

**Geneva Area City  
School District  
Ashtabula County, Ohio**

Basic Financial Statements  
For Fiscal Year Ended: June 30, 2013



**Geneva Area City School District**  
Basic Financial Statements  
Fiscal Year Ended June 30, 2013

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**Geneva Area City School District**  
**Ashtabula County**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
*Unaudited*

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As management of the Geneva Area City School District (the School District), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of the School District for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

- General revenues accounted for \$19.1 million in revenue or 74% of all governmental revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$6.7 million or 26% of total governmental revenues of just under \$25.9 million.
- The School District had just under \$26.9 million in expenses related to governmental activities; but \$6.7 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and grants and entitlements not restricted to specific programs) of \$19.1 million were not adequate to provide for these programs, resulting in a decrease in net position of \$1,028,036 or 1.6%.
- At the end of the current fiscal year the governmental funds reported a combined ending fund balance of about \$10.7 million, a decrease of \$819,273 from the prior year.
- During the year the School District made significant progress and has completed the new construction of buildings as part of the Ohio School Facilities Program.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The School District basic financial statements comprise three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the basic financial statements.

***Government-wide Financial Statements*** The government-wide financial statements are designed to provide reader with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

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The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned by unused vacation leave). Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the School District include instruction, supporting service, operation of non-instructional services, extracurricular activities, and interest and fiscal charges. The government-wide financial statements can be found on pages 15-16 of this report.

***Fund Financial Statements.*** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The School District, like the state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

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

The basic fund financial statements can be found on pages 17-21 of this report.

***Proprietary Fund*** The School District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. More specifically, the internal service fund accounts for self insurance of their employee's dental plan. The proprietary fund uses the accrual basis of accounting. The proprietary fund financial statements can be found on pages 22-24 of this report

***Fiduciary Funds*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements can be found on pages 25-26 of this report.

***Notes to the Financial Statements.*** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 27 of this report.

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**Government-wide Financial Analysis**

Recall that the statement of net position provides the perspective of the School District as a whole. A comparative analysis is presented below.

Net Position

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>Restated 2012</u>
<b>Assets:</b>		
Current and other assets	\$ 21,126,823	\$ 21,191,583
Capital assets	<u>70,098,819</u>	<u>70,611,413</u>
Total assets	<u>91,225,642</u>	<u>91,802,996</u>
<b>Liabilities:</b>		
Current liabilities	2,678,729	3,832,209
Long-term liabilities	<u>18,972,544</u>	<u>19,521,958</u>
Total liabilities	<u>21,651,273</u>	<u>23,354,167</u>
<b>Deferred inflows of resources:</b>		
Property taxes	<u>6,533,773</u>	<u>4,380,197</u>
<b>Net Position:</b>		
Net investment in capital assets	53,923,829	53,681,423
Restricted net position	7,779,232	8,379,770
Unrestricted net position	<u>1,337,535</u>	<u>2,007,439</u>
Total net position	<u>\$ 63,040,596</u>	<u>\$ 64,068,632</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School District, assets exceeded liabilities by \$63 million at June 30, 2013.

A portion of the School District's net position, \$53.9 million, reflects its investment in capital assets (e.g., land, buildings and improvements, land improvements, furniture, fixtures and equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the School District's net position, \$7.8 million or 12.3%, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted assets, \$.3 million, or .5%, is restricted for debt service payments; \$6.3 million, or 10.0%, is restricted for capital projects; and \$1.2 million or 1.8%, is restricted for other purposes. The remaining significant balance of government-wide unrestricted net position of \$1.3 million may be used to meet the government's ongoing obligations to students and staff.

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The table below shows the change in net position for fiscal years 2013 and 2012.

Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 2,261,004	\$ 2,290,943
Operating grants and contributions	2,742,846	3,417,479
Capital grants and contributions	1,729,875	10,521,522
General revenues:		
Property taxes	5,637,809	8,546,589
Grants and entitlements	12,678,628	12,953,489
Investment earnings	20,650	33,151
Payments in lieu of taxes	114,696	114,696
Miscellaneous	453,844	196,979
Gain on sale of capital assets	217,342	-
Total revenues	<u>25,856,694</u>	<u>38,074,848</u>
<b>Expenses</b>		
Instruction:		
Regular	10,277,760	10,577,413
Special	3,515,634	3,548,848
Vocational	183,324	263,599
Other	1,240,993	1,208,966
Support services:		
Pupils	1,166,368	1,274,038
Instructional staff	456,282	600,883
Board of education	16,980	17,526
Administration	1,962,910	1,963,260
Fiscal	557,129	552,210
Business	29,104	30,752
Operation and maintenance of plant	3,397,909	2,449,292
Pupil transportation	1,321,832	1,538,454
Central	31,046	22,349
Operation of non-instructional services	1,454,732	1,477,031
Extracurricular activities	634,896	742,038
Fiscal and interest charges	637,831	1,861,973
Total expenses	<u>26,884,730</u>	<u>28,128,632</u>
Increase (decrease) in net position	(1,028,036)	9,946,216
Net position beginning of year	64,068,632	54,434,308
Restatement	-	(311,892)
Net position end of year	<u>\$ 63,040,596</u>	<u>\$ 64,068,632</u>

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***Governmental Activities***

Several revenue sources fund our governmental activities with property taxes and State foundation revenues being the largest contributors. Property tax levies generated approximately \$5.6 million in 2013. General revenues from grants and entitlements, such as the school foundation program, generated over \$12.6 million. With the combination of taxes and intergovernmental funding 70.8% of all revenues, the School District monitors both of these revenue sources very closely for fluctuations.

A review of the above table reflects the total cost of instructional services was \$15,217,711 or 56.6% of governmental program expenses. Instructional expenses include activities directly related to the teaching of pupils and the interaction between teacher and pupil. These expenses decreased \$381,115, or 2.4% as compared to the prior year.

Pupil services and instructional staff include the activities involved in assisting staff and the content and process of teaching to pupils. These expenses represent \$1,622,650, or 6.0% of the total governmental program expenses. Expenses to provide these programs decreased \$252,271 or 13.5%, as compared to fiscal year 2012.

Board of education, administration, fiscal and business classifications reflect expenses associated with establishing and administering school operation policies, financial operations and activities concerned with purchasing, receiving and maintaining goods and services for the School District. The total cost to provide these programs was \$2,566,123, or 9.5% of governmental program expenses. Costs of these programs increased \$2,375, or .1%, as compared to the prior year.

Operation and maintenance of plant expenses refer to the care and upkeep of the buildings, grounds, equipment and the safety of the School District's operations. The total cost for the operation and maintenance services was \$3,397,909, or 12.6% of the governmental program expenses. These expenses increased \$948,617, or 38.7% as compared to fiscal year 2012. Expenses of this program increased as costs associated with building maintenance and non-capital related building and construction costs increased.

Pupil transportation expenses are expenses related to the transportation of students to and from school, as well as the service and maintenance of those vehicles. Total transportation cost was \$1,321,832 or 4.9% of the total governmental program expenses. Expenses for providing this program decreased \$216,622, or 14.1% as compared to the prior year. The primary cause of this decrease was not due to any specific activity but from a fairly consistent budget.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The table below shows, for government activities, the total cost of services and the net cost of services for 2013 and 2012. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

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	Governmental Activities			
	Total Cost of Services <u>2013</u>	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2013</u>	Net Cost of Services <u>2012</u>
<b><u>Program Expenses:</u></b>				
Instruction:				
Regular	10,277,760	10,577,413	\$ (6,817,996)	\$ 2,550,619
Special	3,515,634	3,548,848	(2,184,006)	(2,467,816)
Vocational	183,324	263,599	(183,324)	(263,599)
Other	1,240,993	1,208,966	(1,240,993)	(1,208,966)
Support services:				
Pupils	1,166,368	1,274,038	(1,078,051)	(1,132,949)
Instructional staff	456,282	600,883	(318,606)	(470,796)
Board of education	16,980	17,526	(16,980)	(17,526)
Administration	1,962,910	1,963,260	(1,862,254)	(1,869,761)
Fiscal	557,129	552,210	(541,530)	(552,210)
Business	29,104	30,752	(29,104)	(30,752)
Operation and maintenance of plant	3,397,909	2,449,292	(3,361,265)	(2,349,191)
Pupil transportation	1,321,832	1,538,454	(1,321,832)	(1,538,454)
Central	31,046	22,349	(31,046)	(22,349)
Operation non-instructional services	1,454,732	1,477,031	(103,326)	(72,398)
Extracurricular activities	634,896	742,038	(422,861)	(590,567)
Interest and fiscal charges	<u>637,831</u>	<u>1,861,973</u>	<u>(637,831)</u>	<u>(1,861,973)</u>
Total	<u>\$ 26,884,730</u>	<u>\$ 28,128,632</u>	<u>\$ (20,151,005)</u>	<u>\$ (11,898,688)</u>

**Financial Analysis of the Government's Funds**

**The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues and other financing sources for governmental funds were \$26,181,086 and total expenditures and other financing uses were \$27,000,359. The net change in fund balance was significant in the general fund with a decrease of \$486,223. This decrease is largely attributed to the decreased tax revenues.

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Fund Balances

	Fund Balance <u>June 30, 2013</u>	Fund Balance <u>June 30, 2012</u>	Increase/ <u>(Decrease)</u>	Percent <u>Change</u>
General	\$ 1,908,927	\$ 2,395,150	\$ (486,223)	-20.30%
Bond retirement	1,511,708	1,662,297	(150,589)	-9.06%
Permanent improvement	1,651,972	1,391,113	260,859	18.75%
Classroom facilities	3,769,895	4,210,902	(441,007)	-10.47%
Other governmental	<u>1,899,474</u>	<u>1,901,787</u>	<u>(2,313)</u>	-0.12%
Total	<u>\$ 10,741,976</u>	<u>\$ 11,561,249</u>	<u>\$ (819,273)</u>	

The School District's general fund revenues decreased \$2,044,788 and expenditures decreased \$254,121 from 2012. The most significant change for revenues was a decrease of \$1,684,675 in taxes. Total expenditures decreased mainly in the area of support services related to instructional staff and pupil transportation.

Change in Financial Activities for the General Fund

	2013 <u>Amount</u>	2012 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percent <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 4,813,639	\$ 6,498,314	(1,684,675)	-25.92%
Intergovernmental	12,504,860	12,722,374	(217,514)	-1.71%
Interest	9,540	23,889	(14,349)	-60.07%
Tuition and fees	1,727,506	1,695,701	31,805	1.88%
Extracurricular activities	75,980	500	75,480	0.00%
Gifts and donations	6,834	53,559	(46,725)	-87.24%
Customer sales and service	4,693	5,076	(383)	-7.55%
Rent	474	100,101	(99,627)	-99.53%
Payment in lieu of taxes	114,696	114,696	-	0.00%
Miscellaneous	<u>8,004</u>	<u>96,804</u>	<u>(88,800)</u>	-91.73%
Total	<u>\$ 19,266,226</u>	<u>\$ 21,311,014</u>	<u>\$ (2,044,788)</u>	
<b><u>Expenditures:</u></b>				
Instruction	\$ 12,773,307	\$ 12,717,090	\$ 56,217	0.44%
Support services	6,566,242	6,973,455	(407,213)	-5.84%
Non-instructional services	31,548	2,893	28,655	990.49%
Extracurricular activities	416,113	452,297	(36,184)	-8.00%
Capital outlay	<u>125,594</u>	<u>21,190</u>	<u>104,404</u>	492.70%
Total	<u>\$ 19,912,804</u>	<u>\$ 20,166,925</u>	<u>\$ (254,121)</u>	

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***General Fund Budgeting Highlights***

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. During fiscal year 2013, the School District amended its general fund budget as expenditure priorities changed according to student, building and operational needs. Budget revisions are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue estimate was \$21,028,628, representing a slight increase from the original budget estimate of \$20,893,373. This \$135,255 difference was mainly due to an increase in intergovernmental revenue from original estimates. Actual receipts of \$21,028,821 were very close to the final budget basis revenue estimate.

The original expenditure budget of \$20,592,307 was revised during the fiscal year with a final budget amount of \$21,402,064. Actual expenditures plus encumbrances of \$20,429,457 reported significant variances as compared to the final expenditure budgets. The School District ended the year at approximately \$.9 million under budget. The conservative budgeting for the operational costs of the new buildings contributed to this significant decrease in expenditures as compared to the final budget.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2013, the School District had \$70,098,819 invested in various capitalized assets, net of depreciation. The table below shows fiscal year 2013 balances compared to fiscal year 2012.

Capital Assets, at Fiscal Year End  
(Net of depreciation)

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Land	\$ 1,567,440	\$ 1,573,850
Construction in progress	-	18,157,350
Land improvements	1,142,211	493,343
Buildings and improvements	65,136,634	48,455,230
Furniture, fixtures and equipment	1,231,534	957,697
Vehicles	<u>1,021,000</u>	<u>973,943</u>
Total capital assets	<u>\$ 70,098,819</u>	<u>\$ 70,611,413</u>

Capital assets decreased \$512,594 from 2012, due mainly from current year depreciation and disposals exceeding additions. See Note 6 to the basic financial statements for detail on the School District's capital assets.

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***Debt***

At June 30, 2013, the School District had \$16,174,990 in general obligation bonds. Of this total, \$845,000 is due within one year and \$15,329,990 is due more than one year. In addition to the principal amounts shown below, an amount of accreted interest on the capital appreciation bonds amounted to \$1,235,883. The following table summarizes the bonds outstanding.

Outstanding Debt at Fiscal Year End

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
General obligation bonds:		
School improvement/refunding	\$ 16,174,990	\$ 16,929,990

Additional information on the School District's long-term debt can be found in Note 13 of the basic financial statements.

**Current Financial Related Activities**

Geneva Area City School District is strong financially. As the preceding information shows, the School District heavily depends on its property taxpayers and State aid. The School District had been fortunate in that it had not had to ask its voters for additional operating revenue since 1993. As a result, the School District made substantial expenditure reductions. Management must diligently plan expenses, staying carefully within the School District's five-year forecast. Even with spending controls in place, the School District realizes that it may need to seek additional operating millage in the future.

Fluctuating state foundation funding formulas and decreased property valuations provide no significant increase in future revenues. In addition to the complete phase-out of the tangible personal property reimbursements and not replacing the loss of federal stimulus dollars and the Education Jobs bill, the state also eliminated additional funding for EMIS, Career Tech and gifted testing. With its major sources of revenue not keeping pace with expenditure increases, the School District must seek additional tax revenues or reduce already lean expenditures to continue current operations. However, the School District cannot look to the State of Ohio for increased revenue.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Kevin Lillie, Treasurer at Geneva Area City School District, 135 South Eagle Street, Geneva, Ohio 44041.

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**Geneva Area City School District**  
**Statement of Net Position**  
**June 30, 2013**

	Governmental Activities
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 10,184,146
Cash and cash equivalents:	
In segregated accounts	595,409
With fiscal agents	15,000
Investments in segregated accounts	707,526
Receivables:	
Taxes	8,842,940
Accounts	163,017
Intergovernmental	295,743
Accrued interest	21,285
Notes	163,400
Due from agency fund	
Prepaid items	45,679
Inventory held for resale	26,657
Materials and supplies inventory	66,021
Capital assets:	
Land	1,567,440
Depreciable capital assets, net	<u>68,531,379</u>
Total capital assets	<u>70,098,819</u>
Total assets	<u>91,225,642</u>
<u>Liabilities:</u>	
Accounts payable	74,659
Accrued wages and benefits	2,010,431
Intergovernmental payable	528,570
Accrued interest payable	37,171
Matured bonds payable	15,000
Claims payable	12,898
Long-term liabilities:	
Due within one year	1,130,959
Due in more than one year	<u>17,841,585</u>
Total liabilities	<u>21,651,273</u>
<u>Deferred inflows of resources:</u>	
Property taxes	<u>6,533,773</u>
<u>Net position:</u>	
Net investment in capital assets	53,923,829
Restricted for:	
Capital projects	6,292,172
Debt service	332,156
Other purposes	1,154,904
Unrestricted	<u>1,337,535</u>
Total net position	<u>\$ 63,040,596</u>

See accompanying notes to the basic financial statements.

**Geneva Area City School District**  
**Statement of Activities**  
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	Program Revenues				Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$ 10,277,760	\$ 1,503,334	\$ 262,725	\$ 1,693,705	\$ (6,817,996)
Special	3,515,634	229,174	1,102,454	-	(2,184,006)
Vocational	183,324	-	-	-	(183,324)
Other	1,240,993	-	-	-	(1,240,993)
Support services:					
Pupils	1,166,368	-	88,317	-	(1,078,051)
Instructional staff	456,282	-	137,676	-	(318,606)
Board of education	16,980	-	-	-	(16,980)
Administration	1,962,910	-	100,656	-	(1,862,254)
Fiscal	557,129	-	15,599	-	(541,530)
Business	29,104	-	-	-	(29,104)
Operation and maintenance of plant	3,397,909	474	-	36,170	(3,361,265)
Pupil transportation	1,321,832	-	-	-	(1,321,832)
Central	31,046	-	-	-	(31,046)
Operation of non-instructional services	1,454,732	336,225	1,015,181	-	(103,326)
Extracurricular activities	634,896	191,797	20,238	-	(422,861)
Interest and fiscal charges	637,831	-	-	-	(637,831)
Total governmental activities	<u>\$ 26,884,730</u>	<u>\$ 2,261,004</u>	<u>\$ 2,742,846</u>	<u>\$ 1,729,875</u>	<u>(20,151,005)</u>

General Revenues:

Property taxes levied for:

General purposes	\$ 4,617,316
Debt service	799,457
Capital outlay	221,036
Grants and entitlements not restricted to specific programs	12,678,628
Investment earnings	20,650
Payment in lieu of taxes	114,696
Miscellaneous	453,844
Gain on sale of capital assets	217,342
Total general revenues	<u>19,122,969</u>
Change in net position	(1,028,036)
Net position beginning of year, restated	<u>64,068,632</u>
Net position end of year	<u>\$ 63,040,596</u>

See accompanying notes to the basic financial statements.

**Geneva Area City School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

	General	Bond Retirement	Permanent Improvement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>						
Equity in pooled cash and cash equivalents	\$ 2,792,837	\$ 1,330,965	\$ 1,626,931	\$ 2,583,661	\$ 1,804,000	\$ 10,138,394
Cash and cash equivalents:						
With fiscal agent	-	15,000	-	-	-	15,000
In segregated accounts	-	-	-	500,000	95,409	595,409
Investments in segregated accounts	-	-	-	707,526	-	707,526
Receivables:						
Taxes	7,188,090	1,311,494	184,560	-	158,796	8,842,940
Accounts	160,253	-	-	-	2,666	162,919
Intergovernmental	-	-	-	-	295,743	295,743
Accrued interest	17,201	-	-	4,084	-	21,285
Notes	163,400	-	-	-	-	163,400
Inventory held for resale	-	-	-	-	26,657	26,657
Materials and supplies inventory	62,021	-	-	-	4,000	66,021
Prepaid items	43,094	-	-	-	2,585	45,679
Total assets	<u>\$ 10,426,896</u>	<u>\$ 2,657,459</u>	<u>\$ 1,811,491</u>	<u>\$ 3,795,271</u>	<u>\$ 2,389,856</u>	<u>\$ 21,080,973</u>
<u>Liabilities:</u>						
Accounts payable	\$ 23,332	\$ -	\$ -	\$ 25,376	\$ 25,951	\$ 74,659
Accrued wages and benefits	1,809,699	-	-	-	200,732	2,010,431
Intergovernmental payable	456,286	-	-	-	72,284	528,570
Matured bonds payable	-	15,000	-	-	-	15,000
Total liabilities	<u>2,289,317</u>	<u>15,000</u>	<u>-</u>	<u>25,376</u>	<u>298,967</u>	<u>2,628,660</u>
<u>Deferred inflows of resources:</u>						
Property taxes	5,320,519	960,821	135,850	-	116,583	6,533,773
Unavailable revenue - delinquent property taxes	907,824	169,930	23,669	-	20,222	1,121,645
Unavailable revenue	309	-	-	-	54,610	54,919
Total deferred inflows of resources	<u>6,228,652</u>	<u>1,130,751</u>	<u>159,519</u>	<u>-</u>	<u>191,415</u>	<u>7,710,337</u>
<u>Fund balances:</u>						
Nonspendable	105,115	-	-	-	2,585	107,700
Restricted	-	1,511,708	1,651,972	3,769,895	1,962,659	8,896,234
Assigned	1,270,640	-	-	-	-	1,270,640
Unassigned	533,172	-	-	-	(65,770)	467,402
Total fund balances	<u>1,908,927</u>	<u>1,511,708</u>	<u>1,651,972</u>	<u>3,769,895</u>	<u>1,899,474</u>	<u>10,741,976</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,426,896</u>	<u>\$ 2,657,459</u>	<u>\$ 1,811,491</u>	<u>\$ 3,795,271</u>	<u>\$ 2,389,856</u>	<u>\$ 21,080,973</u>

See accompanying notes to the basic financial statements.

**Geneva Area City School District**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position of Governmental Activities**  
**June 30, 2013**

Total governmental fund balances		\$ 10,741,976
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		70,098,819
Other long-term assets that are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:		
Property taxes receivable	\$ 1,121,645	
Intergovernmental receivables	54,610	
Tuition and fees	309	
Total	1,176,564	1,176,564
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		32,952
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(37,171)
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (16,174,990)	
Accretion of capital appreciation bonds	(1,235,883)	
Compensated absences	(1,561,671)	
Total	(18,972,544)	(18,972,544)
Net position of governmental activities		\$ 63,040,596

See accompanying notes to the basic financial statements.

**Geneva Area City School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2013**

	General	Bond Retirement	Permanent Improvement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 4,813,639	\$ 884,942	\$ 124,032	\$ -	\$ 107,539	\$ 5,930,152
Intergovernmental	12,504,860	188,519	30,258	461,591	2,676,346	15,861,574
Interest	9,540	-	7,486	3,441	3,805	24,272
Tuition and fees	1,727,506	-	-	-	-	1,727,506
Extracurricular activities	75,980	-	-	-	115,817	191,797
Gifts and donations	6,834	-	-	-	24,781	31,615
Customer sales and service	4,693	-	-	-	336,225	340,918
Rent	474	-	-	-	-	474
Payment in lieu of taxes	114,696	-	-	-	-	114,696
Miscellaneous	8,004	-	308,813	1,218,723	130,193	1,665,733
Total revenues	19,266,226	1,073,461	470,589	1,683,755	3,394,706	25,888,737
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	8,978,845	-	-	-	222,822	9,201,667
Special	2,393,882	-	-	-	1,097,400	3,491,282
Vocational	159,587	-	-	-	-	159,587
Other	1,240,993	-	-	-	-	1,240,993
<b>Support services:</b>						
Pupils	1,043,105	-	-	-	102,114	1,145,219
Instructional staff	283,356	-	-	-	137,062	420,418
Board of education	16,980	-	-	-	-	16,980
Administration	1,768,612	-	-	-	162,664	1,931,276
Fiscal	499,562	29,501	3,980	-	21,297	554,340
Business	29,104	-	-	-	-	29,104
Operation and maintenance of plant	1,756,413	-	20,984	1,111,754	182,801	3,071,952
Pupil transportation	1,138,064	-	4,196	-	-	1,142,260
Central	31,046	-	-	-	-	31,046
Operation of non-instructional services	31,548	-	-	-	1,367,152	1,398,700
Extracurricular activities	416,113	-	-	-	167,104	583,217
Capital outlay	125,594	-	185,770	1,013,008	-	1,324,372
<b>Debt service:</b>						
Principal retirement	-	755,000	-	-	-	755,000
Interest and fiscal charges	-	439,549	-	-	-	439,549
Total expenditures	19,912,804	1,224,050	214,930	2,124,762	3,460,416	26,936,962
Excess of revenues over (under) expenditures	(646,578)	(150,589)	255,659	(441,007)	(65,710)	(1,048,225)
<b>Other financing sources (uses):</b>						
Proceeds from sale of capital assets	223,752	-	5,200	-	-	228,952
Transfers in	-	-	-	-	63,397	63,397
Transfers out	(63,397)	-	-	-	-	(63,397)
Total other financing sources (uses)	160,355	-	5,200	-	63,397	228,952
Net change in fund balances	(486,223)	(150,589)	260,859	(441,007)	(2,313)	(819,273)
Fund balances beginning of year	2,395,150	1,662,297	1,391,113	4,210,902	1,901,787	11,561,249
Fund balances end of year	\$ 1,908,927	\$ 1,511,708	\$ 1,651,972	\$ 3,769,895	\$ 1,899,474	\$ 10,741,976

See accompanying notes to the basic financial statements.

**Geneva Area City School District**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2013**

Net change in fund balances - total governmental funds \$ (819,273)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital asset additions	\$	1,324,372	
Depreciation expense		(1,830,556)	
Excess of depreciation expense over capital asset additions			(506,184)

The disposal of capital assets results in the removal of capital assets at cost and the difference in their carrying value to cost, if immaterial, is charged to the program as an expense in the statement of activities. (6,410)

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

Property taxes	\$	(292,343)	
Intergovernmental		42,649	
Tuition and fees		309	
Net change in deferred inflows of resources during the year			(249,385)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 755,000

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences	\$	(8,801)	
Increase in accrued interest		(1,497)	
Total additional expenses			(10,298)

The accretion of capital appreciation bond is reflected as an expense in the statement of activities. (196,785)

The internal service fund used by management to charge the costs of dental claims to individual funds is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. 5,299

Change in net position of governmental activities \$ (1,028,036)

See accompanying notes to the basic financial statements.

**Geneva Area City School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance-**  
**Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 6,637,750	\$ 6,566,596	\$ 6,566,596	\$ -
Intergovernmental	12,372,714	12,504,860	12,504,860	-
Interest	25,000	25,920	25,913	(7)
Tuition and fees	1,675,763	1,727,066	1,727,066	-
Extracurricular activities	60,000	75,780	75,980	200
Gifts and donations	150	6,834	6,834	-
Customer sales and service	5,000	4,983	4,983	-
Rent	-	474	474	-
Payment in lieu of taxes	114,696	114,696	114,696	-
Miscellaneous	2,300	1,419	1,419	-
Total revenues	20,893,373	21,028,628	21,028,821	193
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	9,218,148	9,366,285	9,119,791	246,494
Special	2,372,393	2,431,297	2,400,830	30,467
Vocational	206,735	211,835	159,552	52,283
Other	1,214,000	1,257,678	1,255,863	1,815
Support services:				
Pupils	1,167,444	1,177,444	1,076,509	100,935
Instructional staff	387,599	389,047	300,812	88,235
Board of education	20,050	20,050	17,030	3,020
Administration	1,839,001	1,962,161	1,856,095	106,066
Fiscal	509,168	514,407	500,593	13,814
Business	37,280	37,280	29,104	8,176
Operation and maintenance of plant	1,800,638	2,081,638	1,909,255	172,383
Pupil transportation	1,326,506	1,421,506	1,297,106	124,400
Central	22,714	32,714	31,384	1,330
Operation of non-instructional services	33,717	34,117	30,238	3,879
Extracurricular activities	434,714	457,496	436,490	21,006
Capital outlay	2,200	7,109	8,805	(1,696)
Total expenditures	20,592,307	21,402,064	20,429,457	972,607
Excess of revenues over (under) expenditures	301,066	(373,436)	599,364	972,800
<u>Other financing sources (uses):</u>				
Proceeds from the sale of capital assets	-	60,638	60,638	-
Refund of prior year expenditures	60,000	174,263	195,965	21,702
Insurance recoveries	-	4,724	4,724	-
Transfers out	(80,000)	(80,000)	(63,397)	16,603
Total other financing sources (uses)	(20,000)	159,625	197,930	38,305
Net change in fund balance	281,066	(213,811)	797,294	1,011,105
Fund balance at beginning of year	1,693,009	1,693,009	1,693,009	-
Prior year encumbrances appropriated	197,675	197,675	197,675	-
Fund balance at end of year	\$ 2,171,750	\$ 1,676,873	\$ 2,687,978	\$ 1,011,105

See accompanying notes to the basic financial statements.

**Geneva Area City School District**  
**Statement of Fund Net Position**  
**Internal Service Fund**  
**June 30, 2013**

	<u>Self Insurance</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 45,752
Accounts receivable	98
Total assets	<u>45,850</u>
<u>Liabilities:</u>	
Claims payable	<u>12,898</u>
<u>Net position:</u>	
Unrestricted	<u>32,952</u>
Total liabilities and net position	<u>\$ 45,850</u>

See accompanying notes to the basic financial statements.

**Geneva Area City School District**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Self Insurance</u>
<u>Operating revenues</u>	
Charges for services	<u>\$ 233,557</u>
<u>Operating expenses:</u>	
Purchased services	17,078
Claims	<u>211,180</u>
Total operating expenses	<u>228,258</u>
Change in net position	5,299
Net position at beginning of year	<u>27,653</u>
Net position at end of year	<u><u>\$ 32,952</u></u>

See accompanying notes to the basic financial statements.

**Geneva Area City School District**  
**Statement of Cash Flows**  
**Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2013**

	Self Insurance
<u>Cash flows from operating activities:</u>	
Cash received for charges for services	\$ 233,504
Cash payments to suppliers for goods and services	(17,078)
Cash payments for claims	(216,896)
Net cash used for operating activities	<u>(470)</u>
Net decrease in cash and cash equivalents	(470)
Cash and cash equivalents at beginning of year	46,222
Cash and cash equivalents at end of year	<u>\$ 45,752</u>
Reconciliation of operating income to net cash <u>used for operating activities:</u>	
Operating income	<u>\$ 5,299</u>
Adjustments to reconcile operating income to net cash used for operating activities:	
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(53)
Increase (decrease) in liabilities:	
Claims payable	(5,716)
Total adjustments	<u>(5,769)</u>
Net cash used for operating activities	<u>\$ (470)</u>

See accompanying notes to the basic financial statements.

**Geneva Area City School District**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2013**

	Private Purpose Trusts	
	<u>Scholarship</u>	<u>Agency</u>
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ 44,983	\$ 10,541
Cash and cash equivalents in segregated accounts	-	76,536
Receivable:		
Accrued interest	-	100
Total assets	<u>\$ 44,983</u>	<u>\$ 87,177</u>
<u>Liabilities:</u>		
Accounts payable	\$ -	\$ 246
Undistributed monies	-	10,295
Due to students	-	76,636
Total liabilities	<u>-</u>	<u>\$ 87,177</u>
<u>Net position:</u>		
Held in trust for scholarships	44,983	
Total net position	<u>\$ 44,983</u>	

See accompanying notes to the basic financial statements.

***Geneva Area City School District***  
**Statement of Changes in Fiduciary Net Position**  
**Private Purpose Trust Fund**  
**For the Fiscal Year Ended June 30, 2013**

	Private Purpose Trust
	<u>Scholarship</u>
<u>Additions:</u>	
Interest	\$ 210
<u>Deductions:</u>	
Scholarship awards	<u>153</u>
Change in net position	57
Net position beginning of year	<u>44,926</u>
Net position end of year	<u>\$ 44,983</u>

See accompanying notes to the basic financial statements.

**Geneva Area City School District**  
**Ashtabula County**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Geneva Area City School District (the School District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

**A. Reporting Entity**

The School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a city district as defined by Section 3311.02 of the Ohio Revised Code. The School District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the School District.

Average daily membership (ADM) as of June 30, 2013, was 2,645. The School District employed 163 certified employees and 89 non-certificated employees.

The School District provides regular, special, vocational and other instruction. The School District also provides support services for pupils, instructional staff, board of education, administration, fiscal, operation and maintenance of plant and pupil transportation. Operation of non-instructional services, extracurricular activities and non-programmed services are also provided.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the School District is financially accountable. This report includes all activities considered by management to be part of the School District by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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.

**Geneva Area City School District**  
**Ashtabula County**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013

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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.

The Ashtabula County District Library (the Library) is a library created under Chapter 3375 of the Ohio Revised Code (ORC) and is located in the Geneva Area City School District. The Board of Trustees of the Library controls and manages the Library and issues its own financial statements, therefore, is excluded from these financial statements.

The School District is associated with organizations which are defined as jointly governed organizations. These organizations are the Northeast Ohio Management Information Network, the Ashtabula County Schools Council of Governments, and the Ashtabula County Technical and Career Campus, which are presented in Note 14 to the basic financial statements.

Within the School District boundaries are two non-public schools, Assumption School and The Grand River Academy. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of the schools by the Treasurer of the School District, as directed by the non-public schools, as provided by State guidelines.

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

## **B. Fund Accounting**

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, the various funds of the School District are grouped into three categories: governmental, proprietary and fiduciary.

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

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

**Geneva Area City School District**  
**Ashtabula County**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013

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Bond Retirement Fund – This debt service fund is used to account for the financial resources, such as property taxes, collected and used for the repayment of debt of the School District as well the Library debt.

Permanent Improvements Fund – This capital projects fund is used to account for all transaction related to acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705.

Classroom Facilities Fund – This capital projects fund is used to account for all transactions related to Ohio Classroom Facilities construction projects.

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed or assigned to a particular purpose.

***Proprietary Fund Type*** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund – The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for revenue received from other funds and the settlement expenses for dental claims of School District employees.

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

### **C. Basis of Presentation**

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

The government-wide statements are prepared using the economic resources measurement focus. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relation between the government-wide statements and the statements to governmental funds.

**Geneva Area City School District**  
**Ashtabula County**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013

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

***Fund Financial Statements*** The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the fund are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activity.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financial uses) of current financial resources.

The trust fund is reported using the economic resources measurement focus.

#### **D. Basis of Accounting**

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

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

**Geneva Area City School District**  
**Ashtabula County**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2013

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Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Unavailable revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The School District did not have any deferred outflows of resources at year end.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance year 2014 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, and intergovernmental grants. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

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Notes to the Basic Financial Statements  
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**E. Budget and Budgetary Accounting**

The budgetary process is prescribed by provisions of Ohio Revised Code and entails the preparation of budgetary documents with an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each function for the general fund and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

- 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 20th of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at either its regular board meeting in December or its organizational board meeting in January. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.
- 2) The County Budget Commission certifies its actions to the School District by March 1st. As part of this certification, the School 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 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. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the legal level of control.
- 4) The School District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations for the general fund are presented in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Non-GAAP Basis)—General Fund" to provide a meaningful comparison of actual results with the budget.

***Encumbrances*** - 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.

***Lapsing of Appropriations*** - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**Geneva Area City School District**  
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**F. Cash and Investments**

Cash received by the School District is pooled in various bank accounts with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents." Also, the School District maintains segregated accounts for the classroom facilities, district managed activity and student managed activity funds, which is presented as "Cash and cash equivalents in segregated accounts".

During the fiscal year all investments were limited to certificates of deposit and instruments of government sponsored mortgage-backed securities. Except for nonparticipating investments contracts, investments are reported at fair market value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and negotiable certificates of deposits are reported at cost.

**G. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, laws of other governments, or enabling legislation. The School District expended all restricted assets in accordance with specific restrictions during the fiscal year. See Note 16 for the calculation of the year-end restricted asset balance and the corresponding fund balance restriction.

**H. Inventories**

Inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Inventory in governmental funds consists of donated food, purchased food, and expendable supplies held for consumption. The cost of the governmental fund type inventories is recorded as expenditures when used (consumption method).

**I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

**J. Taxes Receivable**

The financial statements reflect taxes receivable as of June 30, 2013. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available." "Available" means then due or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 2013 and accordingly have been recorded as deferred inflows of resources – property taxes in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred inflows of resources – delinquent property taxes until they are determined to be uncollectible.

**Geneva Area City School District**  
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**K. Capital Assets**

Capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. The School District maintains a capitalization threshold of five thousand dollars.

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	30-50 years
Furniture	20 years
Equipment	10-20 years
Fixtures	15 years
Vehicles	10 years

**L. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column of the statement of net position.

**M. Interfund Activity**

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

**N. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments.

**Geneva Area City School District**  
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The liability is an estimate based on the School District's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

The current portion of unpaid compensated absence, which expected to be paid using the available expendable resources, is reported on the governmental funds financial statements. The amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The non-current portion of the liability is not reported in this statement.

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

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.

**P. Fund Balance**

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

Nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted fund balance category includes amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

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

Assigned fund balance classifications are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

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

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

#### **Q. Net Position**

Net position represents the difference between assets and liabilities. Net investment of capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

#### **R. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

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**S. Estimates**

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

**NOTE 2 – FUND BALANCES**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Nonspendable</u>						
Materials and supplies inventory	\$ 62,021	\$ -	\$ -	\$ -	\$ -	\$ 62,021
Prepays	<u>43,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,585</u>	<u>45,679</u>
Total nonspendable	<u>105,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,585</u>	<u>107,700</u>
<u>Restricted for</u>						
Athletics and music	-	-	-	-	94,906	94,906
Auxiliary services	-	-	-	-	21,572	21,572
Classroom facilities maintenance	-	-	-	-	834,077	834,077
Capital improvements	-	-	1,651,972	3,769,895	846,636	6,268,503
Instructional programs	-	-	-	-	12	12
Special education	-	-	-	-	148,475	148,475
Scholarships and awards	-	-	-	-	16,316	16,316
Extended learning	-	-	-	-	665	665
Debt service payments	<u>-</u>	<u>1,511,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,511,708</u>
Total restricted	<u>-</u>	<u>1,511,708</u>	<u>1,651,972</u>	<u>3,769,895</u>	<u>1,962,659</u>	<u>8,896,234</u>
<u>Assigned</u>						
Encumbrances	103,187	-	-	-	-	103,187
Next fiscal year budget	<u>1,167,453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,167,453</u>
Total assigned	<u>1,270,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,270,640</u>
Unassigned (deficit)	<u>533,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,770)</u>	<u>467,402</u>
Total fund balances	<u>\$ 1,908,927</u>	<u>\$ 1,511,708</u>	<u>\$ 1,651,972</u>	<u>\$ 3,769,895</u>	<u>\$ 1,899,474</u>	<u>\$ 10,741,976</u>

**Geneva Area City School District**  
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**NOTE 3 – BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances –Budget (Non-GAAP Budget Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
4. Encumbrances are treated as expenditures (budget basis) rather than assigned fund balance (GAAP basis).
5. The revenues, expenditures and other financing sources and uses of the general fund include activity that is budgeted within special revenue funds (GAAP basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in perspective differences.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

Net Change in Fund Balance	
	<u>General</u>
GAAP basis	\$ (486,223)
Revenue accruals	1,774,461
Adjustment to fair market value for investments:	
Prior year amount	859
Current year amount	25,641
Expenditure accruals	(391,505)
Budgeted as part of special revenue fund:	
Revenues	(791)
Encumbrances (Budget Basis)	
outstanding at year end	<u>(125,148)</u>
Budget basis	<u>\$ 797,294</u>

**Geneva Area City School District**  
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**NOTE 4 – CASH AND INVESTMENTS**

State statutes classify monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Monies held by the School District which are not considered active are classified as interim. Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% 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 or its political subdivisions provided that such political subdivisions are located wholly or partly within the School District.
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts.
6. 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.
7. The State Treasurer's investment pool (STAR Ohio).
8. Securities lending agreements in which the School District lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value.

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9. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed 25% of the interim monies available for investment at any one time.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School 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.

Protection of the School 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.

#### ***Cash on hand***

At fiscal year-end, the School District had \$3,075 in un-deposited cash on hand which is included as part of "equity in pooled cash and cash equivalents."

#### ***Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

At June 30, 2013, the carrying amount of the School District's deposits was \$7,219,181. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2013, the School District's bank balance was \$7,723,892 and \$1,998,426 of this balance may be exposed to custodial credit risk from being uninsured and uncollateralized. A portion of the securities pledged as collateral were held by another financial institution and the remaining amounts were held in a pledge account at the Federal Reserve and all in compliance with statutory requirements for the security of public money. However, potential noncompliance with Federal requirements, with respect to the collateral agreement, could subject the School District to a successful claim by the FDIC should the depository fail.

#### ***Investments***

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

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Investment Type	Fair		Rating <sup>(1)</sup>
	Value	Maturity	
Federal Home Loan Bank	\$ 292,995	2/21/2018	AA+
Federal Home Loan Bank	292,497	3/20/2018	AA+
Federal National Mortgage Assoc	196,484	3/27/2018	AA+
Federal Home Loan Bank	292,383	3/28/2018	AA+
Investments reported in classroom facilities fund:			
Federal Home Loan Bank	194,998	3/20/2018	AA+
Federal National Mortgage Assoc	412,528	8/18/2015	AA+
Total Government Sponsored Enterprises	<u>\$ 1,681,885</u>		

(1) Standard and Poor rating

Investment Type	Fair Value	Maturity				
		< 1 year	< 2 years	< 3 years	< 4 years	< 5 years
Investments included within pooled funds:						
Negotiable certificates of deposit	\$2,630,000	1,042,000	394,000	247,000	347,000	600,000
Investments reported in classroom facilities fund:						
Negotiable certificates of deposit	\$ 100,000	100,000	-	-	-	-

All of the School District's negotiable CDs are covered in full by FDIC insurance.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investments in the Federal Home Loan Bank (FHLB), and Federal National Mortgage Association (FNMA) are held by the counterparty's trust department or agent and not in the School District's name. All of the School District's negotiable certificates of deposit are registered securities and covered in full by FDIC insurance. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned FHLB and FNMA an AA+ rating. The School District's investment policy requires certain credit ratings for some investments as allowed by state law.

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Concentration of credit risk is the possibility of loss attributed to the magnitude of the School District's investment in a single issuer. More than 5% of the School District's investments are in FHLB and FNMA and these investments are 38% of the School District's total investments, with negotiable CDs making up the remaining 62% of all investments. Total investments in FHLB is 24%, and FNMA is 14% of the total investments. The School District's policy places no limit on the amount that may be invested in any one issuer.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. For the School District, all investment earnings accrue to the general fund, certain special revenue funds, certain capital projects funds, and the private purpose trust fund as authorized by board resolution. Interest revenue credited to the general fund during the fiscal year amounted to \$9,540; which includes interest of \$4,065 assigned from other School District funds.

**NOTE 5 – PROPERTY TAX**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used for public utilities) located in the School District. Real property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2011. The tax was phased out by reducing the assessment rate on the property over several years. The bill provided reimbursements to the School District equivalent to the revenue lost due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. House Bill No. 153 was signed into law on June 30, 2011. This bill dramatically reduced these reimbursements to the School District.

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The School District receives property taxes from Ashtabula County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

At June 30, 2013, taxes available for advance were: general fund, \$959,747; and \$180,743 for the bond retirement debt service fund; \$25,041 for the permanent improvement capital projects fund, and \$21,991 for the classroom facilities maintenance special revenue fund.

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

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

<u>Property Category</u>	<u>2013 Assessed Value</u>	<u>2012 Assessed Value</u>
<u>Real Property</u>		
Residential, agricultural, commercial and industrial	\$ 335,075,220	\$ 331,998,490
Public utilities	142,200	147,030
<u>Tangible Personal Property</u>		
General	9,293,330	8,496,630
Total	<u>\$ 344,510,750</u>	<u>\$ 340,642,150</u>

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**NOTE 6 – CAPITAL ASSETS**

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

<u>Governmental Activities</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
Capital assets, not being depreciated:				
Land	\$ 1,573,850	\$ -	\$ (6,410)	\$ 1,567,440
Construction in progress	<u>18,157,350</u>	<u>-</u>	<u>(18,157,350)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>19,731,200</u>	<u>-</u>	<u>(18,163,760)</u>	<u>1,567,440</u>
Capital assets, being depreciated:				
Land improvements	1,759,318	799,052	-	2,558,370
Buildings and improvements	52,708,953	18,065,569	-	70,774,522
Furniture, fixtures and equipment	1,435,761	376,693	(9,717)	1,802,737
Vehicles	<u>2,147,543</u>	<u>240,408</u>	<u>(52,961)</u>	<u>2,334,990</u>
Total capital assets, being depreciated	<u>58,051,575</u>	<u>19,481,722</u>	<u>(62,678)</u>	<u>77,470,619</u>
Less: Accumulated depreciation:				
Land improvements	(1,265,975)	(150,184)	-	(1,416,159)
Buildings and improvements	(4,253,723)	(1,384,165)	-	(5,637,888)
Furniture, fixtures and equipment	(478,064)	(102,856)	9,717	(571,203)
Vehicles	<u>(1,173,600)</u>	<u>(193,351)</u>	<u>52,961</u>	<u>(1,313,990)</u>
Total accumulated depreciation	<u>(7,171,362)</u>	<u>(1,830,556)</u>	<u>62,678</u>	<u>(8,939,240)</u>
Total capital assets being depreciated, net	<u>50,880,213</u>	<u>17,651,166</u>	<u>-</u>	<u>68,531,379</u>
Governmental activities capital assets, net	<u>\$ 70,611,413</u>	<u>\$ 17,651,166</u>	<u>\$ (18,163,760)</u>	<u>\$ 70,098,819</u>

**Geneva Area City School District**  
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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,050,311
Special	30,210
Vocational	20,916
Support services:	
Pupil	22,057
Instructional staff	42,444
Administration	23,091
Operation and maintenance of plant	360,584
Pupil transportation	180,226
Operation of non-instructional services	50,181
Extracurricular activities	<u>50,536</u>
Total depreciation expense	<u>\$ 1,830,556</u>

**NOTE 7 – RECEIVABLES**

Receivables at June 30, 2013, consisted of taxes, accounts (miscellaneous), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of intergovernmental receivables follows:

Nonmajor governmental funds:	
Local grant	\$ 4,462
Food service subsidy reimbursement	9
IDEA Part B grant	92,176
Title III	127
Title I school improvement	157,981
Title II-A	19,206
Title VI-B	<u>21,782</u>
	<u>\$ 295,743</u>

In addition, the School District has a note receivable in the amount of \$163,400. This receivable is due to the sale of land.

**Geneva Area City School District**  
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**NOTE 8 – INTERFUND TRANSACTIONS**

**Interfund Transfers**

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

Transfers from general fund to:		
Nonmajor governmental funds	\$	63,397

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorization. Transfers are also used to close out grants in any funds, including special revenue funds that are no longer required.

**NOTE 9 – DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund and Health Care Fund) of the system. For fiscal year 2013, 13.10 percent of annual covered salary was the portion used to fund pension and death benefits. The remaining 0.90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$335,863, \$321,485 and \$337,970 respectively; 66.7 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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**B. State Teachers Retirement System**

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

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

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

Funding Policy - For the fiscal year ended June 30, 2012 (Latest information available), plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$1,357,349, \$1,431,872, and \$1,537,231 respectively; 83.4 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$23,620 made by the School District and \$16,871 made by the plan members.

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**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2013, several members of the Board of Education have elected Social Security. The Board's liability is 6.2 % of wages paid. The remaining Board member contributes to SERS.

**NOTE 10 – POST-EMPLOYMENT BENEFITS**

**A. School Employee Retirement System**

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2013, this amount was \$20,525.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$46,550, \$79,094, and \$81,517 respectively; 96 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$18,972, \$20,688, and \$21,749 respectively; 66.7 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**Geneva Area City School District**  
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**B. State Teachers Retirement System**

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the years ended June 30, 2013, 2012 and 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$104,411, \$110,144 and \$118,249 respectively; 83.4 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**NOTE 11 – COMPENSATED ABSENCES**

**Vacation Leave** The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (11 and 12 month) are eligible for vacation time. The number of days granted, is determined upon length of service. For fiscal year 2013, the superintendent was granted twenty days of vacation and the treasurer was granted fifteen days of vacation. Administrators may accrue vacation leave up to a maximum of three years prior to using the vacation leave days. Classified employees earn ten to twenty days of vacation per year, depending upon length of service (with a year defined as at least 120 days). Classified employees may accrue vacation up to a maximum of two years prior to using the vacation leave days. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. The administrative and classified personnel accumulate vacation based on the following schedule:

<u>Administration</u> <u>Years Service</u>	<u>Classified</u> <u>Years Service</u>	<u>Vacation Days</u>
1-8	1-6	10
9-17	7-14	15
18-beyond	15-beyond	20

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***Sick Leave/Severance Pay*** Each employee earns sick leave at the rate of one and one-fourth days per month to a maximum of fifteen days in any year. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for employees is 320 days. Retirement pay will be paid to an employee who retires on the basis of one-fourth (1/4) of the employee's total available accumulated sick leave days up to a maximum of 80 days at the daily rate at the time of retirement. Retirement pay shall be paid within thirty calendar days of the effective date of the employee's retirement. For administrative employees and any teacher actively employed on or after June 30, 2005, retiring administrators and teachers shall have their severance pay placed into an annuity contract as an Employer Plan for Payment and Deferral of Severance Pay, and payment shall occur within thirty (30) calendar days of the effective date of the employee's retirement and shall be in lieu of payment being made directly to the retired employee.

**NOTE 12 – RISK MANAGEMENT**

**A. General Risk**

The School 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 School District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$1,000,000 for single occurrence and \$3,000,000 in the aggregate. The School District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss. The School District maintains replacement cost insurance on buildings and contents in the amount of \$72,683,353 at 90% coinsurance.

Settled claims have not exceeded this commercial coverage in any of the past five years. There have been no significant reductions in insurance coverage within the past three years.

**B. Workers' Compensation**

The School District participates in the Workers' Compensation Program provided by the State of Ohio. The Ohio system of workers' compensation has been in effect since 1913 providing compensation for work-related injuries, diseases and deaths. The system is maintained by the Ohio Bureau of Workers' Compensation and the Industrial Commission. The Bureau of Workers' Compensation determines basic premium rates by the cost of claims generated within the school's industry classification. New rates are effective each January 1. Premiums are paid annually.

**C. Health Insurance**

In July 1987, the School District joined the Ashtabula County Schools Council of Governments Employees Insurance Consortium to insure its medical and vision claims. The consortium currently includes seven member school districts. Contributions are determined by the consortium's board of directors. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the School District. The School District provides life insurance coverage through a commercial insurance policy.

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The School District uses an internal service fund to record and report its self-funded dental insurance program. The claims liability of \$12,898, reported in the fund at year end was estimated and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported.

Changes in the fund's claims liability during 2012 and 2013 were:

	Year ended 6/30/2013	Year ended 6/30/2012
Unpaid claims, beginning of fiscal year	\$ 18,614	\$ 27,339
Incurred claims (including IBNRs)	211,180	239,950
Claim payments	(216,896)	(248,675)
Unpaid claims, end of fiscal year	\$ 12,898	\$ 18,614

**NOTE 13 – LONG-TERM DEBT**

The changes in the School District's long-term obligations during the year consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
<u>Governmental Activities</u>					
<u>General Obligation Bonds</u>					
2012 School Improvement					
Refunding	\$ 14,860,000	\$ -	\$ (10,000)	\$ 14,850,000	\$ 75,000
2003 School Improvement					
Serial bonds	1,515,000	-	(745,000)	770,000	770,000
Capital appreciation	554,990	-	-	554,990	-
Accretion on bonds	1,039,098	196,785	-	1,235,883	-
Total bonds	17,969,088	196,785	(755,000)	17,410,873	845,000
<u>Other Long-term obligations</u>					
Compensated absences	1,552,870	227,177	(218,376)	1,561,671	285,959
Total governmental long-term obligations	\$ 19,521,958	\$ 423,962	\$ (973,376)	\$ 18,972,544	\$1,130,959

**School Improvement Bonds:** In May 2003, the School District issued \$23,109,990 of general obligation bonds to finance the construction of the new high school facility. A portion of these bonds have been refunded and the remaining portion will mature in fiscal year 2017.

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**School Improvement Refunding Bonds:** On June 20, 2012, the School District issued \$14,860,000 in refunding general obligation bonds with interest rates from .9-3.375% to refund \$15,080,000 of outstanding 2003 School Improvement Bonds. In addition to the proceeds of the new bonds the School District paid an additional \$1,500,000, which is reported as a debt service expenditure. The net proceeds of \$14,548,108 (after payment of \$311,892 in underwriting fees, insurance, and other issuance costs) was deposited into an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of School Improvement Bonds refunded. These bonds are serial bonds. As a result of this issue, the School Improvement Bonds are considered to be defeased and the liability has been removed. The old debt has a final call date of December 1, 2013 in which the debt will be repaid.

The annual maturities of the School Improvement Bonds as of June 30, 2013, and related interest payments are as follows:

Fiscal <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
2014	\$ 845,000	\$ 431,665	\$ 1,276,665
2015	281,899	1,005,039	1,286,938
2016	259,162	1,026,988	1,286,150
2017	238,929	1,046,321	1,285,250
2018	870,000	406,100	1,276,100
2019-2023	4,710,000	1,737,000	6,447,000
2024-2028	5,345,000	1,019,925	6,364,925
2029-2031	<u>3,625,000</u>	<u>182,150</u>	<u>3,807,150</u>
Total	<u>\$ 16,174,990</u>	<u>\$ 6,855,188</u>	<u>\$ 23,030,178</u>

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the voters, shall not exceed 9.0% of the total value of all property in the School District as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed .1% of the total assessed value of property. The School District has no unvoted debt. The School District's unvoted debt limit and margin is \$344,511. The voted debt limit and margin at June 30, 2013 is \$31,005,968 and \$14,830,978.

**NOTE 14 – JOINTLY GOVERNED ORGANIZATIONS AND PUBLIC ENTITY RISK POOLS**

***Northeast Ohio Management Information Network (NEOMIN)*** NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge. Payments to NEOMIN are made from the general fund. During the current fiscal year, the School District contributed \$45,149 to NEOMIN.

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Superintendents and Treasurers of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County districts, and a treasurer from each county. The School District was represented on the Governing Board during fiscal year 2013. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio, 44481.

***Ashtabula County Schools Council of Governments*** The School District's Superintendent is a member of the governing board of the Ashtabula County Schools Council of Governments, a separate entity formed for the purpose of purchasing health insurance. The School District has no ongoing financial interest or financial responsibility to the Council of Governments other than via participation by purchasing health insurance.

***Ashtabula County Technical and Career Campus*** The School District is a member of the Ashtabula County Technical and Career Campus which has a seven-member board of education and is funded by levying millage and state and federal support. The School District has one member as a board representative. The School District has no ongoing financial interest or financial responsibility to the Ashtabula County Technical and Career Campus.

#### **NOTE 15 – CONTINGENCIES**

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure 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, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

In the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2013.

#### **NOTE 16 – STATUTORY RESERVES**

The School District is required by the state law to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years.

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Although the School District had qualifying disbursements and current year offsets during the fiscal year that reduced the set-aside amount to below zero for the capital maintenance reserve, this amount may not be used to reduce the set aside requirement for future years. This negative balance is, therefore, not presented as being carried forward to future years. Disclosure of this information is required by State statute. The following information describes the change in the year-end set-aside amounts for capital maintenance.

	Capital Maintenance <u>Reserve</u>
Set-aside cash balance as of June 30, 2012	\$ -
Current year set-aside requirement	452,208
Current year offset	(1,155,852)
Qualifying disbursements	<u>-</u>
Set-aside cash balance as of June 30, 2013	<u>\$ (703,644)</u>
 Cash balance carried forward to 2014	 <u>\$ -</u>

**NOTE 17 – FUND DEFICITS**

As of June 30, 2013, several funds had deficit fund balances. These deficits were caused by the application of GAAP. The deficit balance will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The following funds had a deficit balance:

<u>Fund</u>	Deficit <u>Balance</u>
Nonmajor special revenue fund:	
Lunchroom	\$ 43,933
IDEA Part B	1,772
Improving teacher quality	5,594
Miscellaneous federal grants	14,471

**Geneva Area City School District**  
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**NOTE 18 – CONSTRUCTION COMMITMENTS**

At the close of 2013 the School District had contractual commitments related to the Ohio School Facilities projects. These commitments are due to the construction projects being reported in the classroom facilities fund. The most significant of these commitments are related to the following:

Contractual Commitments	
General trades	\$ 953,180

**NOTE 19 – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS**

For fiscal year 2013, the School District has implemented Governmental Accounting Standards Board Statement (GASBS) No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”.

GASBS No. 63 established standards for the reporting of net position which was previously referred to as net assets. The School District’s implementation had no effect on the amount of beginning net position.

For fiscal year 2013, the School District has also implemented Governmental Accounting Standards Board Statement (GASBS) No. 65, “Items Previously Reported as Assets and Liabilities”.

GASBS No. 65 established standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities. In prior periods the School District had reported assets related to the unamortized debt issuance costs in the governmental activity entity wide financial statements. GASBS No. 65 has reclassified debt issuance costs as an expense in the period incurred rather than amortizing the costs over the life of the debt. The School District’s implementation of GASBS No. 65 had the following effect on the amount of beginning net position.

	Governmental
	<u>Activities</u>
Net position, June 30, 2012	\$ 64,380,524
Prior period adjustments:	
Unamortized debt issuance costs	<u>(311,892)</u>
Restated net position, July 1, 2012	<u>\$ 64,068,632</u>

**NOTE 20 - MISCELLANEOUS REVENUE**

During the fiscal year 2013, the School District received unbudgeted revenue in the amount of \$1,643,411 as a result of an insurance claim related to a fire at the stadium and a settlement of litigation from contractors on faulty construction; this revenue has been classified as miscellaneous revenue in the permanent improvement, classroom facilities and other governmental funds in the amount of \$308,813, \$1,218,724 and \$115,874, respectively.