



Dave Yost • Auditor of State



**GIRARD CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Girard City School District, Trumbull County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Girard City School District, Trumbull County, Ohio, as of June 30, 2011, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the basic financial statements, the District implemented Government Accounting Standards Board Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the 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 basic financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

January 13, 2012

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Unaudited)

The management's discussion and analysis of the Girard City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- In total, net assets of governmental activities increased \$319,063 which represents a 0.91% increase from 2010.
- General revenues accounted for \$12,989,547 in revenue or 73.72% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,629,423 or 26.28% of total revenues of \$17,618,970.
- The District had \$17,299,907 in expenses related to governmental activities; only \$4,629,423 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,989,547 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, bond retirement, permanent improvement and classroom facilities fund. The general fund had \$12,997,723 in revenues and other financing sources and \$12,573,616 in expenditures. During fiscal 2011, the general fund's fund balance increased \$424,107 from a restated balance of \$5,329,809 to \$5,753,916.
- The bond retirement fund had \$1,018,828 in revenues and \$997,348 in expenditures. During fiscal 2011, the bond retirement fund's fund balance increased \$21,480 from \$243,335 to \$264,815.
- The permanent improvement fund had \$149,705 in revenues and \$7,414 in expenditures. During fiscal 2011, the permanent improvement fund's fund balance increased \$142,291 from \$1,886,316 to \$2,028,607.
- The classroom facilities fund had \$407,658 in revenues and \$5,071,302 in expenditures. During fiscal 2011, the classroom facilities fund's fund balance decreased \$4,663,644 from \$6,062,606 to \$1,398,962.

**Using the Basic Financial Statements (BFS)**

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

The *statement of net assets* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general, bond retirement, permanent improvement and classroom facilities funds are by far the most significant funds, and the only governmental funds reported as major funds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Unaudited)

**Reporting the District as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 10. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, bond retirement fund, permanent improvement fund and classroom facilities fund.

***Governmental Funds***

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Unaudited)

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-52 of this report.

**The District as a Whole**

The statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2011 and 2010.

	<b>Net Assets</b>	
	Governmental Activities 2011	Governmental Activities 2010
<b><u>Assets</u></b>		
Current and other assets	\$ 19,879,524	\$ 25,634,423
Capital assets	<u>35,469,138</u>	<u>31,773,359</u>
Total assets	<u>55,348,662</u>	<u>57,407,782</u>
<b><u>Liabilities</u></b>		
Current liabilities	6,388,300	8,233,516
Long-term liabilities	<u>13,488,909</u>	<u>14,021,876</u>
Total liabilities	<u>19,877,209</u>	<u>22,255,392</u>
<b><u>Net assets</u></b>		
Invested in capital assets, net of related debt	25,019,789	24,857,444
Restricted	5,335,343	5,598,920
Unrestricted	<u>5,116,321</u>	<u>4,696,026</u>
Total net assets	<u>\$ 35,471,453</u>	<u>\$ 35,152,390</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$35,471,453. Of this total, \$5,335,343 is restricted in use.

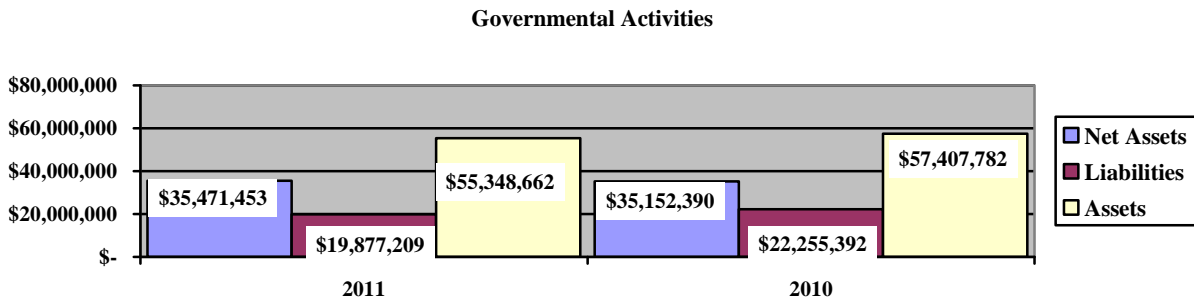
**GIRARD CITY SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Unaudited)

At year-end, capital assets represented 64.08% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2011, were \$25,019,789. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$5,335,343, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is \$5,116,321.

The graph below presents the District's governmental activities assets, liabilities and net assets for fiscal year 2011 and 2010.



The table below shows the change in net assets for fiscal years 2011 and 2010.

**Change in Net Assets**

	Governmental Activities 2011	Governmental Activities 2010
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 772,515	\$ 808,486
Operating grants and contributions	3,856,908	2,711,182
General revenues:		
Property taxes	4,660,519	4,800,955
Grants and entitlements	8,153,144	8,705,719
Investment earnings	53,554	131,942
Other	122,330	88,431
Total revenues	<u>17,618,970</u>	<u>17,246,715</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Unaudited)

**Change in Net Assets**

	<u>Governmental Activities 2011</u>	<u>Governmental Activities 2010</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 6,961,271	\$ 6,645,673
Special	1,847,953	1,851,346
Vocational	178,841	186,224
Other	744,339	656,303
Support services:		
Pupil	1,151,084	1,014,064
Instructional staff	224,615	207,203
Board of education	54,406	58,831
Administration	1,244,002	1,081,343
Fiscal	797,815	760,729
Operations and maintenance	1,507,850	1,357,929
Pupil transportation	645,256	535,738
Central	4,000	7,039
Operation of non-instructional services:		
Food service operations	548,888	582,877
Other non-instructional services	197,760	169,710
Extracurricular activities	613,939	601,889
Interest and fiscal charges	<u>577,888</u>	<u>603,797</u>
Total expenses	17,299,907	16,320,695
Change in net assets	319,063	926,020
Net assets at beginning of year	<u>35,152,390</u>	<u>34,226,370</u>
Net assets at end of year	<u>\$ 35,471,453</u>	<u>\$ 35,152,390</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$319,063. Total governmental expenses of \$17,299,907 were offset by program revenues of \$4,629,423 and general revenues of \$12,989,547. Program revenues supported 26.76% of the total governmental expenses.

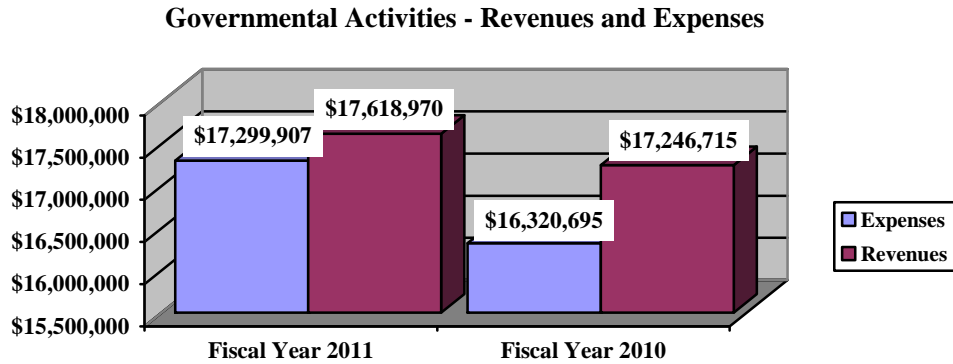
In the area of program revenues, the significant increase was in operating grants and contributions which increased \$1,145,726. This increase is attributable primarily to \$716,441 in funding through the State of Ohio for Pathway for Student Success (PASS) funding which offsets special education costs and \$441,926 in Ed Jobs grant funding from the federal government. PASS funding has been reported as program revenue in fiscal year 2011 versus general revenue in fiscal year 2010.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Unaudited)

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 72.73% of total governmental revenue. Real estate property is reappraised every six years.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2011 and 2010.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Unaudited)

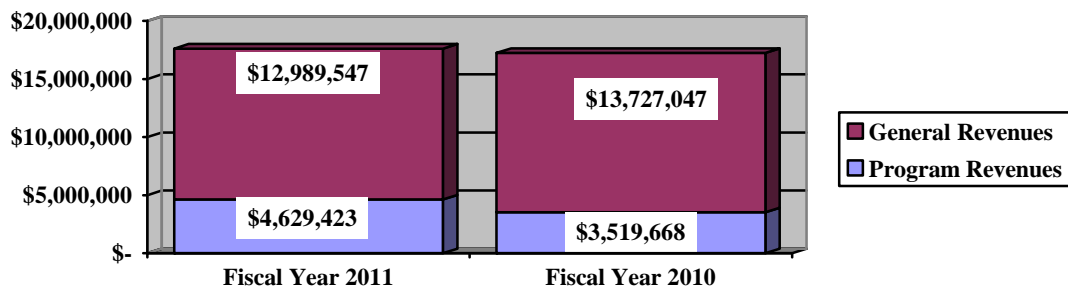
**Governmental Activities**

	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 6,961,271	\$ 5,746,976	\$ 6,645,673	\$ 5,441,719
Special	1,847,953	479,826	1,851,346	1,058,100
Vocational	178,841	139,508	186,224	146,166
Other	744,339	706,064	656,303	625,420
Support services:				
Pupil	1,151,084	358,648	1,014,064	543,731
Instructional staff	224,615	120,788	207,203	169,552
Board of education	54,406	54,406	58,831	58,831
Administration	1,244,002	1,244,002	1,081,343	1,078,283
Fiscal	797,815	797,815	760,729	760,729
Operations and maintenance	1,507,850	1,504,706	1,357,929	1,343,454
Pupil transportation	645,256	465,313	535,738	522,915
Central	4,000	4,000	7,039	4,858
Operation of non-instructional services:				
Food service operations	548,888	(5,382)	582,877	1,921
Other non-instructional services	197,760	(13,753)	169,710	(15,045)
Extracurricular activities	613,939	489,679	601,889	456,596
Interest and fiscal charges	<u>577,888</u>	<u>577,888</u>	<u>603,797</u>	<u>603,797</u>
Total expenses	<u>\$ 17,299,907</u>	<u>\$ 12,670,484</u>	<u>\$ 16,320,695</u>	<u>\$ 12,801,027</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 72.67% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 73.24%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2011 and 2010.

**Governmental Activities - General and Program Revenues**



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Unaudited)

**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$10,854,438, which is less than last year's total of \$14,830,869. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010. The District restated fund balance at June 30, 2010 as described in Note 3.B.

	Fund Balance <u>June 30, 2011</u>	Restated Fund Balance <u>June 30, 2010</u>	Increase <u>(Decrease)</u>
General	\$ 5,753,916	\$ 5,329,809	\$ 424,107
Bond retirement	264,815	243,335	21,480
Permanent improvement	2,028,607	1,886,316	142,291
Classroom facilities	1,398,962	6,062,606	(4,663,644)
Other governmental	<u>1,408,138</u>	<u>1,308,803</u>	<u>99,335</u>
Total	<u>\$ 10,854,438</u>	<u>\$ 14,830,869</u>	<u>\$(3,976,431)</u>

**General Fund**

The District's general fund's fund balance increased \$424,107. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2011 <u>Amount</u>	Restated 2010 <u>Amount</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 3,619,404	\$ 3,638,775	\$ (19,371)	(0.53) %
Tuition	448,450	394,068	54,382	13.80 %
Earnings on investments	45,101	105,433	(60,332)	(57.22) %
Intergovernmental	8,676,461	8,523,215	153,246	1.80 %
Other revenues	<u>164,991</u>	<u>183,493</u>	<u>(18,502)</u>	(10.08) %
Total	<u>\$ 12,954,407</u>	<u>\$ 12,844,984</u>	<u>\$ 109,423</u>	0.85 %
<b><u>Expenditures</u></b>				
Instruction	\$ 7,294,907	\$ 7,404,679	\$ (109,772)	(1.48) %
Support services	4,741,007	4,565,636	175,371	3.84 %
Extracurricular activities	395,127	389,572	5,555	1.43 %
Facilities acquisition and construction	575	1,055	(480)	(45.50) %
Debt service	<u>142,000</u>	<u>147,250</u>	<u>(5,250)</u>	(3.57) %
Total	<u>\$ 12,573,616</u>	<u>\$ 12,508,192</u>	<u>\$ 65,424</u>	0.52 %

The decrease in earnings on investments can be attributed to the lower interest rates and less amounts invested for fiscal year 2011. Tuition revenue increased due to an increase in open enrollment. All other revenue items remained consistent with the prior year. All expenditure items remained consistent with the prior year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Unaudited)

***Debt Retirement Fund***

The bond retirement fund had \$1,018,828 in revenues and \$997,348 in expenditures. During fiscal 2011, the bond retirement fund's fund balance increased \$21,480 from \$243,335 to \$264,815.

***Permanent Improvement Fund***

The permanent improvement fund had \$149,705 in revenues and \$7,414 in expenditures. During fiscal 2011, the permanent improvement fund's fund balance increased \$142,291 from \$1,886,316 to \$2,028,607.

***Classroom Facilities Fund***

The classroom facilities fund had \$407,658 in revenues and \$5,071,302 in expenditures. During fiscal 2011, the classroom facilities fund's fund balance decreased \$4,663,644 from \$6,062,606 to \$1,398,962. The decrease in fund balance is due to construction expenditures related to the Ohio School Facilities Construction project.

***General Fund Budgeting Highlights***

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

During the course of fiscal 2011, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$12,574,891, which is less than the original budgeted revenues and other financing sources estimate of \$12,593,417. Actual revenues and other financing sources for fiscal 2011 were \$12,576,698. This represents a \$1,807 increase from final budgeted revenues.

General fund original appropriations of \$10,838,328 were increased to \$12,466,113 in the final budget. The actual budget basis expenditures for fiscal year 2011 also totaled \$12,466,113.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2011, the District had \$35,469,138 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2011 balances compared to 2010:

<b>Capital Assets at June 30</b>		
<b>(Net of Depreciation)</b>		
<u>Governmental Activities</u>		
	<u>2011</u>	<u>2010</u>
Land	\$ 644,177	\$ 644,177
Construction in progress	-	18,740,204
Land improvements	1,083,326	122,982
Building and improvements	32,749,037	11,925,773
Furniture and equipment	746,373	117,111
Vehicles	<u>246,225</u>	<u>223,112</u>
Total	<u>\$ 35,469,138</u>	<u>\$ 31,773,359</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Unaudited)

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

***Debt Administration***

At June 30, 2011 the District had \$11,410,421 in general obligation bonds outstanding. Of this total, \$485,000 is due within one year and \$10,925,421 is due in more than one year. The following table summarizes the bonds outstanding:

**Outstanding Debt, at Year End**

	Governmental Activities 2011	Governmental Activities 2010
General obligation bonds:		
School Improvement Refunding Bonds	3,005,000	3,240,000
Classroom facilities and school improvement bonds	<u>8,405,421</u>	<u>8,603,804</u>
Total	<u>\$ 11,410,421</u>	<u>\$ 11,843,804</u>

At June 30, 2011, the District's overall legal debt margin was \$2,046,020 with an unvoted debt margin of \$145,847.

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

**Current Related Financial Activities**

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

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

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

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

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

**Contacting the District's Financial Management**

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



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

STATEMENT OF NET ASSETS  
JUNE 30, 2011

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 12,208,656
Receivables:	
Taxes . . . . .	5,898,169
Accounts . . . . .	28,153
Intergovernmental . . . . .	1,544,954
Prepayments . . . . .	19,162
Materials and supplies inventory . . . . .	10,017
Unamortized bond issuance costs . . . . .	170,413
Capital assets:	
Land . . . . .	644,177
Depreciable capital assets, net . . . . .	34,824,961
Capital assets, net . . . . .	35,469,138
 Total assets . . . . .	 55,348,662
 <b>Liabilities:</b>	
Accounts payable . . . . .	79,890
Contracts payable . . . . .	9,627
Accrued wages and benefits . . . . .	871,524
Pension obligation payable . . . . .	340,329
Intergovernmental payable . . . . .	43,533
Accrued interest payable . . . . .	49,426
Unearned revenue . . . . .	4,993,971
Long-term liabilities:	
Due within one year . . . . .	812,078
Due in more than one year . . . . .	12,676,831
 Total liabilities . . . . .	 19,877,209
 <b>Net assets:</b>	
Invested in capital assets, net of related debt . . . . .	25,019,789
Restricted for:	
Capital projects . . . . .	3,562,190
Debt service . . . . .	371,368
Classroom facilities maintenance . . . . .	274,754
Locally funded programs . . . . .	7,846
State funded programs . . . . .	56,165
Federally funded programs . . . . .	471,320
Student activities . . . . .	130,930
Other purposes . . . . .	460,770
Unrestricted . . . . .	5,116,321
 Total net assets . . . . .	 \$ 35,471,453

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 6,961,271	\$ 466,601	\$ 747,694	\$ (5,746,976)
Special . . . . .	1,847,953	-	1,368,127	(479,826)
Vocational . . . . .	178,841	-	39,333	(139,508)
Other . . . . .	744,339	-	38,275	(706,064)
Support services:				
Pupil . . . . .	1,151,084	-	792,436	(358,648)
Instructional staff . . . . .	224,615	-	103,827	(120,788)
Board of education . . . . .	54,406	-	-	(54,406)
Administration . . . . .	1,244,002	-	-	(1,244,002)
Fiscal . . . . .	797,815	-	-	(797,815)
Operations and maintenance . . . . .	1,507,850	3,144	-	(1,504,706)
Pupil transportation . . . . .	645,256	11,341	168,602	(465,313)
Central . . . . .	4,000	-	-	(4,000)
Operation of non-instructional services:				
Food service operations . . . . .	548,888	170,187	384,083	5,382
Other non-instructional services . . . . .	197,760	-	211,513	13,753
Extracurricular activities . . . . .	613,939	121,242	3,018	(489,679)
Interest and fiscal charges . . . . .	577,888	-	-	(577,888)
<b>Totals . . . . .</b>	<b>\$ 17,299,907</b>	<b>\$ 772,515</b>	<b>\$ 3,856,908</b>	<b>(12,670,484)</b>

**General revenues:**

Property taxes levied for:	
General purposes . . . . .	3,629,014
Debt service . . . . .	847,717
Capital projects . . . . .	118,752
Special revenue . . . . .	65,036
Grants and entitlements not restricted to specific programs . . . . .	
Investment earnings . . . . .	53,554
Miscellaneous . . . . .	122,330
<b>Total general revenues . . . . .</b>	<b>12,989,547</b>
Change in net assets . . . . .	319,063
<b>Net assets at beginning of year . . . . .</b>	<b>35,152,390</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 35,471,453</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>						
Equity in pooled cash and investments . . . . .	\$ 6,522,196	\$ 259,209	\$ 2,027,356	\$ 1,408,589	\$ 1,574,902	\$ 11,792,252
Receivables:						
Taxes . . . . .	4,608,853	1,054,034	235,282	-	-	5,898,169
Accounts . . . . .	28,153	-	-	-	-	28,153
Intergovernmental. . . . .	-	-	-	1,116,765	428,189	1,544,954
Interfund loans . . . . .	163	-	-	-	-	163
Prepayments. . . . .	19,162	-	-	-	-	19,162
Materials and supplies inventory. . . . .	-	-	-	-	10,017	10,017
Due from other funds . . . . .	12,070	-	-	-	-	12,070
Restricted assets:						
Equity in pooled cash and cash equivalents . . . . .	416,404	-	-	-	-	416,404
<b>Total assets . . . . .</b>	<b>\$ 11,607,001</b>	<b>\$ 1,313,243</b>	<b>\$ 2,262,638</b>	<b>\$ 2,525,354</b>	<b>\$ 2,013,108</b>	<b>\$ 19,721,344</b>
<b>Liabilities:</b>						
Accounts payable . . . . .	\$ 8,391	\$ -	\$ -	\$ -	\$ 71,499	\$ 79,890
Contracts payable. . . . .	-	-	-	9,627	-	9,627
Accrued wages and benefits. . . . .	791,700	-	-	-	79,824	871,524
Compensated absences payable . . . . .	113,315	-	-	-	6,728	120,043
Pension obligation payable . . . . .	316,142	-	-	-	24,187	340,329
Intergovernmental payable . . . . .	39,196	-	-	-	4,337	43,533
Interfund loans payable. . . . .	-	-	-	-	163	163
Deferred revenue . . . . .	682,032	155,979	34,818	1,116,765	406,162	2,395,756
Unearned revenue. . . . .	3,902,309	892,449	199,213	-	-	4,993,971
Due to other funds . . . . .	-	-	-	-	12,070	12,070
<b>Total liabilities. . . . .</b>	<b>5,853,085</b>	<b>1,048,428</b>	<b>234,031</b>	<b>1,126,392</b>	<b>604,970</b>	<b>8,866,906</b>
<b>Fund balances:</b>						
Nonspendable:						
Materials and supplies inventory. . . . .	-	-	-	-	10,017	10,017
Prepayments . . . . .	19,162	-	-	-	-	19,162
Restricted:						
Debt service . . . . .	-	264,815	-	-	-	264,815
Capital improvements . . . . .	-	-	2,028,607	1,398,962	824,009	4,251,578
Classroom facilities maintenance . . . . .	-	-	-	-	274,754	274,754
Food service operations . . . . .	-	-	-	-	41,242	41,242
Non-public schools . . . . .	-	-	-	-	48,620	48,620
Special education . . . . .	-	-	-	-	3,710	3,710
Other purposes. . . . .	-	-	-	-	82,147	82,147
Extracurricular. . . . .	-	-	-	-	130,930	130,930
Textbooks . . . . .	416,404	-	-	-	-	416,404
Assigned:						
Student instruction . . . . .	30,433	-	-	-	-	30,433
Student and staff support. . . . .	141,400	-	-	-	-	141,400
School supplies . . . . .	2,890	-	-	-	-	2,890
Unassigned (deficit) . . . . .	5,143,627	-	-	-	(7,291)	5,136,336
<b>Total fund balances . . . . .</b>	<b>5,753,916</b>	<b>264,815</b>	<b>2,028,607</b>	<b>1,398,962</b>	<b>1,408,138</b>	<b>10,854,438</b>
<b>Total liabilities and fund balances . . . . .</b>	<b>\$ 11,607,001</b>	<b>\$ 1,313,243</b>	<b>\$ 2,262,638</b>	<b>\$ 2,525,354</b>	<b>\$ 2,013,108</b>	<b>\$ 19,721,344</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2011

<b>Total governmental fund balances</b>		\$	10,854,438
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			35,469,138
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	872,829	
Intergovernmental receivable		1,522,927	
Total			2,395,756
Unamortized premiums on bond issuance are not recognized in the funds.			(387,621)
Unamortized bond issuance costs are not recognized in the funds.			170,413
Unamortized deferred charges on refundings are not recognized in the funds.			142,298
Accrued interest payable is not due and payable within the current period, therefore it is not reported in the funds.			(49,426)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Refunding bonds		3,005,000	
School improvement bonds		8,405,421	
Compensated absences		1,013,122	
Capital lease obligation		700,000	
Total			(13,123,543)
<b>Net assets of governmental activities</b>		<b>\$</b>	<b>35,471,453</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General	Bond Retirement	Permanent Improvement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
From local sources:						
Taxes . . . . .	\$ 3,619,404	\$ 864,178	\$ 117,147	\$ -	\$ 65,036	\$ 4,665,765
Tuition . . . . .	448,450	-	-	-	-	448,450
Transportation fees . . . . .	11,341	-	-	-	-	11,341
Earnings on investments . . . . .	45,101	-	-	5,532	3,179	53,812
Charges for services . . . . .	-	-	-	-	164,893	164,893
Extracurricular . . . . .	10,025	-	-	-	111,217	121,242
Classroom materials and fees . . . . .	4,378	-	-	-	-	4,378
Other local revenues . . . . .	139,247	-	-	-	8,054	147,301
Intergovernmental - state . . . . .	8,676,110	154,650	32,558	402,126	251,338	9,516,782
Intergovernmental - federal . . . . .	351	-	-	-	2,485,865	2,486,216
Total revenues . . . . .	<u>12,954,407</u>	<u>1,018,828</u>	<u>149,705</u>	<u>407,658</u>	<u>3,089,582</u>	<u>17,620,180</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	5,322,867	-	-	-	711,004	6,033,871
Special . . . . .	1,100,576	-	-	-	700,840	1,801,416
Vocational . . . . .	165,400	-	-	-	-	165,400
Other . . . . .	706,064	-	-	-	38,275	744,339
Support services:						
Pupil . . . . .	549,570	-	-	-	599,814	1,149,384
Instructional staff . . . . .	151,393	-	-	-	48,975	200,368
Board of education . . . . .	54,406	-	-	-	-	54,406
Administration . . . . .	1,264,552	-	-	-	-	1,264,552
Fiscal . . . . .	772,395	16,717	2,434	-	1,343	792,889
Operations and maintenance . . . . .	1,371,412	-	4,980	9,627	26,235	1,412,254
Pupil transportation . . . . .	573,279	-	-	-	6,525	579,804
Central . . . . .	4,000	-	-	-	-	4,000
Operation of non-instructional services:						
Other non-instructional services . . . . .	-	-	-	-	203,526	203,526
Food service operations . . . . .	-	-	-	-	537,868	537,868
Extracurricular activities . . . . .	395,127	-	-	-	106,309	501,436
Facilities acquisition and construction . . . . .	575	-	-	5,061,675	7,065	5,069,315
Debt service:						
Principal retirement . . . . .	100,000	455,000	-	-	-	555,000
Interest and fiscal charges . . . . .	42,000	525,631	-	-	-	567,631
Total expenditures . . . . .	<u>12,573,616</u>	<u>997,348</u>	<u>7,414</u>	<u>5,071,302</u>	<u>2,987,779</u>	<u>21,637,459</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	380,791	21,480	142,291	(4,663,644)	101,803	(4,017,279)
<b>Other financing sources:</b>						
Sale of assets . . . . .	43,316	-	-	-	-	43,316
Total other financing sources . . . . .	<u>43,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,316</u>
Net change in fund balances . . . . .	424,107	21,480	142,291	(4,663,644)	101,803	(3,973,963)
<b>Fund balances at beginning of year (restated).</b>	5,329,809	243,335	1,886,316	6,062,606	1,308,803	14,830,869
<b>Decrease in reserve for inventory . . . . .</b>	-	-	-	-	(2,468)	(2,468)
<b>Fund balances at end of year . . . . .</b>	<u>\$ 5,753,916</u>	<u>\$ 264,815</u>	<u>\$ 2,028,607</u>	<u>\$ 1,398,962</u>	<u>\$ 1,408,138</u>	<u>\$ 10,854,438</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<b>Net change in fund balances - total governmental funds</b>	\$	(3,973,963)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.		
Capital asset additions	\$ 5,025,355	
Depreciation expense	(952,312)	
Total		4,073,043
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(377,264)
Governmental funds report expenditures for inventory when purchased, however, on the statement of activities they are reported as an expense when consumed.		
		(2,468)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	(5,246)	
Intergovernmental revenue	4,036	
Total		(1,210)
Repayment of bond, note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		555,000
Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the following:		
Decrease in accrued interest payable	2,458	
Accreted interest on capital appreciation bonds	(21,617)	
Amortization of bond issuance costs	(10,138)	
Amortization of bond premiums	35,946	
Amortization of deferred charges on refundings	(16,906)	
Total		(10,257)
Some expenses reported on the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		
		56,182
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>319,063</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 3,230,417	\$ 3,189,700	\$ 3,189,700	\$ -
Tuition. . . . .	394,900	447,650	447,650	-
Transportation fees. . . . .	15,860	11,226	11,226	-
Earnings on investments . . . . .	104,219	27,610	29,417	1,807
Other local revenues . . . . .	124,106	150,886	150,886	-
Intergovernmental - state . . . . .	8,566,377	8,593,534	8,593,534	-
Intergovernmental - federal . . . . .	11	351	351	-
Total revenues . . . . .	<u>12,435,890</u>	<u>12,420,957</u>	<u>12,422,764</u>	<u>1,807</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,385,371	4,986,722	4,986,722	-
Special. . . . .	933,768	1,126,031	1,126,031	-
Vocational. . . . .	153,479	167,267	167,267	-
Other. . . . .	543,483	716,241	716,241	-
Support services:				
Pupil. . . . .	480,290	562,073	562,073	-
Instructional staff . . . . .	144,567	171,527	171,527	-
Board of education . . . . .	53,255	52,137	52,137	-
Administration. . . . .	993,346	1,322,998	1,322,998	-
Fiscal . . . . .	630,964	773,323	773,323	-
Operations and maintenance. . . . .	1,297,863	1,457,880	1,457,880	-
Pupil transportation . . . . .	553,143	593,995	593,995	-
Central. . . . .	3,439	4,000	4,000	-
Extracurricular activities. . . . .	334,136	389,344	389,344	-
Facilities acquisition and construction . . . . .	331,224	142,575	142,575	-
Total expenditures . . . . .	<u>10,838,328</u>	<u>12,466,113</u>	<u>12,466,113</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>1,597,562</u>	<u>(45,156)</u>	<u>(43,349)</u>	<u>1,807</u>
<b>Other financing sources:</b>				
Refund of prior year's expenditures . . . . .	81,345	81,345	81,345	-
Advances in. . . . .	29,493	29,493	29,493	-
Sale of capital assets . . . . .	43,096	43,096	43,096	-
Total other financing sources . . . . .	<u>157,527</u>	<u>153,934</u>	<u>153,934</u>	<u>-</u>
Net change in fund balance . . . . .	1,755,089	108,778	110,585	1,807
<b>Fund balance at beginning of year . . . . .</b>	<b>6,362,560</b>	<b>6,362,560</b>	<b>6,362,560</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>275,775</b>	<b>275,775</b>	<b>275,775</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 8,393,424</b>	<b>\$ 6,747,113</b>	<b>\$ 6,748,920</b>	<b>\$ 1,807</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GIRARD CITY SCHOOL DISTRICT**  
**TRUMBULL COUNTY, OHIO**  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2011

	<b>Private Purpose Trust</b>	
	<b>Scholarships</b>	<b>Agency</b>
<b>Assets:</b>		
Current assets:		
Equity in pooled cash and cash equivalents . . . . .	\$ 253,585	\$ 79,664
Total assets. . . . .	253,585	\$ 79,664
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 1,073
Due to students. . . . .	-	78,591
Total liabilities . . . . .	-	\$ 79,664
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	253,585	
Total net assets . . . . .	\$ 253,585	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<b>Private Purpose Trust</b>
	<b>Scholarships</b>
<b>Additions:</b>	
Interest. . . . .	\$ 865
Gifts and contributions. . . . .	8,697
Total additions. . . . .	9,562
<b>Deductions:</b>	
Scholarships awarded . . . . .	10,000
Change in net assets. . . . .	(438)
<b>Net assets at beginning of year . . . . .</b>	<b>254,023</b>
<b>Net assets at end of year. . . . .</b>	<b>\$ 253,585</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

The District is the 312<sup>th</sup> largest in the State of Ohio (among the 918 public school districts and community schools) in terms of enrollment. The average daily membership (ADM) as of June 30, 2011, was 1,729. The District employed 127 certified employees and 68 non-certified employees.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

*JOINTLY GOVERNED ORGANIZATION*

Northeast Ohio Management Information Network (NEOMIN)

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

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

*INSURANCE PURCHASING POOLS*

Workers' Compensation Group Rating Program

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

Trumbull County Schools Employee Insurance Benefits Consortium

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

**B. Fund Accounting**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

*GOVERNMENTAL FUNDS*

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

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

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

Permanent improvement fund - The permanent improvement fund is used to account for accumulation of resources for acquisition, construction or improvement of capital facilities.

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

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

*PROPRIETARY FUNDS*

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

*FIDUCIARY FUNDS*

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

**C. Basis of Presentation and Measurement Focus**

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

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

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

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

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

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

**D. Basis of Accounting**

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

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

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2011, are recorded as deferred revenue.

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

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2011 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

2. By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2011.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2011, however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

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



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

During fiscal year 2011, investments were limited to overnight repurchase agreements, negotiable certificates of deposit, federal agency securities, U.S. Treasury bills, a money market and a U.S. Treasury money market. Except for nonparticipating investments contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investments contracts, such as repurchase agreements, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$45,101, which includes \$13,551 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**G. Inventory**

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

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

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$1,500. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

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

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. Receivables and payables resulting from short-term interfund loans from the general fund to cover negative cash balances in other governmental funds are classified as “due to/from other funds”. These amounts are eliminated in the governmental activities column on the statement of net assets.

**J. Compensated Absences**

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2011 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

**K. Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss**

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

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

For bond refunds resulting in the defeasance of the debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10.A.

**L. Accrued Liabilities and Long-Term Obligations**

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

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

**M. Fund Balance**

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

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

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

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service, the Martha Holden Jennings fund and amounts restricted by State statute for textbooks/instructional materials.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

**O. Prepayments**

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

**P. Estimates**

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

**Q. Budget Stabilization Arrangement**

The District has established a budget stabilization reserve in accordance with authority established by State law. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Expenditures out of the budget stabilization reserve can only be made to offset future budget deficits. At June 30, 2011, the balance in the budget stabilization reserve was \$95,565. This amount is included in unassigned fund balance of the general fund and in unrestricted net assets on the statement of net assets.

**R. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**S. Parochial/Private Schools**

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

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District did not have any special or extraordinary items during fiscal year 2011.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

**B. Fund Reclassifications**

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$ 5,323,358	\$ 243,335	\$ 1,886,316	\$ 6,062,606	\$ 1,315,254	\$ 14,830,869
Fund reclassifications:						
Uniform school supplies fund	-	-	-	-	-	-
Public school support fund	6,451	-	-	-	(6,451)	-
Total fund reclassifications	<u>6,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,451)</u>	<u>-</u>
Restated fund balance at July 1, 2010	<u>\$ 5,329,809</u>	<u>\$ 243,335</u>	<u>\$ 1,886,316</u>	<u>\$ 6,062,606</u>	<u>\$ 1,308,803</u>	<u>\$ 14,830,869</u>

The fund reclassifications did not have an effect on net assets as previously reported.

**C. Deficit Fund Balances**

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Title I - disadvantaged children	\$ 5,262
Improving teacher quality	2,029

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

**GIRARD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

**A. Deposits with Financial Institutions**

At June 30, 2011, the carrying amount of all District deposits was \$2,444,372, exclusive of the \$7,581,849 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$1,899,878 of the District's bank balance of \$2,649,878 was exposed to custodial risk as discussed below, while \$750,000 was covered by the FDIC.

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



**GIRARD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**B. Investments**

As of June 30, 2011, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FHLB	\$ 300,390	\$ -	\$ -	\$ -	\$ -	\$ 300,390
FNMA	751,216	-	-	-	-	751,216
FHLMC	100,838	-	-	-	-	100,838
Certificates of deposit	500,000	-	-	150,000	250,000	100,000
U.S. Treasury bills	303,504	-	-	-	-	303,504
Huntington money market	250,000	250,000	-	-	-	-
U.S. Treasury money market	309,736	309,736	-	-	-	-
Repurchase agreement	7,581,849	7,581,849	-	-	-	-
<b>Total</b>	<b>\$ 10,097,533</b>	<b>\$ 8,141,585</b>	<b>\$ -</b>	<b>\$ 150,000</b>	<b>\$ 250,000</b>	<b>\$ 1,555,948</b>

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

*Credit Risk:* The District's investments in federal securities and U.S. Treasury bills were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investments in the federal agency securities that underlie the District's repurchase agreement, were rated Aaa by Moody's Investor Services. The U.S. Treasury money market is not rated. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For the District's \$7,581,849 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**GIRARD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
FHLB	\$ 300,390	2.97
FNMA	751,216	7.44
FHLMC	100,838	1.00
Certificates of deposit	500,000	4.95
U.S. Treasury bills	303,504	3.01
Huntington money market	250,000	2.48
U.S. Treasury money market	309,736	3.07
Repurchase agreement	<u>7,581,849</u>	<u>75.08</u>
Total	<u>\$ 10,097,533</u>	<u>100.00</u>

**C. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,444,372
Investments	<u>10,097,533</u>
Total	<u>\$ 12,541,905</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 12,208,656
Private-purpose trust funds	253,585
Agency funds	<u>79,664</u>
Total	<u>\$ 12,541,905</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances at June 30, 2011 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental fund	<u>\$ 163</u>

The primary purpose of the interfund balance is to cover costs in specific funds where revenues were not received by June 30. The interfund balances will be repaid once the anticipated revenues are received. The interfund balance is expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

- B.** Interfund balances for the year ended June 30, 2011, consisted of the following due to/from other funds, as reported on the fund financial statements:

	Due from other funds	Due to other funds
General fund	\$ 12,070	\$ -
<u>Nonmajor governmental funds:</u>		
Vocational education enhancement	-	3,760
Improving teacher quality	-	8,310
Total	\$ 12,070	\$ 12,070

The primary purpose of the interfund balances is to cover negative cash balances in the nonmajor governmental funds. These negative cash balances are not allowable as they do not meet the criteria of Ohio Revised Code Section 3315.20(A). These interfund balances are expected to be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 6 - PROPERTY TAXES - (Continued)**

The District receives property taxes from Trumbull County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$24,512 in the general fund, \$5,606 in the bond retirement fund and \$1,251 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2010 was \$29,256 in the general fund, \$7,503 in the bond retirement fund and \$1,445 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 137,661,660	94.31	\$ 137,771,130	94.46
Public utility personal	8,134,280	5.57	8,075,560	5.54
Tangible personal property	<u>177,690</u>	<u>0.12</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 145,973,630</u>	<u>100.00</u>	<u>\$ 145,846,690</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$54.25		\$54.15

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2011 consisted of taxes, accounts and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of general funds. A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Taxes	\$ 5,898,169
Accounts	28,153
Intergovernmental	<u>1,544,954</u>
Total	<u>\$ 7,471,276</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 7 – RECEIVABLES - (Continued)**

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

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance <u>6/30/10</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/11</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 644,177	\$ -	\$ -	\$ 644,177
Construction in progress	<u>18,740,204</u>	<u>3,128,015</u>	<u>(21,868,219)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>19,384,381</u>	<u>3,128,015</u>	<u>(21,868,219)</u>	<u>644,177</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	541,320	1,080,241	(119,241)	1,502,320
Buildings and improvements	17,422,316	21,868,219	(1,771,449)	37,519,086
Furniture and equipment	1,703,693	741,588	(1,216,896)	1,228,385
Vehicles	<u>1,091,437</u>	<u>75,511</u>	<u>-</u>	<u>1,166,948</u>
Total capital assets, being depreciated	<u>20,758,766</u>	<u>23,765,559</u>	<u>(3,107,586)</u>	<u>41,416,739</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(418,338)	(119,897)	119,241	(418,994)
Buildings and improvements	(5,496,543)	(692,580)	1,419,074	(4,770,049)
Furniture and equipment	(1,586,582)	(87,437)	1,192,007	(482,012)
Vehicles	<u>(868,325)</u>	<u>(52,398)</u>	<u>-</u>	<u>(920,723)</u>
Total accumulated depreciation	<u>(8,369,788)</u>	<u>(952,312)</u>	<u>2,730,322</u>	<u>(6,591,778)</u>
Governmental activities capital assets, net	<u>\$ 31,773,359</u>	<u>\$ 25,941,262</u>	<u>\$ (22,245,483)</u>	<u>\$ 35,469,138</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 703,127
Special	41,992
Vocational	10,512
 <u>Support services:</u>	
Instructional staff	16,263
Administration	1,908
Fiscal	39
Operations and maintenance	4,026
Pupil transportation	59,116
Extracurricular activities	110,043
Food service operations	<u>5,286</u>
 Total depreciation expense	 <u><u>\$ 952,312</u></u>

**NOTE 9 - CAPITALIZED LEASE - LESSEE DISCLOSURE**

In prior years, the District entered into a capitalized lease for building improvements through the Girard Community Improvement Corporation. This lease agreement met the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of building improvements have been capitalized in the amount of \$1,855,000. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Accumulated depreciation as of June 30, 2011 was \$482,300, leaving a current book value of \$1,372,700. Principal and interest payments in fiscal year 2011 totaled \$100,000 and \$42,000, respectively, paid by the general fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 9 - CAPITALIZED LEASE - LESSEE DISCLOSURE - (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2011:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 136,750
2013	131,500
2014	126,250
2015	121,000
2016	115,750
2017 - 2018	<u>215,750</u>
Total	847,000
Less: amount representing interest	<u>(147,000)</u>
Present value of minimum lease payments	<u>\$ 700,000</u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2011, the following changes occurred in governmental activities long-term obligations:

	<u>Interest Rate</u>	<u>Balance Outstanding 6/30/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding 6/30/11</u>	<u>Amounts Due in One Year</u>
<b>Governmental activities:</b>						
<u>General obligation bonds:</u>						
Refunding bonds	3.85-5.75%	\$ 3,240,000	\$ -	\$ (235,000)	\$ 3,005,000	\$ 260,000
Classroom facilities and school improvement bonds	3.50-4.40%	<u>8,603,804</u>	<u>21,617</u>	<u>(220,000)</u>	<u>8,405,421</u>	<u>225,000</u>
Total bonds payable		<u>11,843,804</u>	<u>21,617</u>	<u>(455,000)</u>	<u>11,410,421</u>	<u>485,000</u>
<u>Other long-term obligations:</u>						
Capital lease obligation	5.39-5.65%	800,000	-	(100,000)	700,000	100,000
Compensated absences		<u>1,113,709</u>	<u>167,146</u>	<u>(147,690)</u>	<u>1,133,165</u>	<u>227,078</u>
Total other long-term obligations		<u>1,913,709</u>	<u>167,146</u>	<u>(247,690)</u>	<u>1,833,165</u>	<u>327,078</u>
Total governmental activities		<u>\$ 13,757,513</u>	<u>\$ 188,763</u>	<u>\$ (702,690)</u>	13,243,586	<u>\$ 812,078</u>
			Add: Unamortized premium on bond issues		387,621	
			Less: Unamortized deferred charges on refunding		<u>(142,298)</u>	
			Total reported on statement of net assets		<u>\$ 13,488,909</u>	

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**B. Refunding Bonds**

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

The reacquisition price exceeded the net carrying amount of the old debt by \$228,240. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

**C. Classroom Facilities and School Improvement Bonds**

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

The issue is comprised of both current interest bonds, par value \$8,870,000, and capital appreciation bonds, par value \$129,997. The interest rates on the current interest bonds range from 3.50% to 4.40%. The capital appreciation bonds mature on December 1, of 2020, and 2021 (stated interest rate of 12.075%) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$630,000. A total of \$65,424 in interest has been accreted on the capital appreciation bonds as of June 30, 2011.

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

At June 30, 2011, \$1,840,971 of proceeds from this bond issue are unspent.



**GIRARD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a schedule of activity for fiscal year 2011 for the classroom facilities and school improvement bonds - series 2007:

	Balance			Balance	Amounts
	<u>6/30/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/11</u>	<u>Due in</u> <u>One Year</u>
G.O. bonds - series 2007					
Current interest bonds	\$ 8,430,000	\$ -	\$ (220,000)	\$ 8,210,000	\$ 225,000
Capital appreciation bonds	129,997	-	-	129,997	-
Accreted interest	<u>43,807</u>	<u>21,617</u>	<u>-</u>	<u>65,424</u>	<u>-</u>
Total G.O. bonds - series 2007	<u>\$ 8,603,804</u>	<u>\$ 21,617</u>	<u>\$ (220,000)</u>	<u>\$ 8,405,421</u>	<u>\$ 225,000</u>

**D.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2011, are as follows:

Fiscal Year Ended	<u>Refunding Bonds - Series 2006</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 260,000	\$ 169,550	\$ 429,550
2013	280,000	153,350	433,350
2014	295,000	136,100	431,100
2015	310,000	117,950	427,950
2016	330,000	98,750	428,750
2017 - 2020	<u>1,530,000</u>	<u>182,425</u>	<u>1,712,425</u>
Total	<u>\$ 3,005,000</u>	<u>\$ 858,125</u>	<u>\$ 3,863,125</u>

Fiscal Year Ended	<u>Classroom Facilities and School Improvement Bonds - Series 2007</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 225,000	\$ 335,970	\$ 560,970	\$ -	\$ -	\$ -
2013	235,000	327,920	562,920	-	-	-
2014	245,000	319,520	564,520	-	-	-
2015	250,000	310,857	560,857	-	-	-
2016	260,000	301,608	561,608	-	-	-
2017 - 2021	1,145,000	1,351,599	2,496,599	68,818	246,182	315,000
2022 - 2026	1,340,000	1,150,686	2,490,686	61,179	253,821	315,000
2027 - 2031	2,015,000	774,725	2,789,725	-	-	-
2032 - 2036	<u>2,495,000</u>	<u>284,350</u>	<u>2,779,350</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,210,000</u>	<u>\$ 5,157,235</u>	<u>\$ 13,367,235</u>	<u>\$ 129,997</u>	<u>\$ 500,003</u>	<u>\$ 630,000</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**E. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2011, are a voted debt margin of \$2,046,020 (including available funds of \$264,815) and an unvoted debt margin of \$145,847.

**NOTE 11 - OTHER EMPLOYEE BENEFITS**

**Compensated Absences**

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

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

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

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

The District maintains replacement cost insurance on buildings and contents, which includes boiler and machinery, in the amount of \$49,761,286 with a \$5,000 deductible.

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

**B. Employee Benefits**

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

For fiscal year 2011, the District contracted with the Trumbull County Schools Employee Insurance Benefits Consortium to provide employee medical/surgical benefits. The Trumbull County Schools Employee Insurance Benefits Consortium is a shared risk pool comprised of sixteen Trumbull County school districts. Rates are set through an annual calculation process. The District pays a monthly contribution into a common consortium fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 12 - RISK MANAGEMENT - (Continued)**

**C. Group Workers Compensation Group Rating Plan**

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

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$223,453, \$232,143 and \$156,961, respectively; 54.72 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**B. State Teachers Retirement System of Ohio**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 13 - PENSION PLANS - (Continued)**

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

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

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$916,016, \$910,046 and \$898,736, respectively; 83.40 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$44,173 made by the District and \$31,552 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "*Media/Financial Reports*".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010 and 2009 were \$63,386, \$41,517 and \$104,579, respectively; 54.72 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$14,380, \$13,805 and \$12,951, respectively; 54.72 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

**B. State Teachers Retirement System of Ohio**

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$70,463, \$70,004 and \$69,134, respectively; 83.40 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 110,585
Net adjustment for revenue accruals	6,035
Net adjustment for expenditure accruals	240,717
Net adjustment for other sources	(110,618)
Funds budgeted elsewhere *	4,308
Adjustment for encumbrances	173,080
GAAP basis	\$ 424,107

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

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

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

**NOTE 17 - SET-ASIDES**

The District is required by State statute to annually set-aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. These amounts must be carried forward to be used for the same purposes in future years.



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 17 - SET-ASIDES - (Continued)**

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance June 30, 2010	\$ 409,411	\$ -
Current year set-aside requirement	253,160	253,160
Current year qualifying expenditures	(246,167)	(368,755)
Current year offsets	<u>-</u>	<u>(260,184)</u>
Total	<u>\$ 416,404</u>	<u>\$ (375,779)</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2011	<u>\$ -</u>	<u>\$ -</u>

Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. The balance is therefore not being presented as being carried forward to the future fiscal year. Although the District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years.

A schedule of the restricted assets at June 30, 2011 follows:

Amount restricted for textbooks/instructional materials	<u>\$ 416,404</u>
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**NOTE 18 - OTHER COMMITMENTS**

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 161,652
Permanent improvement	621,505
Classroom facilities	576,879
Other governmental	<u>89,191</u>
Total	<u>\$ 1,449,227</u>

GIRARD CITY SCHOOL DISTRICT  
TRUMBULL COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education</i>				
Nutrition Cluster:				
National School Breakfast Program		10.553	52,060	52,060
National School Lunch Program		10.555	353,593	353,593
Total Nutrition Cluster			405,653	405,653
School Lunch Equipment		10.579	5,700	5,700
Total U.S. Department of Agriculture			<b>411,353</b>	<b>411,353</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	C1-S1 2010	84.010		90,873
Title I Grants to Local Educational Agencies	C1-S1 2011	84.010	517,112	480,089
Title I Part A Stimulus	ARRA - 2010	84.389		45,554
Title I Part A Stimulus	ARRA - 2011	84.389	179,223	156,894
Total Title I Grants to Local Agencies Cluster			<b>696,335</b>	<b>773,410</b>
IDEA, Part B Grant	6B-SF-2011	84.027	383,538	383,538
IDEA, Part B Stimulus	ARRA - 2010	84.391		36,547
IDEA, Part B Stimulus	ARRA - 2011	84.391	226,115	206,379
Total IDEA, Part B Cluster			<b>609,653</b>	<b>626,464</b>
State Fiscal Stabilization Fund (SFSF)	ARRA	84.394	<b>648,606</b>	<b>648,606</b>
Title II-A Grant	TR-S1-2010	84.367		8,787
Title II-A Grant	TR-S1-2011	84.367	86,840	95,150
Total Title II-A Grant			<b>86,840</b>	<b>103,937</b>
Title II-D Grant	IDL-2010	84.318	6,993	7,371
Title II-D Grant	IDVL-2011	84.318	1,893	1,703
Total Title II-D Grant			<b>8,886</b>	<b>9,074</b>
Title IV-A Grant	2010	84.186		<b>2,339</b>
Education Jobs Fund		84.410	<b>45,517</b>	<b>1,347</b>
<b>Total Department of Education</b>			<b>\$ 2,507,190</b>	<b>\$ 2,576,530</b>

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

**GIRARD CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants and local receipts. It is assumed federal monies are expended first.

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# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Girard City School District, Trumbull County, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 13, 2012, in which we noted the District implemented Government Accounting Standards Board Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

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

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

### Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 13, 2012.

We intend this report solely for the information and use of management, the audit committee, Board of Education, and federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

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

**Dave Yost**  
Auditor of State

January 13, 2012



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### Compliance

We have audited the compliance of Girard City School District, Trumbull County (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Girard City School District's major federal programs for the year ended June 30, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

In our opinion, Girard City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

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



**Dave Yost**  
Auditor of State

January 13, 2012



**GIRARD CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2011**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I (84.010/.389) Special Education Cluster (84.027/.391) State Fiscal Stabilization Fund (84.394)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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**GIRARD CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2011**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2010-01	State Fiscal Stabilization Fund - Period of Availability	Yes	Already implemented
2010-02	Time and Effort Logs and Semi-annual Certification – Allowable Costs/Cost Principals	Yes	Already implemented
2010-03	State Fiscal Stabilization Fund Full Time Equivalents Reported - Reporting	Yes	Already implemented

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on December 20, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

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

**Dave Yost**  
Auditor of State

January 13, 2012

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# Dave Yost • Auditor of State

**GIRARD CITY SCHOOL DISTRICT**

**TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 14, 2012**