

Girard City School District

Girard, Ohio

General Purpose Financial Statements

For the Year Ended June 30, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Girard City School District
Girard, Ohio

We have reviewed the Independent Auditor's Report of the Girard City School District, Trumbull County, prepared by Reali, Giampetro & Scott, for the audit period July 1, 1999 to June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

February 23, 2001

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INTRODUCTORY SECTION

GIRARD CITY BOARD OF EDUCATION

**LIST OF PRINCIPAL OFFICIALS
June 30, 2000**

BOARD OF EDUCATION

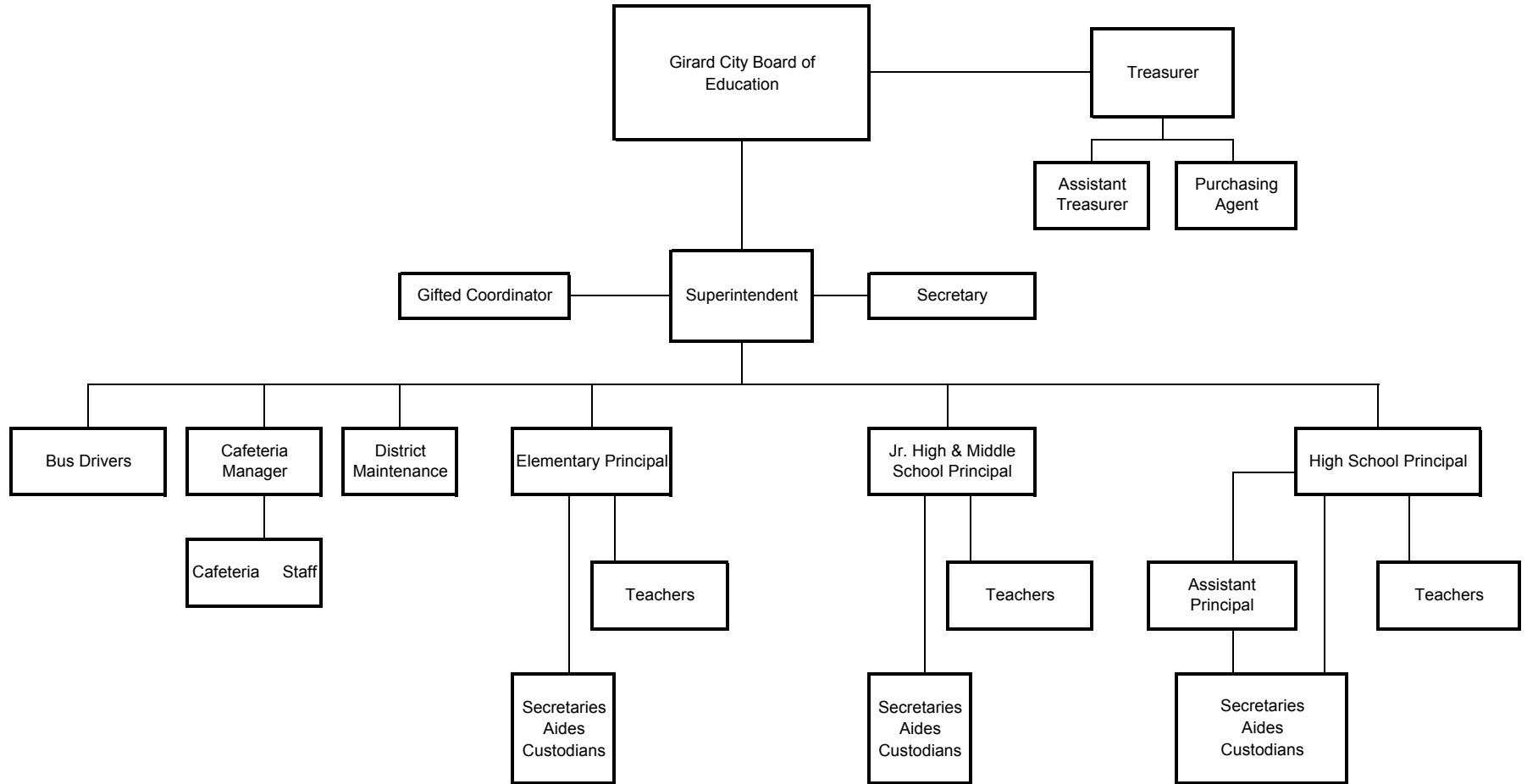
Mr. Richard Ragozine.....President
Mrs. Rosemary Owens.....Vice President
Mr. Jamie DeVore.....Member
Mrs. Stephanie Frankford.....Member
Mrs. Jane Harris.....Member

TREASURER.....Mark Bello

ADMINISTRATION

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

ORGANIZATIONAL CHART





Reali, Giampetro & Scott

A Professional Corporation

3850 Starrs Centre Drive, Canfield, OH 44406

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Education
Girard City School District
Girard, Ohio

We have audited the accompanying general purpose financial statements of the Girard City School District as of and for the year ended June 30, 2000, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Girard City School District as of June 30, 2000, and the results of its operations and cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated January 9, 2001, on our consideration of Girard City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Reali, Giampetro & Scott
January 9, 2001

GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
ASSETS AND OTHER DEBITS									
ASSETS:									
Equity in pooled cash and cash equivalents	\$497,301	\$691,411	\$2	\$4,016,512	\$10,218	\$263,215			\$5,478,659
Equity in pooled cash and cash equivalents - nonexpendable trust fund						11,348			11,348
Receivables (net of allowances of uncollectibles):									
Taxes - current & delinquent	3,198,888	540,872	648,367	142,234					4,530,361
Accounts	14,604	1,236							15,840
Accrued interest	3,167			26,531					29,698
Intergovernmental	1,050	6,962			27,421				35,433
Due from other funds						171,063			171,063
Prepayments	2,711								2,711
Materials and supplies inventory					2,366				2,366
Restricted assets:									
Equity in pooled cash and cash equivalents	169,442								169,442
Property, plant and equipment (net of accumulated depreciation where applicable)					69,521		\$10,638,387		10,707,908
OTHER DEBITS:									
Amount available in debt service fund								\$1,155	1,155
Amount to be provided for retirement of general long-term obligations								10,787,483	10,787,483
Total assets and other debits	\$3,887,163	\$1,240,481	\$648,369	\$4,185,277	\$109,526	\$445,626	\$10,638,387	\$10,788,638	\$31,943,467

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

--Continued

GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
 JUNE 30, 2000

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
LIABILITIES, EQUITY AND OTHER CREDITS									
LIABILITIES:									
Accounts payable	\$22,242	\$726		\$705,633	\$26	\$20,056			\$748,683
Accrued wages and benefits	818,620	91,988			9,597				920,205
Compensated absences payable	12,808				13,241			\$942,862	968,911
Pension obligation payable								67,094	229,916
Due to other funds	153,614	14,810			2,639				171,063
Intergovernmental payable	2,890	245			56			205,222	208,413
Deferred revenue	3,133,201	529,910	\$632,214	141,981	2,101				4,439,407
Due to students								36,986	36,986
Early retirement incentive payable	206,512								206,512
General obligation notes payable								638,682	638,682
General obligation bonds payable								6,045,000	6,045,000
Capital leases payable								3,095,000	3,095,000
Total liabilities	4,349,887	637,679	632,214	847,614	27,660	425,086		10,788,638	17,708,778
EQUITY AND OTHER CREDITS:									
Investment in general fixed assets							\$10,638,387		10,638,387
Retained earnings: unreserved					81,866				81,866
Fund balances:									
Reserved for encumbrances	247,647	33,402		2,275,946					2,572,601
Reserved for prepayments	2,711								2,711
Reserved for principal endowment								10,000	10,000
Reserved for tax revenue unavailable for appropriation	65,687	10,962	16,153	253					93,055
Reserved for debt service			2						2
Reserved for budget stabilization	169,442								169,442
Unreserved-undesignated (deficit)	(948,211)	558,438		1,061,464		(5,066)			666,625
Total equity and other credits	(462,724)	602,802	16,155	3,337,663	81,866	20,540	10,638,387		14,234,689
Total liabilities, equity and other credits	\$3,887,163	\$1,240,481	\$648,369	\$4,185,277	\$109,526	\$445,626	\$10,638,387	\$10,788,638	\$31,943,467

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2000

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expensible Trust	
Revenues:						
From local sources:						
Taxes	\$2,716,268	\$470,908	\$365,066	\$58,621		\$3,610,863
Earnings on investments	113,870	3,104		145,148		262,122
Transportation fees	22,017					22,017
Extracurricular		137,741				137,741
Other local revenues	161,545	33,686				195,231
Other revenue	24,738			49,585		74,323
Scholarship and Private Foundation Grant					\$26,552	26,552
Intergovernmental - State	6,161,788	785,018	42,906	117,808		7,107,520
Intergovernmental - Federal	67,772	476,172				543,944
Total revenues	9,267,998	1,906,629	407,972	371,162	26,552	11,980,313
Expenditures:						
Current:						
Instruction:						
Regular	4,995,653	329,423		54,346		5,379,422
Special	609,034	561,351				1,170,385
Vocational	94,930				1,360	96,290
Other	326,530	2,262				328,792
Support services:						
Pupil	489,424	5,973				495,397
Instructional staff	186,623	6,200				192,823
Board of Education	24,410					24,410
Administration	934,609	15,730				950,339
Fiscal	206,424	12,770	6,676	1,136		227,006
Operations and maintenance	911,717					911,717
Pupil transportation	358,273					358,273
Central	8,872	15				8,887
Community services		28,408			22,000	50,408
Extracurricular activities	358,196	121,483				479,679
Facilities acquisition and construction	24,245			2,600,102		2,624,347
Intergovernmental pass through		138,911				138,911
Debt service:						
Principal retirement	250,000		412,889			662,889
Interest and fiscal charges	130,115		214,092			344,207
Total expenditures	9,909,055	1,222,526	633,657	2,655,584	23,360	14,444,182
Excess of revenues over (under) expenditures	(641,057)	684,103	(225,685)	(2,284,422)	3,192	(2,463,869)
Other financing sources (uses):						
Operating transfers in	489,432		220,244			709,676
Operating transfers out	(248,585)	(489,432)				(738,017)
Premium/accrued interest on bonds sold			11,623			11,623
Pass through payments				(50,585)		(50,585)
Proceeds from sale of bonds				5,300,000		5,300,000
Proceeds from sale of fixed assets	6,981					6,981
Total other financing sources (uses)	247,828	(489,432)	231,867	5,249,415		5,239,678
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(393,229)	194,671	6,182	2,964,993	3,192	2,775,809
Fund balances (deficit), July 1	(69,495)	408,131	9,973	372,670	6,000	727,279
Fund balances (deficit), June 30	(\$462,724)	\$602,802	\$16,155	\$3,337,663	\$9,192	\$3,503,088

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2000

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
Revenues:															
From local sources:															
Taxes.....	\$2,750,806	\$2,759,839	\$9,033	\$480,714	\$480,714	\$0	\$358,886	\$358,886	\$0	\$58,368	\$58,368	\$0	\$3,648,774	\$3,657,807	\$9,033
Earnings on investments.....	117,544	117,930	386	3,104	3,104	0				118,617	118,617	0	239,265	239,651	386
Transportation fees.....	21,945	22,017	72										21,945	22,017	72
Extracurricular.....				136,777	137,066	289							136,777	137,066	289
Other local revenues.....	90,554	90,851	297	33,686	33,686	0							124,240	124,537	297
Other revenue.....	24,657	24,738	81							49,585	49,585		74,242	74,323	81
Intergovernmental - State.....	6,143,372	6,163,546	20,174	785,018	785,018	0	42,906	42,906	0	117,808	117,808	0	7,089,104	7,109,278	20,174
Intergovernmental - Federal.....	68,805	69,031	226	469,210	469,210	0							538,015	538,241	226
Total revenues.....	<u>9,217,683</u>	<u>9,247,952</u>	<u>30,269</u>	<u>1,908,509</u>	<u>1,908,798</u>	<u>289</u>	<u>401,792</u>	<u>401,792</u>	<u>0</u>	<u>344,378</u>	<u>344,378</u>	<u>0</u>	<u>11,872,362</u>	<u>11,902,920</u>	<u>30,558</u>
Expenditures:															
Current:															
Instruction:															
Regular.....	4,760,883	4,760,883	0	334,783	334,783	0				16,377	16,377	0	5,112,043	5,112,043	0
Special.....	606,102	606,102	0	563,493	560,906	2,587							1,169,595	1,167,008	2,587
Vocational.....	134,884	134,884	0										134,884	134,884	0
Other.....	338,967	338,967	0	2,262	2,262	0							341,229	341,229	0
Support services:															
Pupil.....	476,989	476,989	0	5,974	5,974	0				194,947	194,947	0	677,910	677,910	0
Instructional staff.....	200,550	200,550	0	6,200	6,200	0							206,750	206,750	0
Board of Education.....	25,607	25,607	0										25,607	25,607	0
Administration.....	940,785	940,785	0	16,425	16,425	0							957,210	957,210	0
Fiscal.....	207,677	207,677	0	12,306	12,306	0	6,676	6,676	0	1,136	1,136	0	227,795	227,795	0
Operations and maintenance.....	953,040	953,040	0										953,040	953,040	0
Pupil transportation.....	405,195	405,195	0										405,195	405,195	0
Central.....	8,872	8,872	0	15	15	0							8,887	8,887	0
Community services.....				28,757	28,757	0							28,757	28,757	0
Extracurricular activities.....	357,841	357,841	0	127,296	127,296	0							485,137	485,137	0
Facilities acquisition and construction.....	431,160	431,160	0							4,657,095	4,657,095	0	5,088,255	5,088,255	0
Intergovernmental pass through.....				139,794	139,794	0							139,794	139,794	0
Debt service:															
Principal retirement.....							412,889	412,889	0				412,889	412,889	0
Interest and fiscal charges.....							214,092	214,092	0				214,092	214,092	0
Total expenditures.....	<u>9,848,552</u>	<u>9,848,552</u>	<u>0</u>	<u>1,237,305</u>	<u>1,234,718</u>	<u>2,587</u>	<u>633,657</u>	<u>633,657</u>	<u>0</u>	<u>4,869,555</u>	<u>4,869,555</u>	<u>0</u>	<u>16,589,069</u>	<u>16,586,482</u>	<u>2,587</u>
Excess (deficiency) of revenues over (under) expenditures.....	(630,869)	(600,600)	30,269	671,204	674,080	2,876	(231,865)	(231,865)	0	(4,525,177)	(4,525,177)	0	(4,716,707)	(4,683,562)	33,145
Other financing sources (uses):															
Refund of prior year's expenditures.....	65,955	66,172	217										65,955	66,172	217
Operating transfers in.....	561,262	563,105	1,843				220,244	220,244	0				781,506	783,349	1,843
Operating transfers (out).....	(343,744)	(343,744)	0	(489,432)	(489,432)	0							(833,176)	(833,176)	0
Proceeds of sale of bonds.....										5,285,215	5,300,000	14,785	5,285,215	5,300,000	14,785
Proceeds of sale of fixed assets.....	6,958	6,981	23										6,958	6,981	23
Pass through payments.....										(50,585)	(50,585)	0	(50,585)	(50,585)	0
Premium/accrued interest on bonds sold.....							11,623	11,623	0				11,623	11,623	0
Total other financing sources (uses).....	<u>290,431</u>	<u>292,514</u>	<u>2,083</u>	<u>(489,432)</u>	<u>(489,432)</u>	<u>0</u>	<u>231,867</u>	<u>231,867</u>	<u>0</u>	<u>5,234,630</u>	<u>5,249,415</u>	<u>14,785</u>	<u>5,267,496</u>	<u>5,284,364</u>	<u>16,868</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses).....	(340,438)	(308,086)	32,352	181,772	184,648	2,876	2	2	0	709,453	724,238	14,785	550,789	600,802	50,013
Fund balances, July 1.....	674,053	674,053	0	471,613	471,613	0	0	0	0	369,660	369,660	0	1,515,326	1,515,326	0
Prior year encumbrances appropriated.....	118,255	118,255	0	18,676	18,676	0				3,010	3,010	0	139,941	139,941	0
Fund balances, June 30.....	<u>\$451,870</u>	<u>\$484,222</u>	<u>\$32,352</u>	<u>\$672,061</u>	<u>\$674,937</u>	<u>\$2,876</u>	<u>\$2</u>	<u>\$2</u>	<u>\$0</u>	<u>\$1,082,123</u>	<u>\$1,096,908</u>	<u>\$14,785</u>	<u>\$2,206,056</u>	<u>\$2,256,069</u>	<u>\$50,013</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS / FUND BALANCE
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2000

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Total (Memorandum Only)
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating revenues:			
Tuition and fees	\$13,165		\$13,165
Sales/charges for services	248,035		248,035
Interest earnings		\$625	625
Other	2,089		2,089
	<u>263,289</u>	<u>625</u>	<u>263,914</u>
Total operating revenues			
Operating expenses:			
Personal services	206,481		206,481
Contract services	12,881		12,881
Materials and supplies	246,026		246,026
Other operating expenses	9,469	250	9,719
Depreciation	6,494		6,494
	<u>481,351</u>	<u>250</u>	<u>481,601</u>
Total operating expenses			
Operating income (loss)	<u>(218,062)</u>	<u>375</u>	<u>(217,687)</u>
Nonoperating revenues:			
Operating grants	27,420		27,420
Intergovernmental - state	9,039		9,039
Federal commodities	191,644		191,644
	<u>228,103</u>		<u>228,103</u>
Total nonoperating revenues			
Net income before operating transfers	10,041	375	10,416
Operating transfers in	28,341		28,341
Net income	38,382	375	38,757
Retained earnings / fund balance at July 1	43,484	10,973	54,457
Retained earnings / fund balance at June 30	<u>\$81,866</u>	<u>\$11,348</u>	<u>\$93,214</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

GIRARD CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2000

	Proprietary Fund Type	Fiduciary Fund Type	
	Enterprise	Nonexpendable Trust	Total (Memorandum Only)
Cash flows from operating activities:			
Cash received from tuition and fees	\$13,165		\$13,165
Cash received from sales/service charges	248,035		248,035
Cash received from other operations	2,089		2,089
Cash payments for personal services	(205,941)		(205,941)
Cash payments for contract services	(12,855)		(12,855)
Cash payments for materials and supplies	(218,344)		(218,344)
Cash payments for other expenses	(9,469)	(\$250)	(9,719)
Net cash used in operating activities	(183,320)	(250)	(183,570)
Cash flows from noncapital financing activities:			
Cash received from operating grants	156,805		156,805
Cash received from operating transfers in	28,341		28,341
Net cash provided by noncapital financing activities	185,146		185,146
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(17,613)		(17,613)
Net cash used in capital and related financing activities	(17,613)		(17,613)
Cash flows from investing activities:			
Interest received		625	625
Net cash provided by investing activities		625	625
Net increase (decrease) in cash and cash equivalents	(15,787)	375	(15,412)
Cash and cash equivalents at beginning of year	26,005	10,973	36,978
Cash and cash equivalents at end of year	\$10,218	\$11,348	\$21,566
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	(\$218,062)	\$375	(\$217,687)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation	6,494		6,494
Federal donated commodities	43,877		43,877
Interest reported as operating income		(625)	(625)
Changes in assets and liabilities:			
Decrease in materials and supplies inventory	5,813		5,813
Increase in accounts payable	(17,784)		(17,784)
Increase in accrued wages and benefits	1,765		1,765
Increase in compensated absences payable	4,169		4,169
Increase in intergovernmental payable	13		13
Increase in due to other funds	(5,407)		(5,407)
Decrease in deferred revenue	(4,198)		(4,198)
Net cash used in operating activities	(\$183,320)	(\$250)	(\$183,570)

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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 member) and is responsible for the provision of public education to residents of the District.

The District is the 318th largest in the State of Ohio (among the 660 public and community school districts) in terms of enrollment. The average daily membership (ADM) as of June 30, 2000, was 1,804. The District employed 117 certified employees and 43 non-certificated 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 acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

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

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

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

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

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

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

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

Based upon the application of this criteria, the District has no component units. Management believes the financial statements included in this report represent all of the funds of the District over which the District is financially accountable. The following organization is described due to its relationship with the District:

JOINTLY GOVERNED ORGANIZATION

North East Ohio Management Information Network (NEOMIN)

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

Superintendents and Treasurers of the participating school districts are eligible to be voting members of the Governing Board which consists of ten voting members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts, and one treasurer from each of the aforementioned counties (non-voting members who must be employed by a participating school district, the fiscal agent, or NEOMIN). The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A copy of NEOMIN's financial statements may be obtained from the Trumbull County Education Service Center, 347 North Park Avenue, Warren, Ohio 44481.

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

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

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

GOVERNMENTAL FUNDS - (Continued)

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

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

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 where the determination of net income is necessary or useful to sound financial administration. The following are the District's proprietary fund types:

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

FIDUCIARY FUNDS

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

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

FIDUCIARY FUNDS – (Continued)

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

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

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used.

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the proprietary funds.

C. Measurement Focus/Basis of Accounting

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

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

All proprietary and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for governmental, expendable trust, and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Current property taxes measurable as of June 30, 2000, and which are intended to finance fiscal 2001 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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

The proprietary and nonexpendable trust funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense and a like amount is reported as deferred commodities revenue.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

D. Budgets and Budgetary Accounting

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

1. A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January.
2. The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. During the month of July, this certificate is amended to include any unencumbered balances from the preceding fiscal year.
3. An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Board of Education usually adopts three-month temporary appropriations at its regular board meeting in June. The Annual Appropriation Resolution is usually adopted at the September regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Individual building and/or departments may transfer funds within their budgets upon review and approval of the Treasurer, Superintendent, and the Board of Education. Appropriations may not exceed estimated resources and expenditures any not exceed appropriations in any fund at the fund level.
4. The District prepares its budget on a basis of accounting that differs from GAAP. The actual results of operations are presented in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types and Expendable Trust Fund" in accordance with the budget basis of accounting. A reconciliation between the budget basis and GAAP basis of accounting is presented in Note 16.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

5. Encumbrances are not liabilities and therefore are not recorded as expenditures until receipt of material or service. As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. On the GAAP basis, encumbrances outstanding at year-end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$113,870, which includes \$71,932 assigned from other District funds.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

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

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

F. Inventory

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

G. Fixed Assets and Depreciation

1. *General Fixed Assets Account Group*

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

2. *Proprietary Funds*

Equipment reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Furniture, fixtures and equipment	8-20

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

H. Intergovernmental Revenues

In governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants for proprietary fund operations are recognized as non-operating when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program
School Bus Purchase Allocation

Special Revenue Funds

Education Management Information Systems (EMIS)

Non-Reimbursable Grants

Special Revenue Funds

Title VI-B
Emergency Levy
Disadvantaged Pupil Impact Aid
Title I
Title VI
Professional Development Block Grant
Auxiliary Services
SchoolNet Professional Development
Power Up
Ohio Reads
School Improvement
Character Education
Safe School Helpline
Safe and Drug-Free School
Student Assistance
School to Work
Management Information System
Virtual Middle School

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

Non-Reimbursable Grants (Continued)

Capital Projects Funds
Permanent Improvements
Technology Equity
School Net

Reimbursable Grants

General Fund
Driver Education Reimbursement
Enterprise Funds
National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 64% of the District's operating revenue during the 2000 fiscal year.

I. Compensated Absences

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

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

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

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

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

J. Long-Term Obligations

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

K. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, principal endowment, prepayments, tax advance unavailable for appropriation, and budget stabilization. Although the nonexpendable trust fund uses the total economic resources measurement focus, the fund equity is reserved for the amount of principal endowment. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for property tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriations under State statute.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

L. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable or payable". The District had no short-term interfund loans receivable or payable at June 30, 2000.
4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had no long-term advances receivable or payable at June 30, 2000.

An analysis of interfund transactions is presented in Note 5.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established. See Note 19 for detail of statutory reserves.

N. Estimates

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

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

O. Parochial/Private Schools

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

P. Memorandum Only - Total Columns

Total columns on the GPFS are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Deficit Fund Balances

Fund balance at June 30, 2000 included the following individual fund deficits:

	<u>Deficit Balance</u>
General Fund	\$462,724
<u>Capital Projects Funds</u>	
Power Up	20,997

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end.

The deficit fund balance in the general fund is caused by the application of GAAP namely in the reporting of a liability for accrued wages, benefits, and pension obligations attributable to the fiscal year. This deficit balance will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30.

The deficit fund balance in the Power Up capital projects fund is caused by the application of GAAP namely in the reporting of a liability for accounts payable. This deficit balance will be eliminated by intergovernmental revenues and other subsidies not recognized and recorded at June 30.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the District into three categories:

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

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

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

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

Interim monies may be invested or deposited 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 or 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;

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days 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 instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Deposits: At year-end, the carrying amount of the District's deposits was \$2,829,320 and the bank balance was \$3,121,549 (including certificate of deposits of \$3,000,000). Of the bank balance:

1. \$200,000 was covered by Federal Depository Insurance Corporation (FDIC); and
2. \$2,921,549 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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

	<u>Category 3</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Repurchase agreements	<u>\$49,016</u>	\$ 49,016	\$ 49,016
Total	<u>\$49,016</u>		
Investment in STAR Ohio		<u>2,781,113</u>	<u>2,781,113</u>
Total investments		<u>\$2,830,129</u>	<u>\$2,830,129</u>

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

A reconciliation between the classifications of cash and cash equivalents on the combined balance sheet (per GASB Statement No. 9) and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 5,659,449	\$ 0
Investments of the Cash Management pool:		
Repurchase agreements	(49,016)	49,016
Investment in STAR Ohio	<u>(2,781,113)</u>	<u>2,781,113</u>
 GASB Statement No. 3	 <u>\$ 2,829,320</u>	 <u>\$2,830,129</u>

NOTE 5 - INTERFUND TRANSACTIONS

1. The following is a summarized breakdown of the District's operating transfers during fiscal year 2000:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$489,432	\$248,585
<u>Special Revenue Funds</u>		
Emergency Levy	- - -	489,432
Debt Service Fund	220,244	- - -
<u>Enterprise Funds</u>		
Food Service	<u>28,341</u>	<u>- - -</u>
Total	<u>\$738,017</u>	<u>\$738,017</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. The following is a summarized breakdown of amounts “due to” and “due from” other funds for pension obligations and worker’s compensation payments:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$153,614	\$ ---
<u>Special Revenue Funds</u>		
Auxiliary Services	2,285	---
Disadvantaged Pupil Impact Aid	4,779	---
Title I	7,746	---
<u>Enterprise Funds</u>		
Food Service	2,639	---
<u>Agency Funds</u>		
District Agency	<u>---</u>	<u>171,063</u>
Totals	<u>\$171,063</u>	<u>\$171,063</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the District was completed in 1997, with an update to be done in 1999. The next revaluation is scheduled for 2002.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies which is assessed 50% of market and railroads which are assessed at 29%.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 6 - PROPERTY TAXES - (Continued)

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 1999 taxes were collected was \$132,412,546. Agricultural/Residential and public utility/minerals real estate represented 65.72% or \$87,013,590 of this total, Commercial & Industrial real estate represented 14.10% or \$18,672,460 of this total, public utility tangible represented 9.31% or \$12,328,200 of this total and general tangible property represented 10.87% or \$14,398,296 of this total. The voted general tax rate at the fiscal year ended June 30, 2000 was \$45.17 per \$1,000.00 of assessed valuation for operations, \$1.00 per \$1,000.00 of assessed valuation for permanent improvement, and \$4.64 per \$1,000.00 of assessed valuation for debt service.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31, (although the Trumbull County Auditor usually files for an extension in sending out tax bills so payment is then due by February 14th). If paid semi-annually, the first payment is usually due February 14, with the remainder payable June 20.

The Trumbull County Treasurer collects property taxes on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. A total of \$93,055 was available to the District as an advance and is recorded as revenue.

Taxes available for advance and recognized as revenue but not received by the district prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 7 - RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accrued interest, intergovernmental grants and entitlements (to the extent they relate to the current fiscal year) and accounts (billings for user charged services and student fees). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$3,198,888
Accounts	14,604
Accrued interest	3,167
Intergovernmental	1,050
 <u>Special Revenue Funds</u>	
Taxes - current and delinquent	540,872
Accounts	1,236
Intergovernmental	6,962
 <u>Debt Service Fund</u>	
Taxes - current and delinquent	\$648,367
 <u>Capital Projects Funds</u>	
Taxes - current and delinquent	142,234
Accrued interest	26,531
 <u>Enterprise Funds</u>	
Intergovernmental	27,421

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 8 - FIXED ASSETS

A summary of the changes in the general fixed assets account group during the fiscal year follows:

	<u>Balance July 1, 1999</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2000</u>
Land and improvements	\$ 246,043	\$ 48,574	\$ ---	\$ 294,617
Buildings	1,647,303	51,426	---	1,698,729
Property under capital lease	2,160,000	---	---	2,160,000
Furniture and equipment	3,221,471	122,445	(26,884)	3,317,032
Vehicles	600,731	17,413	---	618,144
Construction in progress	<u>---</u>	<u>2,549,865</u>	<u>---</u>	<u>2,549,865</u>
Total	<u>\$7,875,548</u>	<u>\$2,789,723</u>	<u>\$(26,884)</u>	<u>\$10,638,387</u>

The construction in progress at June 30 represents costs incurred by June 30 for the construction of the intermediate school. See Note 19 for contractual commitments related to this project.

A summary of the proprietary fixed assets at June 30, 2000 follows:

Furniture and equipment	\$145,222
Less: accumulated depreciation	<u>(75,701)</u>
Net fixed assets	<u>\$ 69,521</u>

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 9 - COMPENSATED ABSENCES

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

Classified employees earn five to twenty five days of vacation per year, depending upon length of service. Any vacation time which is unused as of the employee's anniversary date is expired and not available for use in a subsequent year unless approved by the Superintendent. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis.

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

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

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

NOTE 10 - EARLY RETIREMENT INCENTIVE

The District Board of Education approved an early retirement incentive program for the period of June 1, 1999 to May 31, 2000. Participation was open to employees who were at least fifty years old, qualified for retirement with years purchased by the Board, and agreed to retire within ninety days after notification that credit had been purchased. The credit could not exceed the lesser of three years or one-fifth of each member's total Ohio service. Participation is limited to 5% of STRS members within the District, although at the Superintendents discretion the percentage may be exceeded. The Board had the option of paying the liability in its entirety or in installments with interest. Early retirement incentive payments are reflected as general fund expenditures in the GPFS for governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 11 - LONG-TERM OBLIGATIONS

- A.** The District has various general obligation notes, bonds and capital leases outstanding at June 30, 2000. The following activities related to these obligations occurred during the fiscal year:

	<u>Balance July 1, 1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2000</u>
EPA Asbestos Loan	\$ 81,015	\$ - - -	\$ (9,532)	\$ 71,483
<p>Non-interest bearing with semi-annual payments of \$4,766. The note matures December, 2007.</p>				
Energy Conservation Notes	564,170	- - -	(167,641)	396,529
<p>(Authorized by House Bill 264) \$1,475,786 originally issued, with an interest rate of 6.65% and monthly payments of \$16,870. In 1997, the note was amended with an interest rate of 5.25% and monthly payments of \$16,096. The note matures August, 2002.</p>				
Energy Conservation Notes	<u>221,386</u>	<u>- - -</u>	<u>(50,716)</u>	<u>170,670</u>
<p>(2nd Phase), \$471,462 Originally issued, with an interest rate of 5.75% and monthly payments of \$5,194. The note matures June, 2003.</p>				
Total General Obligation Notes Payable	<u>\$866,571</u>	<u>\$ - - -</u>	<u>\$(227,889)</u>	<u>\$638,682</u>

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

	<u>Balance July 1, 1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2000</u>
Capital Lease-Girard Community Improvement	\$1,585,000	\$ - - -	\$(250,000)	\$1,335,000
<p>Issued in the amount of \$2,160,000, with an interest rate of 5.65%, the certificates were issued October, 1998. The lease matures in October, 2006.</p>				
Capital Lease-Girard Community Improvement	<u>1,855,000</u>	<u>- - -</u>	<u>(95,000)</u>	<u>1,760,000</u>
<p>Issued in the amount of \$1,855,000, with an interest rate of 5.39%, the certificates were issued June 4, 1998. The lease matures in June, 2018.</p>				
Total Capital Leases Payable	<u>\$3,440,000</u>	<u>\$ - - -</u>	<u>\$(345,000)</u>	<u>\$3,095,000</u>
 General Obligation Bonds Payable	 \$615,000	 \$ - - -	 \$(140,000)	 \$ 475,000
<p>Bonds issued September, 1995 with interest rates ranging from 4.6% to 7%, for the renovation of the High School and Stadium. The issue matures December, 2002.</p>				
General Obligation Bonds Payable	- - -	5,300,000	- - -	5,300,000
<p>Bonds issued December, 1999 with an interest rate of 5.5803%, for construction of the Intermediate School. The issue matures December, 2019.</p>				
Energy Conservation Bonds	<u>315,000</u>	<u>- - -</u>	<u>(45,000)</u>	<u>270,000</u>
<p>Bonds issued, with an interest rate of 5.0% October, 1995 for Energy Conservation Projects. The issue matures December, 2005.</p>				
Total General Obligation Bonds Payable	<u>\$930,000</u>	<u>\$5,300,000</u>	<u>\$(185,000)</u>	<u>\$6,045,000</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. During the year ended June 30, 2000, the following changes occurred in liabilities reported in the general long-term obligations account group. Compensated absences and the pension obligation will be paid from the fund from which the employee is paid. Payments on the general obligation notes and general obligation bonds are paid from the debt service fund. Capital lease payments are paid from the general fund (except as stated in Note 11.E.). Compensated absences are presented net of actual increases and decreases due to the practicality of determining these values.

	<u>Balance</u> <u>July 1, 1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2000</u>
General Obligation Notes Payable	\$ 866,571	\$ - - -	\$(227,889)	\$ 638,682
Capital Leases Payable	3,440,000	- - -	(345,000)	3,095,000
General Obligation Bonds Payable	930,000	5,300,000	(185,000)	6,045,000
Pension Obligation Payable	68,331	67,094	(68,331)	67,094
Compensated Absences Payable	<u>852,585</u>	<u>90,277</u>	<u>- - -</u>	<u>942,862</u>
Total General Long-Term Obligations	<u>\$6,157,487</u>	<u>\$5,457,371</u>	<u>\$(826,220)</u>	<u>\$10,788,638</u>

C. The following is a summary of the District's future annual debt service requirements to maturity for the general obligation notes and bonds:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
2001	\$ 599,952	\$ 351,227	\$ 951,179
2002	617,673	322,537	940,210
2003	484,130	297,479	781,609
2004	229,531	279,159	508,690
2005	239,531	268,479	508,010
Thereafter	<u>4,512,865</u>	<u>2,245,113</u>	<u>6,757,978</u>
Total	<u>\$6,683,682</u>	<u>\$3,763,994</u>	<u>\$10,447,676</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

- D. The District has leased certain real property to the Girard Community Improvement Corporation, Trustee under the Girard City School Building Declaration of Trust; the District is making installment payments on this lease agreement. This has been capitalized in the general fixed assets account group. Principal and interest payments totaling \$250,000 and \$82,490, respectively, have been recorded as debt service expenditures in the general fund. This obligation has an outstanding balance of \$1,335,000 at June 30, 2000.

Payment for the installment purchase obligations as of June 30, 2000:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2001	\$ 294,071
2002	257,065
2003	221,471
2004	211,584
2005	177,403
Thereafter	<u>439,097</u>
Total Minimum Lease Payment	1,600,691
Less: Amount Representing Interest	<u>(265,691)</u>
Present Value of Minimum Lease Payments	<u><u>\$1,335,000</u></u>

- E. The District has leased certain real property to the Girard Community Improvement Corporation, Trustee under the Girard City School Building Declaration of Trust; the District is making installment payments on this lease agreement. Principal and interest payments of \$95,000 and \$47,625, respectively, were paid from proceeds held by Huntington National Bank as Trustee for the lease agreement. These amounts are not reported on the District's GPFS. The District made an interest payment in the amount of \$47,625 which is recorded as a debt service expenditure in the general fund. This obligation has an outstanding balance of \$1,760,000 at June 30, 2000.

**GIRARD CITY SCHOOL DISTRICT
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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Payment for the installment purchase obligations as of June 30, 2000:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2001	\$ 185,500
2002	180,750
2003	176,000
2004	171,250
2005	166,500
Thereafter	<u>1,759,750</u>
Total Minimum Lease Payment	2,639,750
Less: Amount Representing Interest	<u>(879,750)</u>
Present Value of Minimum Lease Payments	<u>\$1,760,000</u>

F. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2000 are a voted debt margin of \$5,873,284 and an unvoted debt margin of \$132,413.

NOTE 12 - RISK MANAGEMENT

A. General Risk

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

General liability insurance was maintained in the amount of \$1,000,000 for each occurrence and \$5,000,000 in the aggregate, general liability coverage for employees and board members was maintained in the amount \$1,000,000 for each occurrence and \$1,000,00 in the aggregate.

**GIRARD CITY SCHOOL DISTRICT
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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 12 - RISK MANAGEMENT - (Continued)

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

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

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

Settled claims have not exceeded this commercial coverage in any of the past three years.

B. Health Insurance

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

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

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 13 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2000.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating revenue	\$ 247,895	\$15,394	\$ 263,289
Operating expenses before depreciation	460,543	14,314	474,857
Depreciation	6,494	---	6,494
Operating income (loss)	(219,142)	1,080	(218,062)
Operating grants	27,420	---	27,420
Donated commodities	191,644	---	191,644
Operating transfers in	28,341	---	28,341
Net income	37,302	1,080	38,382
Fixed assets: Additions	17,613	---	17,613
Net working capital	17,110	8,476	25,586
Total assets	101,050	8,476	109,526
Total liabilities	27,660	---	27,660
Total equity	73,390	8,476	81,866
Encumbrances at 6/30/00	1,742	---	1,742

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for 2000; 5.55 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$163,142, \$160,164, and \$164,040, respectively; 47 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$87,822, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

**GIRARD CITY SCHOOL DISTRICT
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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$800,333, \$743,856, and \$668,592, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$131,816, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

NOTE 15 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$246,966 during fiscal 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the year ended June 30, 1999 (the latest information available), net health care costs paid by STRS were \$249.929 million and STRS had 95,796 eligible benefit recipients.

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

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

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

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available), were \$126.4 million and the target level was \$189.6 million. At June 30, 1999 (the latest information available), SERS had net assets available for payment of health care benefits of \$188.0 million and SERS had approximately 51,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$76,816 during the 2000 fiscal year.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types 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 are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures 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, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis); and
- (d) Intrafund transfers have been presented as other financing sources (uses) on a budget basis. Intrafund transfers have been eliminated for GAAP basis reporting purposes.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 16 - 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 governmental funds are as follows:

**Excess of Revenues and Other Financing
Sources Over (Under) Expenditures and Other
Financing Uses**

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$(308,086)	\$184,648	\$ 2	\$ 724,238
Net adjustment for revenue accruals	20,046	(2,169)	6,180	26,784
Net adjustment for expenditure accruals	(243,024)	(19,246)	---	(690,669)
Net adjustment for other financing sources (uses)	(44,686)	---	---	---
Encumbrances (budget basis)	<u>182,521</u>	<u>31,438</u>	<u>---</u>	<u>2,904,640</u>
GAAP basis	<u><u>\$(393,229)</u></u>	<u><u>\$194,671</u></u>	<u><u>\$6,182</u></u>	<u><u>\$2,964,993</u></u>

NOTE 17 - 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2000.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 17 – CONTINGENCIES – (Continued)

B. Litigation

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

C. State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$5,743,157 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the (Ohio) Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 18 - RELATED PARTY TRANSACTIONS

The District has leased certain real property to the Girard Community Improvement Corporation, Trustee under the Girard City School Building Declaration of Trust, Dated March 29, 1998 (Grantor) and sub-leased such property back from the Grantor. The District has agreed under the terms of the lease to act as agent for the Grantor in connection with acquisition, construction, installation and improvements of the Project Site.

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

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

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

NOTE 19 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 1999	\$ 0	\$ 0	\$169,442
Current year set-aside requirement	227,757	227,757	---
Qualifying disbursements	<u>(227,757)</u>	<u>(227,757)</u>	<u>---</u>
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$169,442</u>
Cash balance carried forward to FY 2001	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$169,442</u>

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 19 - STATUTORY RESERVES - (Continued)

The current set-aside requirement is not required for budget stabilization because the amount is in the workers compensation refund set-aside balance is in excess of the required calculated budget stabilization amount.

A schedule of the restricted assets at June 30, 2000 follows:

Amount restricted for budget stabilization	<u>\$169,442</u>
Total restricted assets	<u>\$169,442</u>

NOTE 20 - CONTRACTUAL COMMITMENTS

As of June 30, 2000, the District had the following contractual commitments outstanding related to the construction of the intermediate school. A summary of the primary contractual commitments follows:

<u>Vendor</u>	<u>Type of Service</u>	<u>Total Contract</u>	<u>Amount Paid</u>	<u>Remaining Commitment at 6/30/00</u>
Hively	Construction	\$2,621,941	\$1,088,890	\$1,533,051
Prout	Boiler - HVAC	861,830	337,941	523,889
Prout	Boiler - Plumbing	323,805	150,675	173,130
Tri-Area	Electric	357,190	82,488	274,702

GIRARD CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
- CASH BASIS

For the Year Ended June 30, 2000

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS- THROUGH GRANTOR NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF EDUCATION			
Passed-through by the Ohio State Department of Education			
Title 1 - Education	84.010	044065C1S198	\$ 47,990
Consolidation Improvement Act	84.010	044065C1S199	174,243
	84.010	044065C1S100	<u>285,282</u>
TOTAL CFDA#84.010			507,515
Title VI B - Assistance to States for Education Handicapped Children	84.027	0440656BSF99P	55,191
	84.027	0440656BSF00P	<u>44,832</u>
TOTAL CFDA#84.027			100,023
Innovative Educational Program Strategy	84.298	044065C2S199	5,741
	84.298	044065C2S100	<u>1,427</u>
TOTAL CFDA#84.298			7,168
Tech Literacy Challenge Fund	84.318	N/A	<u>22,645</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			637,351
U.S. DEPARTMENT OF AGRICULTURE			
Passed-through by the Ohio State Department of Education			
Child Nutrition Cluster National School Breakfast Program	10.553	N/A	12,800
National School Lunch Program	10.555	N/A	134,967
National School Commodities Program	10.550	N/A	<u>36,317</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			184,084
U.S. DEPARTMENT OF LABOR			
Passed-through by the Ohio State Department of Education			
School to Work Administration	17.249	STW2000FED-00- 120-2K1201	<u>13,353</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>13,353</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 834,788</u>

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

GIRARD CITY SCHOOL DISTRICT

For the Year Ended June 30, 2000

NOTE 1: BASIS OF PRESENTATION

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

NOTE 2: FEDERAL RECEIPTS AND OTHER RECEIPTS

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Number</u>	<u>Federal Receipts</u>	<u>Other Receipts</u>
Title 1 – Education Consolidation Improvement Act	84.010	044065C1S198	-0-	-0-
Title 1 – Education Consolidation Improvement Act	84.010	044065C1S199	-0-	-0-
Title 1 – Education Consolidation Improvement Act	84.010	044065C1S100	315,708	-0-
Title VI B – Assistance to States for Education Handicapped Children	84.027	0440656BSF99P	-0-	-0-
Title VI B – Assistance to States for Education Handicapped Children	84.027	0440656BSF00P	102,270	-0-
Innovative Educational Program Strategy	84.298	044065C2S199	-0-	-0-
Innovative Educational Program Strategy	84.298	044065C2S100	10,879	-0-
Tech Literacy Challenge Fund	84.318	N/A	27,000	-0-
National School Breakfast Program	10.553	N/A	12,800	-0-
National School Lunch Program	10.555	N/A	134,967	-0-
National School Communities Program	10.550	N/A	-0-	41,663
School to Work Administration	17.249	STW2000FED-00-120-2K1201	13,353	-0-

NOTE 3: COMMODITIES

The National School Commodities Food Program (CFDA #10.550) represents non-cash awards expended (commodities) and are recorded at the assessed value provided by the federal agency.

STATUS OF PRIOR YEAR AUDITORS' CITATIONS AND RECOMMENDATIONS

GIRARD CITY SCHOOL DISTRICT

For the Year Ended June 30, 2000

NONE NOTED IN PRIOR YEAR AUDIT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

GIRARD CITY SCHOOL DISTRICT

For the Year Ended June 30, 2000

I. EXECUTIVE SUMMARY OF AUDITORS' RESULTS

The following is a summary of audit results:

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

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

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

III. FINDINGS AND QUESTIONED COSTS FOR MAJOR FEDERAL AWARD PROGRAMS

There were no findings and questioned costs for Federal Awards.



Reali, Giampetro & Scott

A Professional Corporation

3850 Starrs Centre Drive, Canfield, OH 44406

Certified Public Accountants

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

Board of Education
Girard City School District
Girard, Ohio

We have audited the financial statements of Girard City School District, as of and for the year ended June 30, 2000, and have issued our report thereon dated January 9, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Girard City School District's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclose no instances of material noncompliance that are required to be reported under Government Auditing Standards. However, we noted other instances of immaterial noncompliance that we have reported to the management of Girard City School District in a separate letter dated January 9, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Girard City School District's, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Girard City School District, in a separate letter dated January 9, 2001.

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

Reali, Giampetro & Scott
January 9, 2001



Reali, Giampetro & Scott

A Professional Corporation

3850 Starrs Centre Drive, Canfield, OH 44406

Certified Public Accountants

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

Board of Education
Girard City School District
Girard, Ohio

Compliance

We have audited the compliance of Girard City School District, with types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2000. Girard City School District's, major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Girard City School District's, management. Our responsibility is to express an opinion on Girard City School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Not-for-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Girard City School District's, compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Girard City School District's, compliance with those requirements. However, we noted other instances of immaterial compliance that we have reported to the management of Girard City School District in a separate letter dated January 9, 2001.

In our opinion, Girard City School District, complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weaknesses is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over major programs that we have reported to the management of Girard City School District, in a separate letter dated January 9, 2001.

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

Reali, Giampetro & Scott

January 9, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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GIRARD CITY SCHOOL DISTRICT

TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 6, 2001**