230
Restricted Grants-in-Aid	0	181,598	0	140,893	0	322,491
Revenue from Federal Sources						
Unrestricted Grants-in-aid	39,546	0	0	0	0	39,546
Restricted Grants-in-Aid	0	456,157	0	0	0	456,157
Total Revenue	8,909,460	1,654,100	339,074	140,893	18,500	11,062,027
EXPENDITURES:						
Instruction						
Regular	4,447,681	396,907	0	159,223	0	5,003,811
Special	641,646	328,268	0	0	0	969,914
Vocational	273,367	0	0	0	0	273,367
Other	382,199	180	0	0	0	382,379
Supporting Services						
Pupils	433,686	4,495	0	0	0	438,181
Instructional Staff	227,029	0	0	0	0	227,029
Board of Education	13,406	0	0	0	0	13,406
Administration	974,539	12,128	0	0	0	986,667
Fiscal Services	189,717	8,280	2,893	0	0	200,890
Operation & Maintenance-Plant	990,286	0	0	0	0	990,286
Pupil Transportation	412,850	0	0	0	0	412,850
Central	0	10,193	0	0	0	10,193
Operation of Non-Instructional Services						
Community Services	0	159,505	0	0	32,875	192,380
Extracurricular Activities						
Academic & Subject Oriented	94,372	0	0	0	0	94,372
Sports Oriented	195,644	137,752	0	0	0	333,396
Co-Curricular Activities	79,066	16,610	0	0	0	95,676
Capital Outlay						
Building Improvements	463,603	0	0	391,546	0	855,149
Debt Service						
Repayment of Debt	0	0	492,331	0	0	492,331
Total Expenditures	9,819,091	1,074,318	495,224	550,769	32,875	11,972,277
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(909,631)	579,782	(156,150)	(409,876)	(14,375)	(910,250)
Other Financing Sources and Uses:						
Other Financing Sources						
Transfers-In	540,473	53,199	43,116	0	0	636,788
Sale of Assets	6,315	0	0	361,577	0	367,892
Other Revenues	57,673	0	0	0	0	57,673
Other Financing Uses						
Transfers-Out	(108,848)	(540,473)	0	0	0	(649,321)
Other Expenses	(2,154)	0	0	0	0	(2,154)
Net Other Financing Sources and Uses	493,459	(487,274)	43,116	361,577	0	410,878
Excess (Deficiency) of Revenues and Other Sources Over Expenditure						
Disbursement and Other Uses	(416,172)	-92,508	(113,034)	(48,299)	(14,375)	(499,372)
Beginning Fund Balance	346,677	315,623	123,007	420,969	20,375	1,226,651
Ending Fund Balance	\$ (69,495)	408,131	9,973	372,670	6,000	\$ 727,279

See Accompanying Notes to the General Purpose Financial Statements.

Girard City School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Expendable Trust Fund
Year Ended June 30, 1999

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 2,533,233	2,533,233	0	491,224	491,224	\$ 0
Transportation Fees	24,886	24,886	0	0	0	0
Earnings on Investment	105,983	105,983	0	4,114	4,114	0
Extracurricular Activities	0	0	0	105,634	105,634	0
Miscellaneous	137,361	137,361	0	50,000	0	(50,000)
Intermediate Restricted Grants-in-Aid	132,213	132,213	0	0	0	0
State Unrestricted Grants-in-Aid	5,873,917	5,873,917	0	394,045	394,045	0
State Restricted Grants-in-Aid	0	0	0	181,598	181,598	0
Federal Unrestricted Grants-in-Aid	38,537	38,537	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	735,100	735,100	0
Total Revenue	8,846,130	8,846,130	0	1,961,715	1,911,715	(50,000)
Expenditures:						
Regular Instruction	4,399,147	4,399,147	0	414,156	414,156	0
Special Instruction	628,777	628,777	0	308,324	308,324	0
Vocational Instruction	280,330	280,330	0	0	0	0
Other Instruction	385,662	385,662	0	180	180	0
Support Services-Pupils	430,566	430,566	0	4,795	4,795	0
Support Services-Instructional Staff	230,912	230,912	0	0	0	0
Support Services-Board of Education	13,406	13,406	0	0	0	0
Support Services-Administration	1,042,473	1,042,473	0	12,403	12,403	0
Fiscal Services	191,969	191,969	0	8,280	8,280	0
Operation & Maintenance-Plant	1,035,077	1,035,077	0	0	0	0
Support Services-Transportation	461,279	461,279	0	0	0	0
Support Services-Central	0	0	0	10,193	10,193	0
Community Services	0	0	0	169,174	169,174	0
Academic & Subject Oriented	94,372	94,372	0	0	0	0
Sports Oriented	193,611	193,611	0	143,497	143,497	0
Co-Curricular Activities	79,066	79,066	0	17,139	17,139	0
Building Improvement	463,603	463,603	0	0	0	0
Repayment of Debt	0	0	0	0	0	0
Total Expenditures	9,930,250	9,930,250	0	1,088,141	1,088,141	0
Excess of Revenue Over (Under) Expenditures	(1,084,120)	(1,084,120)	0	873,574	823,574	(50,000)
Other Financing Sources (Uses):						
Sale & Loss of Assets	1,745	1,745	0	0	0	0
Transfer-In	540,473	540,473	0	3,199	53,199	50,000
Advances-In	73,069	73,069	0	0	0	0
Refund of Prior Years Expenditures	65,757	65,757	0	8,992	8,992	0
Transfers-Out	(108,848)	(108,848)	0	(540,473)	(540,473)	0
Advances-Out	0	0	0	(73,069)	(73,069)	0
Refund of Prior Years Receipts	(2,154)	(2,154)	0	0	0	0
Total Other Sources (Uses)	570,042	570,042	0	(601,351)	(531,351)	50,000
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(514,078)	(514,078)	0	272,223	272,223	0
Beginning Fund Balance	1,044,365	1,044,365	0	181,673	181,673	0
Prior Year Carry Over Encumbrances	143,766	143,766	0	17,717	17,717	0
Ending Fund Balance	\$ 674,053	\$ 674,053	0	\$ 471,613	\$ 471,613	\$ 0

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)

Girard City School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Expendable Trust Fund - Continued
Year Ended June 30, 1999

	Debt Service Funds			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 308,996	308,996	0	0	0	0
Transportation Fees	0	0	0	0	0	0
Earnings on Investment	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Intermediate Restricted Grants-in-Aid	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	20,105	20,105	0	0	0	0
State Restricted Grants-in-Aid	0	0	0	140,893	140,893	0
Federal Unrestricted Grants-in-Aid	0	0	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
Total Revenue	329,101	329,101	0	140,893	140,893	0
Expenditures:						
Regular Instruction	0	0	0	162,233	162,233	0
Special Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	0	0	0
Other Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	0	0	0
Support Services-Instructional Staff	0	0	0	0	0	0
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Fiscal Services	2,893	2,893	0	0	0	0
Operation & Maintenance-Plant	0	0	0	0	0	0
Support Services-Transportation	0	0	0	0	0	0
Support Services-Central	0	0	0	0	0	0
Community Services	0	0	0	0	0	0
Academic & Subject Oriented	0	0	0	0	0	0
Sports Oriented	0	0	0	0	0	0
Co-Curricular Activities	0	0	0	0	0	0
Building Improvement	0	0	0	511,652	511,652	0
Repayment of Debt	492,331	492,331	0	0	0	0
Total Expenditures	495,224	495,224	0	673,885	673,885	0
Excess of Revenue Over (Under) Expenditures	(166,123)	(166,123)	0	(532,992)	(532,992)	0
Other Financing Sources (Uses):						
Sale & Loss of Assets	0	0	0	361,577	361,577	0
Transfer-In	43,116	43,116	0	0	0	0
Advances-In	0	0	0	0	0	0
Refund of Prior Years Expenditures	0	0	0	0	0	0
Transfers-Out	0	0	0	0	0	0
Advances-Out	0	0	0	0	0	0
Refund of Prior Years Receipts	0	0	0	0	0	0
Total Other Sources (Uses)	43,116	43,116	0	361,577	361,577	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(123,007)	(123,007)	0	(171,415)	(171,415)	0
Beginning Fund Balance	123,007	123,007	0	541,075	541,075	0
Prior Year Carry Over Encumbrances	0	0	0	0	0	0
Ending Fund Balance	\$ 0	0	0	\$ 369,660	369,660	0

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)

Girard City School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Expendable Trust Fund- Continued
Year Ended June 30, 1999

	Expendable Trust Fund			Totals (Memorandum Only)		
	Revised		Variance	Revised		Variance
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
Revenues:						
Taxes	\$ 0	0	0	3,333,453	3,333,453	\$ 0
Transportation Fees	0	0	0	24,886	24,886	0
Earnings on Investment	0	0	0	110,097	110,097	0
Extracurricular Activities	0	0	0	105,634	105,634	0
Miscellaneous	18,500	18,500	0	205,861	155,861	(50,000)
Intermediate Grants-in-Aid	0	0	0	132,213	132,213	0
State Unrestricted Grants-in-Aid	0	0	0	6,288,067	6,288,067	0
State Restricted Grants-in-Aid	0	0	0	322,491	322,491	0
Federal Unrestricted Grants-in-Aid	0	0	0	38,537	38,537	0
Federal Restricted Grants-in-Aid	0	0	0	735,100	735,100	0
Total Revenue	18,500	18,500	0	11,296,339	11,246,339	(50,000)
Expenditures:						
Regular Instruction	0	0	0	4,975,536	4,975,536	0
Special Instruction	0	0	0	937,101	937,101	0
Vocational Instruction	0	0	0	280,330	280,330	0
Other Instruction	0	0	0	385,842	385,842	0
Support Services-Pupils	0	0	0	435,361	435,361	0
Support Services-Instructional Staff	0	0	0	230,912	230,912	0
Support Services-Board of Education	0	0	0	13,406	13,406	0
Support Services-Administration	0	0	0	1,054,876	1,054,876	0
Fiscal Services	0	0	0	203,142	203,142	0
Operation & Maintenance-Plant	0	0	0	1,035,077	1,035,077	0
Support Services-Transportation	0	0	0	461,279	461,279	0
Support Services-Central	0	0	0	10,193	10,193	0
Community Services	36,875	36,875	0	206,049	206,049	0
Academic & Subject Oriented	0	0	0	94,372	94,372	0
Sports Oriented	0	0	0	337,108	337,108	0
Co-Curricular Activities	0	0	0	96,205	96,205	0
Building Improvement	0	0	0	975,255	975,255	0
Repayment of Debt	0	0	0	492,331	492,331	0
Total Expenditures	36,875	36,875	0	12,224,375	12,224,375	0
Excess of Revenue Over (Under) Expenditures	(18,375)	(18,375)	0	(928,036)	(978,036)	(50,000)
Other Financing Sources (Uses):						
Sale & Loss of Assets	0	0	0	363,322	363,322	0
Transfer-In	0	0	0	586,788	636,788	50,000
Advances-In	0	0	0	73,069	73,069	0
Refund of Prior Years Expenditures	0	0	0	74,749	74,749	0
Transfers-Out	0	0	0	(649,321)	(649,321)	0
Advances-Out	0	0	0	(73,069)	(73,069)	0
Refund of Prior Years Receipts	0	0	0	(2,154)	(2,154)	0
Total Other Sources (Uses)	0	0	0	373,384	423,384	50,000
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(18,375)	(18,375)	0	(554,652)	(554,652)	0
Beginning Fund Balance	875	875	0	1,890,995	1,890,995	0
Prior Year Carry Over Encumbrances	19,500	19,500	0	180,983	180,983	0
Ending Fund Balance	\$ 2,000	2,000	0	1,517,326	1,517,326	\$ 0

See Accompanying Notes to the General Purpose Financial Statements.

Girard City School District
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
All Proprietary Fund Types and Non-Expendable Trust Fund
Year Ended June 30, 1999

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum) (Only)
	Enterprise Funds	Non-Expendable Trust Fund	
Operating Revenues:			
Food Service	\$ 238,142	0	\$ 238,142
Earnings on Investment	0	486	486
Classroom Materials & Fees	24,821	0	24,821
Total Operating Revenue	262,963	486	263,449
Operating Expenses:			
Personal Services - Salary	143,124	0	143,124
Employee Benefits	57,393	0	57,393
Purchased Services	1,244	0	1,244
Supplies and Materials	268,755	0	268,755
Other Expenses	5,555	250	5,805
Depreciation	5,701	0	5,701
Total Operating Expenses	481,772	250	482,022
Operating Income (Loss)	(218,809)	236	(218,573)
Non-Operating Revenues:			
State Grants-In-Aid	10,022	0	10,022
Federal Grants-In-Aid	193,616	0	193,616
Miscellaneous	405	0	405
Total Non-Operating Revenues	204,043	0	204,043
Net Income (Loss) Before Operating Transfers	(14,766)	236	(14,530)
Transfers-In	12,534	0	12,534
Total Transfers	12,534	0	12,534
Net Income (Loss)	(2,232)	236	(1,996)
Beginning Retained Earnings	45,716	10,737	56,453
Retained Earnings at End of Year	\$ 43,484	10,973	\$ 54,457

See Accompanying Notes to the General Purpose Financial Statements.

Girard City School District
Combined Statement of Changes in Cash Flows
All Proprietary Fund Types and Non-Expendable Trust Fund
Year Ended June 30, 1999

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum (Only))
	Enterprise Funds	Non-Expendable Trust Fund	
Cash Flows from Operating Activities			
Operating Income (Loss)	\$ (218,809)	236	\$ (218,573)
Adjustment to Reconcile Operating Income (Loss)			
To Net Cash used in Operating Activities:			
Depreciation	5,701	0	5,701
Net Increase (Decrease) in Assets:			
Inventory	(2,299)	0	(2,299)
Net Increases (Decreases) in Liabilities:			
Accounts Payable	17,512	0	17,512
Due to Other Funds	6,618	0	6,618
Deferred Revenue	5,346	0	5,346
Accrued Wages and Benefits	2,215	0	2,215
Compensated Absences	(1,319)	0	(1,319)
Total Adjustments	33,774	0	33,774
Net Cash Used in Operating Activities	(185,035)	236	(184,799)
Cash Flows from Noncapital Activities:			
Grants from State Source	10,022	0	10,022
Grants from Federal Sources	157,299	0	157,299
Federal Commodities	36,317	0	36,317
Miscellaneous Sources	405	0	405
Transfers In	12,534	0	12,534
Net Cash Provided by Noncapital Financing Sources	216,577	0	216,577
Cash Flows from Capital Activities:			
Acquisition of Capital Assets	(18,650)	0	(18,650)
Net Increase in Cash & Cash Equivalents	12,892	236	13,128
Cash and Cash Equivalents at Beginning of Year	13,113	10,737	23,850
Cash and Cash Equivalents at End of Year	\$ 26,005	10,973	\$ 36,978

See Accompanying Notes to the General Purpose Financial Statements.

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 1. Summary of Significant Accounting Policies

The financial statements of the Girard City School District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 Statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The Girard City School 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. Girard City School District is a city 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.

Average daily membership (ADM) as of October 1, 1998, was 1,811. The District employed 8 administrative and supervisory personnel, 107 certified employees and 48 non-certificated employees.

Girard City School 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 acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the district is financially accountable. This report includes all activities considered by management to be part of the school by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 1. Summary of Significant Accounting Policies (continued)

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of Girard City School District over which District is financially accountable.

B. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental Fund Types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during the period.

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 1. Summary of Significant Accounting Policies (continued)

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

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital assets or facilities (other than those financed by proprietary and trust funds).

Proprietary Fund Types

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the proprietary fund types:

Enterprise Funds - These funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The following are the fiduciary fund types:

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 1. Summary of Significant Accounting Policies (continued)

Expendable Trust Funds - These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Nonexpendable Trust Funds - These funds account for trust principal which may not be expended. Only interest earned on the principal may be used for trust operations. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

Agency Funds - These funds are purely custodial and thus do not involve measurement of results of operations.

Account Groups

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not affect expendable available financial resources. The following are the account groups:

General Fixed Assets Account Group - This account group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary funds.

General Long-Term Debt Account Group - This account group is used to account for all of the District's long-term obligations other than those accounted for in the Proprietary Funds.

C. Measurement Focus/Basis of Accounting

The modified accrual basis of accounting is followed for Governmental and Expendable Trust Funds. The measurement focus is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination. Under the basis of accounting:

- 1) Only current assets and current liabilities are generally included on their balance sheets.
- 2) Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.
- 3) Revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after year end.
 - a) Revenue accrued at the end of the year may include book fines, fees, interest and tuition.

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 1. Summary of Significant Accounting Policies (continued)

- b) Property taxes measurable as of June 30, 1999 and delinquent property taxes, whose availability is indeterminate, and are not intended to finance fiscal year 1999 operations, have been recorded as deferred revenues.
- c) Foundation monies received from the state subsequent to year end are not recognized as income because the monies are not intended to finance 1999 operations

- 4) Expenditures are recognized in the period in which the fund liability is incurred with the following exceptions: general long term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The Proprietary Funds and Non-Expendable Trust Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting" the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Agency fund assets and liabilities are recognized on the modified accrual basis of accounting.

D. Budget and Budgetary Accounting

All governmental and proprietary fund types are subject to annual expenditures budgets. Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid. The Board follows the procedures outlined below in establishing the expenditure budget data reported in the general purpose financial statements:

- 1) A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January.

- 2) The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. During the month of July, this certificate is amended to include any unencumbered balances from the preceding fiscal year.

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 1. Summary of Significant Accounting Policies (continued)

- 3) An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Board of Education usually adopts three month temporary appropriations at its regular board meeting in June. The Annual Appropriation Resolution is usually adopted at the September regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Individual building and/or departments may transfer funds within their budgets upon review and approval of the Treasurer, Superintendent, and the Board of Education. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the fund level.
- 4) The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types and Expendable Trust Fund" in accordance with the budget basis of accounting.

The major differences between the budgetary basis of accounting and GAAP are that:

- a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- b) Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
- c) Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis); and
- d) For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
- e) Proceeds from and principal payments on bond notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis). The District repays the debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis).

Encumbrances -Encumbrances are not liabilities and therefore are not recorded as expenditures until receipt of material or service. As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 1. Summary of Significant Accounting Policies (continued)

the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary 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 combined balance sheet. During fiscal year 1999, investments were limited to STAR Ohio, repurchase agreements and certificates of deposit.

Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1999. 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, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$112,955, interest credited to the special revenue funds amounted to \$4,114 and trust funds amounted to \$486.

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

F. Taxes Receivable

The financial statements reflect taxes receivable as of June 30, 1999. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available". "Available" means then due, or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 1999 and accordingly have been recorded as deferred revenue in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred revenue until they are determined to be uncollectible.

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 1. Summary of Significant Accounting Policies (continued)

G. Inventories

Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale, and are expended when used. The inventories are stated at the lower of cost or market on a first-in, first-out basis.

H. Fixed Assets--Governmental Funds

General fixed assets are not capitalized in funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in Governmental Funds, and the related assets are reported in the General Fixed Assets Account Group. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District's policy as to capitalizing land and building costs on existing structures that do not materially extend an asset's life are not capitalized. Interest and other indirect costs are not being capitalized. Assets in the General Fixed Asset Account Group are not being depreciated.

I. Fixed Assets--Proprietary Funds

Fixed Assets used by proprietary funds are stated at cost or estimated historical cost. Depreciation is provided using the straight-line method with useful lives ranging from eight to twenty years.

J. Intergovernmental Revenues

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

The District currently participates in several State and Federal programs, categorized as follows:

Entitlements:

General Fund

State Foundation Program
School Bus Funding

Special Revenue Funds

Educational Management Information Systems
Auxiliary Services Funding
Venture Capital Grant

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 1. Summary of Significant Accounting Policies (continued)

Capital Projects Funds

School Classroom Facilities Grant
SchoolNet Plus
Technology Equity Funding

Non-Reimbursable Grants:

Special Revenue Funds

SchoolNet Professional Development
Textbook Material Grant
Title I
Title VI
Disadvantaged Pupils Program
Title VIB

Reimbursable Grants:

General Fund

Driver Education Reimbursement

Proprietary Funds

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Grants and entitlements amounted to approximately 65% of the District's operating revenue during the 1999 fiscal year.

K. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds". Short-term interfund loans are classified as "interfund receivables/payables".

L. Advances to Other Funds

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicated that they do not constitute expendable available financial resources and therefore are not available for appropriation. At June 30, 1999 the District had no long-term interfund loans.

M. Compensated Absences

The District accounts for compensated absences in accordance with GASB Statement No. 16.

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 1. Summary of Significant Accounting Policies (continued)

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.

For governmental funds, the District records a liability for accumulated unused vacation and sick leave when earned. The current portion of these unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt account group. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.

N. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

O. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 1. Summary of Significant Accounting Policies (continued)

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

P. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents (an intergovernmental receivable) set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established.

Q. Fund Balance Reserves

Reserved Fund Balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund Balances are reserved for encumbrances, budget stabilization and future appropriation. The reserve for budget stabilization represents the workers compensation refund and the reserve for future appropriation represents the amount of the property taxes available for advance and recognized as revenue.

The District is prohibited by law from appropriating the advance, since it was not received, for the current fiscal year. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purposes of those funds.

R. Memorandum Only - Total Columns

Total columns on the general purposes financial statements are captioned "Memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

S. Estimates

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

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 2. Budgetary Basis of Accounting

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types and Expendable Trust Fund				
	Governmental Fund Types				
	General Fund	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$ (416,172)	92,508	(113,034)	(48,299)	\$ (14,375)
Increase (Decrease):					
Due to Revenues:					
Net Adjustments to Revenue Accruals	(63,330)	257,615	(9,973)	0	0
Due to Expenditures:					
Net Adjustments to Expenditure	(111,159)	(13,823)	0	(123,116)	(4,000)
Due to Other Sources/Uses	76,583	(64,077)	0	0	0
Budget Basis	<u>\$ (514,078)</u>	<u>272,223</u>	<u>(123,007)</u>	<u>(171,415)</u>	<u>\$ (18,375)</u>

Note 3. Cash and Cash Equivalents

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

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

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 3. Cash and Cash Equivalents (continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond 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) 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); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 3. Cash and Cash Equivalents (continued)

Deposits At year end, the carrying amount of the District's deposits was \$912,395 and the bank balance was \$1,179,483 (including certificate of deposits for \$1,000,000). Of the bank balance:

1. \$200,000 was covered by the Federal Depository Insurance Corporation (FDIC); and
2. \$979,483 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Investments The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. STAR Ohio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category			Reported Amount	Fair Value
	1	2	3		
Repurchase Agreement	\$ 0	0	\$ 451,425	\$ 451,425	\$ 451,425
STAR Ohio				565,021	565,021
Total Investments				<u>\$1,016,446</u>	<u>\$1,016,446</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 3. Cash and Investments (continued)

	Cash and Investments	Investments
GASB Statement No. 9	\$ 1,928,841	\$
Investments:		
Repurchase Agreements	(451,425)	451,425
Star Ohio	(565,021)	565,021
GASB Statement No. 3	\$ 912,395	\$ 1,016,446

Note 4. Property Tax

Property taxes are levied, assessed and collected on a calendar year basis. Second-half distributions occur in a new fiscal year. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Trumbull County Auditor at 35% of appraised market value.

All property is required to be revalued every six years. The last revaluation for the District was completed in 1997, with an update to be done in 1999. The next revaluation is scheduled for 2002. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31, (although the Trumbull County Auditor usually files for an extension in sending out tax bills so payment is then due by February 14th). If paid semi-annually, the first payment is usually due February 14, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers may pay annually or semi-annually, the first payment is due April 30, with the remainder payable by September 28.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 88% of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 4. Property Tax (continued)

The Trumbull County Treasurer collects property tax on behalf of the District. The Trumbull County Auditor remits to the District the taxes collected. Tax settlements are made each March and August for real property taxes and each June and October for personal property taxes.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, are reflected as a reservation of fund balance. The District is prohibited by law from appropriating the property taxes recognized as revenue in accordance with Ohio Revised Code Section 5705.35 since an advance of tax revenue was not received by the end of the fiscal year. The amount available as an advance at June 30, 1999 was \$140,000.

The full tax rate at the fiscal year ended June 30, 1999 for operations was \$41.10 per \$1,000 of assessed valuation, and \$1.65 per \$1,000 of assessed valuation for debt retirement. The assessed values of real and tangible personal property on which the fiscal year 1999 taxes were collected were as follows:

Real Property-Commercial/Industrial	\$ 16,582,810
Real Property-Residential/Agricultural	74,928,850
Real Property-Public Utilities	146,300
Personal Property-General	12,938,387
Personal Property-Public Utilities	<u>13,049,770</u>
Total Assessed Value	<u>\$ 117,646,117</u>

Note 5. Receivables

Receivables at June 30, 1999 consisted of taxes and accounts (miscellaneous). 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 guarantee of Federal funds. A summary of the principal items of Intergovernmental Receivables follows:

General Fund:	
Drivers Education Subsidy	\$ 250
CAFS Subsidy	1,008
School to Work Subsidy	<u>2,810</u>
Grand Total	<u>\$ 4,068</u>

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 6. Defined Benefit Pension Plans

A. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer defined benefit pension plan administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 E. Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Prior to July 1, 1998, the portion used to fund pension obligations was 12 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$743,856, \$668,592, and \$656,412, respectively; 81.6 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$136,520 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

B. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 1999, 9.02 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$160,164, \$164,040, and \$146,694, respectively; 46.3 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$95,144 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 7. Postemployment Benefits

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems 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 percent of covered payroll. Through June 30, 1998, the Board allocated employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund. Beginning July 1, 1998, this allocation was increased to 3.5 percent. For the District, this amount equaled \$185,964 during fiscal 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998 (the latest information available). For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll, an increase from 4.21 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998 SERS had net assets available for payment of health care benefits of \$160.3 million (the latest information available). SERS has approximately 50,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$73,970 during the 1999 fiscal year.

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 8. Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only Administrative and support personnel who are under a full year 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.

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.

Note 9. Early Retirement Incentive

The District Board of Education approved an early retirement incentive program for the period of June 1, 1998 to May 31, 1999. Participation was open to employees who were at least fifty years old, qualified for retirement with the 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 general purpose financial statements for governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 10. Fixed Assets

The following is a summary of the proprietary funds property, plant and equipment at June 30, 1999:

Furniture and Equipment	\$ 127,609
Less Accumulated Depreciation	<u>(69,207)</u>
Net Fixed Assets	<u>\$ 58,402</u>

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 1999:

	General Fixed Assets June 30, 1998	Additions	Deletions	General Fixed Assets June 30, 1999
Land and Improvements	\$ 246,043	0	0	\$ 246,043
Buildings	1,844,486	0	197,183	1,647,303
Property under Capital Lease	2,160,000	0	0	2,160,000
Furniture and Equipment	2,940,301	281,170	0	3,221,471
Vehicles	600,731	0	0	600,731
Total General Fixed Assets	<u>\$ 7,791,561</u>	<u>281,170</u>	<u>197,183</u>	<u>\$ 7,875,548</u>

Included in deletions is the sale of an elementary school for \$361,577. These proceeds are included in the Capital Projects Fund.

Note 11. Contingencies

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 1999.

B. Litigation

The District is a defendant in a legal proceedings pertaining to matters which are incidental to performing routine governmental and other functions. Based on the status of this legal proceeding, it is the opinion of management that the ultimate resolution of such will not have a material effect on the District's financial statements.

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 12. General Long-Term Debt Account Group

A summary of changes in long-term obligations for the year ended June 30, 1999, are as follows:

	Balance July 1, 1998	Additions	Deductions	Balance June 30, 1999
EPA Asbestos Loan	\$ 90,546	0	9,531	\$ 81,015
Non-interest bearing with semi-annual Payments of \$4,766. The note matures December 2007.				
Energy Conservation Notes	723,275	0	159,105	564,170
(Authorized by House Bill 264)				
\$1,475,786 originally issued, with an interest rate of 6.65% and monthly payments of \$16,870. In 1997, the note was amended with an interest rate of 5.25% and monthly payments of \$16,096.				
The note matures August, 2002.				
Energy Conservation Notes	270,547	0	49,161	221,386
(2 nd Phase), \$471,462				
Originally issued, with an interest rate of 5.75% and monthly payments of \$5,194. The note matures June 2003.				
Total General Obligation Notes Payable	\$ 1,084,368	0	217,797	\$ 866,571
	Balance			Balance
	July 1, 1998	Additions	Deductions	June 30, 1999
Capital Lease-Girard Community Imp.	\$ 1,860,000	0	275,000	\$ 1,585,000
Issued in the amount of \$2,160,000, with an interest rate of 5.65%, the certificates were issued October, 1998, with annual payments of \$300,000.				
The lease matures in October, 2006				
Capital Lease-Girard Community Imp.	1,855,000	0	0	1,855,000
Issued in the amount of \$1,855,000, with an interest rate of 5.39%, the certificates were issued June 4, 1998, with annual payments of \$95,000.				
The lease matures in June, 2018				
Total Capital Leases Payable	\$ 3,715,000	0	275,000	\$ 3,440,000

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 12. General Long-Term Debt Account Group (continued)

	Balance July 1, 1998	Additions	Deductions	Balance June 30, 1999
General Obligation Bonds Payable	\$ 750,000	0	135,000	\$ 615,000
Bonds issued September, 1995 with interest rates ranging from 4.6% to 7%, for the renovation of the High School and Stadium. The issue matures December, 2002.				
Energy Conservation Bonds	360,000	0	45,000	315,000
Bonds issued, with an interest rate of 5.0% October, 1995 for Energy Conservation Projects. The issue matures December, 2005.				
Total General Obligation Bonds Payable	1,110,000	0	180,000	930,000
Total Long-Term Bonds, Notes & Leases	5,909,368	0	672,797	5,236,571
Intergovernmental Payable	70,368	68,331	70,368	68,331
Compensated Absences Payable	833,335	852,585	833,335	852,585
Total Long-Term Obligations	<u>\$ 6,813,071</u>	<u>920,916</u>	<u>1,576,500</u>	<u>\$ 6,157,487</u>

The total interest paid in 1999 on the above notes and bonds amounted to \$293,986.

The following is a summary of note and bond maturities and interest requirements:

	Principal	Interest	Payment
FY2000	\$ 412,869	76,298	\$ 489,167
FY2001	434,952	55,655	490,607
FY2002	457,673	33,785	491,458
FY2003	314,130	16,072	330,202
FY2004	54,531	5,625	60,156
Thereafter	122,416	4,500	126,916
Total:	<u>\$ 1,796,571</u>	<u>191,935</u>	<u>\$ 1,988,506</u>

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 12. General Long-Term Debt Account Group (continued)

The District has leased certain real property to the Girard Community Improvement Corporation, Trustee under the Girard City School Building Declaration of Trust; the District is making installment payments on this lease agreement. This has been capitalized in the general fixed assets account group. This obligation has an outstanding balance of \$1,585,000 at June 30, 1999.

Payment for the installment purchase obligations as of June 30, 1999:

	Year Ending June 30
FY2000	\$ 332,490
FY2001	294,071
FY2002	257,065
FY2003	221,471
FY2004 and thereafter	828,084
Total Minimum Lease Payment	1,933,181
Less interest:	(348,181)
Present Value of Minimum Lease Payments	\$1,585,000

The District has leased certain real property to the Girard Community Improvement Corporation, Trustee under the Girard City School Building Declaration of Trust; the District is making installment payments on this lease agreement. This obligation has an outstanding balance of \$1,855,000 at June 30, 1999.

Payment for the installment purchase obligations as of June 30, 1999:

	Year Ending June 30
FY2000	\$ 190,750
FY2001	186,000
FY2002	181,250
FY2003	176,000
FY2004 and thereafter	2,110,250
Total Minimum Lease Payment	2,844,250
Less interest:	(989,250)
Present Value of Minimum Lease Payments	\$1,855,000

Note 13. Legal Compliance-Budgets

Pursuant to Section 117.11(A) of the Revised Code, Reali, Giampetro & Scott, Certified Public Accountants performed tests of compliance with various provisions of local, state and/or federal laws, as appropriate.

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 14. Jointly Governed Organization

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 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 Educational Service Center, 347 North Park Avenue, Warren, Ohio, 44481.

Note 15. Segments of Enterprise Activities

Key financial data for the District's Enterprise Funds for the year ended June 30, 1999, are as follows:

	Lunchroom Fund	Uniform School Supplies Fund	Total
Operating Revenues	\$ 238,142	24,821	\$ 262,963
Operating Expenses:			
Depreciation	(5,701)	0	(5,701)
Other Expenses	(458,225)	(17,846)	(476,071)
Total Operating Expenses	(463,926)	(17,846)	(481,772)
Operating Income (loss)	(225,784)	6,975	(218,809)
Non Operating Revenues and Expenses:			
Transfers-In	12,534	0	12,534
Other Revenue	0	405	405
State and Federal Grants	167,321	0	167,321
Federal Commodities	36,317	0	36,317
Net Gain (Loss)	\$ (9,612)	7,380	\$ (2,232)
Net Working Capital	\$ (22,314)	7,396	\$ (14,918)
Total Assets	\$ 85,190	7,396	\$ 92,586
Encumbrances	\$ 18,609	0	\$ 18,609
Total Fund Equity	\$ 36,088	7,396	\$ 43,484

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 16. Risk Management

A. General Risk

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 \$5,000,000 in the aggregate, general liability coverage for employees and board members was maintained in the amount of \$1,000,000 for each occurrence and \$1,000,000 in the aggregate.

The District maintains fleet insurance in the amount of \$2,000,000 for any one accident or loss.

The District maintains replacement cost insurance on buildings and contents in the amount of \$17,795,708. Other property insurance includes \$2,000,000 for the boiler and machinery.

\$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. Health 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 \$75,000 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.

Note 17. Related Party Transactions

During the year, the District has leased certain real property to the Girard Community Improvement Corporation, Trustee under the Girard City School Building Declaration of Trust, Dated March 28, 1998 (Grantor) and sub-leased such property back from the Grantor. The District has agreed under the terms of the lease to act as agent for the Grantor in connection with acquisition, construction, installation and improvements of the Project Site.

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 17. Related Party Transactions (continued)

The District is required to make lease payment to Huntington National Bank (Trustee) whom has agreed to execute and deliver the Certificates, which consist of a single Certificate and which evidences an undivided interest in the base rent to be paid by the School District under the lease, in the aggregate principal amount of \$4,015,000 to assist in the financing of the Project. The Certificates are secured by the Lease payments, the Districts revenues and all other rights and responsibilities under the ground lease and the lease.

The Lease term is for 20 years. At the conclusion of the lease, the District may purchase the property for \$1. Consequently, the Lease is being accounted for as a capital lease.

The Grantor is not considered a component unit of the District for accounting purposes as the criteria of GASB 14 has not been met.

Note 18. School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received \$5,535,351 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution.

The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of this date, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

Note 19. Year 2000 Issue

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the District's operations.

The District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 19. Year 2000 Issue (continued)

System (EMIS)). The District has buildings with power systems which have extensive efficiency utilization measures within the systems.

Property tax billing, collection and remittance for the District is handled by Trumbull County. The County is responsible for remediating this system, and is solely responsible for any associated costs.

The District utilized third party administrator organizations to provide computer services (EDP processing), and medical and dental claims processing. In addition, its banking institution provides financial transactions for the District. The District has obtained assurances from these organizations or institutions regarding remediation of these systems. These organizations or institutions are responsible for remediating these systems, and are solely responsible for the associated costs.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems and is solely responsible for any associated costs.

The District currently is assessing the changes needed in the power systems. Systems may have to be remediated, and tested and validated. The District is unable to determine or estimate the costs associated for remediation, testing and validating.

To the best of management's knowledge and belief, as of this date, the District has experienced no interruption of operations or services related to the Year 2000 issue. However, because of the unprecedented nature of the Year 2000 issue, matters may yet arise, and parties with whom the District does business may also experience Year 2000 readiness issues that are as yet, unknown.

Note 20. Statutory Reserves

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity was as follows:

	Textbook Acquisition	Capital Acquisition	Budget Stabilization	Total
Set aside Cash Balance as of June 30, 1998	\$ 0	0	95,768	\$ 95,768
Current Year Set-Aside Requirement	147,347	147,347	73,674	368,368
Qualifying Disbursements	(147,347)	(147,347)	0	(294,694)
Total	\$ 0	0	169,442	\$ 169,442
Cash Balance Carried Forward to FY2000	\$ 0	0	169,442	
Amount Restricted for Budget Stabilization				\$ 169,442
Total Restricted Assets				\$ 169,442

Girard City School District
Notes to the General Purpose Financial Statements
Year Ended June 30, 1999

Note 21. Fund Deficits

Fund balances at June 30, 1999, included the following individual fund deficits:

General Fund:	\$ (69,495)
Special Revenue Fund: DPIA Fund	\$ (32,743)

These deficits are a result of recognition of accruals. The general fund is liable for any deficit and provides operating transfers when cash is required, not when accruals occur.

Note 22. Subsequent Events

The following occurred subsequent to year end:

- 1) Issuance of School Improvement Bonds totaling \$5,300,000 for the purpose of construction and furnishing of a new middle school.
- 2) Construction commitments totaling approximately \$4,180,000 for the construction of a new middle school.

GIRARD CITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
- CASH BASIS

For the Year Ended June 30, 1999

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF EDUCATION			
Passed-through by the Ohio State Department of Education			
Chapter 1 - Education Consolidation Improvement Act	84.010	044065C15196	\$ 4,370
	84.010	044065C15197	47,440
Chapter 1 - Education Consolidation Improvement Act	84.010	044065C15198	121,047
	84.010	044065C15199	<u>144,946</u>
TOTAL CFDA#84.010			317,803
Title VI B - Assistance to States for Education Handicapped Children	84.027	0440656BSF98P	53,287
	84.027	0440656BSF99P	<u>22,781</u>
TOTAL CFDA#84.027			76,068
Innovative Educational Program Strategy	84.298	N/A	8,014
Innovative Educational Program Strategy	84.298	044065C25199	<u>2,349</u>
TOTAL CFDA#84.298			10,363
Telecommunications Act Grant Fund	N/A	N/A	38,537
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>442,771</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed-through by the Ohio State Department of Education:			
Child Nutrition Cluster National School Breakfast Program	10.553	N/A	11,421
National School Lunch Program	10.555	N/A	145,878
National School Commodities Program	10.555	N/A	<u>36,317</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>193,616</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 636,387</u>

THE ACCOMPANYING NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IS AN INTEGRAL PART OF THIS STATEMENT

STATUS OF PRIOR YEAR AUDITORS' CITATIONS AND RECOMMENDATIONS

GIRARD CITY SCHOOL DISTRICT

For the Year Ended June 30, 1999

NONE NOTED IN PRIOR YEAR AUDIT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

GIRARD CITY SCHOOL DISTRICT

For the Year Ended June 30, 1999

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Girard City School District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general purpose financial statements.

NOTE 2: FEDERAL RECEIPTS AND OTHER RECEIPTS

As required by the Ohio Department of Education the following is a summary of federal and other receipts for the programs referred to in the Schedule of Expenditures of Federal Awards.

Program Title	Federal CFDA Number	Passthrough Number	Federal Receipts	Other Receipts
Chapter 1 – Education Consolidation Improvement Act	84.010	044065C15196	-0-	-0-
Chapter 1 – Education Consolidation Improvement Act	84.010	044065C15197	38,448	-0-
Chapter 1 – Education Consolidation Improvement Act	84.010	044065C15198	231,240	-0-
Chapter 1 – Education Consolidation Improvement Act	84.010	044065C15199	316,602	-0-
Title VI B – Assistance to States for Education Handicapped Children	84.027	0440656BSF98P	62,748	-0-
Title VI B – Assistance to States for Education Handicapped Children	84.027	0440656BSF99P	77,972	-0-
Innovative Educational Program Strategy	84.298	N/A	-0-	-0-
Innovative Educational Program Strategy	84.298	044065C25199	8,090	-0-
Telecommunications Act Grant Fund	N/A	N/A	39,546	-0-
National School Breakfast Program	10.553	N/A	11,421	-0-
National School Lunch Program	10.555	N/A	145,878	-0-
National School Communities Program	10.555	N/A	-0-	41,663

NOTE 3: COMMODITIES

The National School Commodities Food Program (CFDA #10.555) represents noncash awards expended (commodities) and are recorded at the assessed value provided by the federal agency.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

GIRARD CITY SCHOOL DISTRICT

For the Year Ended June 30, 1999

I. EXECUTIVE SUMMARY OF AUDITORS' RESULTS

The following is a summary of audit results:

- 1) The financial statements were audited in accordance with Government Auditing Standards, and the report was an unqualified opinion. There were no reportable conditions or material weaknesses noted. There also were no noncompliance items that are material to the financial statements.
- 2) Regarding the single audit:
 - There were no reportable conditions or material weaknesses relative to the single audit.
 - The report issued was unqualified regarding compliance requirements for major programs.
 - There were no audit findings that were required to be reported.
 - The major program identified was the Chapter 1 – Education Consolidation Improvement Act Grant (CFDA#84.010).
 - The dollar threshold to distinguish between Type A and Type B Programs was \$300,000.
 - Girard City School District was determined to be a low-risk auditee.

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

There were no findings relating to the financial statements required to be reported in accordance with Government Auditing Standards.

III. FINDINGS AND QUESTIONED COSTS FOR MAJOR FEDERAL AWARD PROGRAMS

There were no findings and questioned costs for Federal Awards.

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

Board of Education
Girard City School District
Girard, Ohio

We have audited the financial statements of Girard City School District, as of and for the year ended June 30, 1999, and have issued our report thereon dated January 18, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Girard City School District's, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Girard City School District, in a separate letter dated January 18, 2000.

This report is intended for the information of the management, Board of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Reali, Giampetro & Scott

January 18, 2000

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

Board of Education
Girard City School District
Girard, Ohio

Compliance

We have audited the compliance of Girard City School District, with types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. Girard City School District's, major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Girard City School District's, management. Our responsibility is to express an opinion on Girard City School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 Not-for-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Girard City School District's, compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Girard City School District's, compliance with those requirements. However, we noted other instances of immaterial compliance that we have reported to the management of Girard City School District in a separate letter dated January 18, 2000.

In our opinion, Girard City School District, complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of Girard City School District 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 Girard City School District's, internal control over compliance with requirements that could have a direct and material effect on a major federal program in order 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 weaknesses is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over major programs that we have reported to the management of Girard City School District, in a separate letter dated January 18, 2000.

This report is intended for the information of management, Board of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Reali, Giampetro + Scott

January 18, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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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.

By: Susan Babbitt

Date: MARCH 9, 2000