

GRANVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

LICKING COUNTY

SINGLE AUDIT

JULY 1, 2007 - JUNE 30, 2008



Mary Taylor, CPA
Auditor of State

Board of Education
Granville Exempted Village School District
130 North Granger Street
P.O. Box 417
Granville, Ohio 43023

We have reviewed the *Independent Auditors' Report* of the Granville Exempted Village School District, Licking County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 16, 2008

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**GRANVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
LICKING COUNTY**

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Board of Education
Granville Exempted Village School District
P.O. Box 417
Granville, Ohio 43023

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Granville Exempted Village School District, Licking County, Ohio (the School District) as of and for the fiscal year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Granville Exempted Village School District, Licking County, Ohio as of June 30, 2008, and the respective changes in financial position and the budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 3A, the School District implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures". In addition, as disclosed in Note 3B, the School District restated net assets to properly account for payment in lieu of taxes receivable.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2008, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Ten West Locust Street

Newark, Ohio 43055

(740) 345-6611

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FAX (740) 345-5635

Granville Exempted Village School District
Licking County
Independent Auditors' Report

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

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
October 26, 2008

Granville Exempted Village School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)*

The discussion and analysis of the Granville Exempted Village School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2008 are as follows:

- Net assets of governmental activities decreased \$397,746.
- General revenues accounted for \$23,820,157 in revenue or 91 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,461,838 or 9 percent of total revenues of \$26,281,995.
- Total assets of governmental activities increased \$579,525. This increase is primarily due to an increase in cash and cash equivalents due to the School District issuing Energy Conservation Tax Anticipation Notes.
- The School District had \$26,679,741 in expenses related to governmental activities; only \$2,461,838 of these expenses were offset by program specific charges for services and grants and contributions.
- The School District has two major funds; the general fund and debt service fund. The general fund had \$21,180,055 in revenues, \$21,497,948 in expenditures, and \$677 in proceeds from the sale of capital assets. The general fund's balance decreased \$317,216. The debt service fund had \$3,257,060 in revenues and \$3,348,979 in expenditures. The debt service fund's balance decreased \$91,919.

Using this Annual Financial Report

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

Granville Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, operation of non-instructional services, debt service, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the debt service fund.

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 the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets 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 differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Granville Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table I provides a summary of the School District's net assets for 2008 compared to 2007.

Table 1
Net Assets

	<u>Governmental Activities</u>		
	2008	(Restated) 2007	Change
Assets			
Current and Other Assets	\$30,977,115	\$29,601,981	\$1,375,134
Capital Assets	36,673,274	37,468,883	(795,609)
Total Assets	<u>67,650,389</u>	<u>67,070,864</u>	<u>579,525</u>
Liabilities			
Other Liabilities	(18,820,751)	(18,590,589)	230,162
Long-Term Liabilities	(37,909,630)	(37,162,521)	747,109
Total Liabilities	<u>(56,730,381)</u>	<u>(55,753,110)</u>	<u>977,271</u>
Net Assets			
Invested in Capital Assets, Net of Debt	6,892,455	6,732,976	159,479
Restricted	3,425,127	3,291,086	134,041
Unrestricted	602,426	1,293,692	(691,266)
Total Net Assets	<u>\$10,920,008</u>	<u>\$11,317,754</u>	<u>(\$397,746)</u>

Total assets increased \$579,525. The majority of this increase is due to an increase in cash and cash equivalents in the amount of \$1,797,551. This increase is primarily due to the School District issuing \$2,000,000 in House Bill 264 Energy Conservation Tax Anticipation Notes and \$1,582,710 of the notes issued remained unspent. In addition, to the increase in cash and cash equivalents non-depreciable capital assets increased \$316,640 due to construction in progress additions for the House Bill Energy Conservation Project. The increase in non-depreciable capital assets is offset by a decrease in depreciable capital assets in the amount of \$1,112,249 due to current year depreciation.

Total liabilities increased \$977,271. This increase is due to the School District issuing \$2,000,000 in Energy Conservation Tax Anticipation Notes. During fiscal year 2008, the School District repaid \$1,340,684 in outstanding General Obligation Bonds, entered into a contract with Building Control Integrators in the amount of \$1,949,279 for energy conservation improvements, and contracts payable and retainage payable increased in the amounts of \$180,984 and \$20,656, respectively.

Granville Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2008 and comparisons to fiscal year 2007.

Table 2
Changes in Net Assets

	<u>Governmental Activities</u>		Change
	2008	(Restated) 2007	
Revenues			
Program Revenues:			
Charges for Services	\$627,651	\$601,201	\$26,450
Operating Grants and Contributions	1,742,492	1,609,107	133,385
Capital Grants and Contributions	91,695	67,462	24,233
Total Program Revenues	<u>2,461,838</u>	<u>2,277,770</u>	<u>184,068</u>
General Revenues:			
Property Taxes	16,278,777	15,558,666	720,111
Gain on Sale of Capital Asset	677	0	677
Grants and Entitlements	6,962,249	6,822,894	139,355
Investment Earnings	545,488	675,349	(129,861)
Miscellaneous	32,966	74,526	(41,560)
Total General Revenues	<u>23,820,157</u>	<u>23,131,435</u>	<u>688,722</u>
Total Revenues	<u>26,281,995</u>	<u>25,409,205</u>	<u>872,790</u>
Program Expenses			
Instruction:			
Regular	11,823,856	11,610,307	213,549
Special	1,975,964	1,569,026	406,938
Vocational	166,851	151,825	15,026
Support Services:			
Pupils	1,566,360	1,429,099	137,261
Instructional Staff	1,428,716	1,236,667	192,049
Board of Education	125,069	31,307	93,762
Administration	1,734,575	1,794,830	(60,255)
Fiscal	699,749	657,271	42,478
Business	474	9,344	(8,870)
Operation and Maintenance of Plant	2,227,169	3,090,721	(863,552)
Pupil Transportation	1,698,740	1,461,364	237,376
Central	280,651	93,649	187,002
Operation of Non-Instructional Services:			
Other	35,442	41,624	(6,182)
Extracurricular Activities	829,305	865,828	(36,523)
Interest and Fiscal Charges	2,086,820	2,185,323	(98,503)
Total Program Expenses	<u>26,679,741</u>	<u>26,228,185</u>	<u>451,556</u>
<i>Change in Net Assets</i>	<i>(397,746)</i>	<i>(818,980)</i>	<i>421,234</i>
Net Assets Beginning of Year	<u>11,317,754</u>	<u>12,136,734</u>	<u>(818,980)</u>
Net Assets End of Year	<u>\$10,920,008</u>	<u>\$11,317,754</u>	<u>(\$397,746)</u>

Granville Exempted Village School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)*

The schedule clearly shows the dependence upon tax revenues and state subsidies for governmental activities. Only 9 percent of the governmental activities performed by the School District are supported through program revenues such as charges for services and grants and contributions. 89 percent is provided through taxes, payment in lieu of taxes, and entitlements.

During fiscal year 2008, the increase in property tax revenue in the amount of \$720,111 is due to an increase in real estate assessed values in the amount of \$4,940,330. The increase in grants and entitlements during fiscal year 2008 in the amount of \$139,355 was due primarily to an increase in the tangible personal property fixed rate levy loss reimbursement in the amount of \$170,336. The decrease in investment earnings during fiscal year 2008 was due to a decrease in the rate of return on investments. In addition, during fiscal year 2008 the School District invested in STAR Ohio and in federal securities until maturity and during fiscal year 2007 the School District invested in STAR Ohio and federal securities.

During fiscal year 2008, instructional expenses increased \$635,513 due to a 3.5 percent salary increase, incremental step increases, and a 5.2 percent increase in health insurance. In addition, the School District hired six regular instruction teachers and two special education teachers during fiscal year 2008 due to growth. The decrease in operation and maintenance expense in the amount of \$863,552 is primarily due to the School District not utilizing architectural services in fiscal year 2007 in the amount \$706,108 for a new middle school. These costs were not capitalized because the School District's elected not to proceed with construction of new school buildings.

The Statement of Activities shows the cost of program services and the charges for services and grants and contributions, offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

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Granville Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

Table 3
Governmental Activities

	2008 Total Cost of Services	2008 Net Cost of Services	2007 Total Cost of Services	2007 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$11,823,856	\$11,444,492	\$11,610,307	\$11,206,709
Special	1,975,964	1,220,106	1,569,026	1,046,221
Vocational	166,851	155,961	151,825	140,310
Support Services:				
Pupil	1,566,360	1,091,064	1,429,099	989,505
Instructional Staff	1,428,716	1,338,206	1,236,667	1,181,269
Board of Education	125,069	125,069	31,307	31,307
Administration	1,734,575	1,706,962	1,794,830	1,660,316
Fiscal	699,749	344,346	657,271	331,013
Business	474	298	9,344	8,949
Operation and Maintenance of Plant	2,227,169	2,163,068	3,090,721	3,021,440
Pupil Transportation	1,698,740	1,682,176	1,461,364	1,438,495
Central	280,651	271,440	93,649	85,540
Operation of Non-Instructional Services				
Other	35,442	31,441	41,624	36,492
Extracurricular Activities	829,305	556,454	865,828	587,526
Interest and Fiscal Charges	2,086,820	2,086,820	2,185,323	2,185,323
Totals	<u>\$26,679,741</u>	<u>\$24,217,903</u>	<u>\$26,228,185</u>	<u>\$23,950,415</u>

Instructional programs comprise approximately 52 percent of total governmental program expenses. Of the instructional expenses, approximately 85 percent is for regular instruction, 14 percent for special instruction, and 1 percent for vocational instruction.

The School District Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$26,473,761, expenditures of \$27,113,100, and other financing sources of \$2,000,677.

General Fund

The fund balance of the General Fund at June 30, 2008 is \$6,111,227, which reflects a decrease of \$317,216. Regular instruction and special instruction expenditures increased \$347,066 due to salary and step increases. In addition, the School District contracted with the Excel Academy for special education services in the amount of \$68,992. The increase in expenditures is offset by an increase in property taxes revenue in the amount of \$448,184, an increase in payment in lieu of taxes revenue in the amount of \$134,430, and an increase in intergovernmental revenue in the amount of \$183,710.

Granville Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

Other Governmental Major Fund

Debt Service Fund

The fund balance of the Debt Service Fund at June 30, 2008 is \$3,072,438, a decrease of \$91,919 from the prior year primarily due to an increase in principal payments in the amount of \$552,590. The increase in expenditures is offset by an increase in property tax revenue in the amount of \$123,673 and a decrease in issuance costs in the amount of \$358,608.

General Fund Budgetary 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 the course of fiscal 2008, the School District amended its general fund appropriations; none of the amendments were significant.

Final actual revenue and other financing sources was \$21,161,886 compared to final estimates of \$18,636,811. Of this \$2,524,398 difference, the majority was due to the School District's conservative estimate for state subsidies and entitlements.

The School District's ending unobligated general fund balance was \$7,356,952.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the School District had \$36,673,274 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal year 2008 balances compared to 2007.

Table 4
Capital Assets at June 30, 2008 (Net of Depreciation)

	<u>Government Activities</u>	
	2008	2007
Land and Land Improvements	\$2,540,278	\$2,622,852
Buildings and Improvements	32,338,138	33,260,075
Furniture and Equipment	454,733	588,737
Vehicles	1,023,485	997,219
Construction in Progress	316,640	0
Totals	\$36,673,274	\$37,468,883

See Note 8 for more detailed information of the School District's capital assets.

Granville Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

Debt

At June 30, 2008, the School District had \$37,363,933 in bonds, a note, capital leases, and unamortized premiums and discounts outstanding.

Table 5
Outstanding Debt, at Fiscal Year End

	Governmental Activities 2008	Governmental Activities 2007
	<u>2008</u>	<u>2007</u>
1994 School Improvement Refunding Bonds - 2.6%-4.65%	\$838,060	\$998,744
2002 School Improvement Serial Bonds	945,000	1,255,000
2002 School Improvement Capital Appreciation Bonds	249,532	181,091
2004 School Improvement Serial Bonds	2,370,000	2,660,000
2004 School Improvement Capital Appreciation Bonds	199,595	151,664
2004 School Improvement Serial/ Term Bonds Premium	101,832	110,318
2005 Library Improvement Serial/ Term Bonds	1,030,000	1,130,000
2005 Library Improvement Serial/ Term Bonds Premium	6,165	7,046
2007 Advance Refunding Serial/ Term Bonds	28,710,000	29,190,000
2007 Advance Refunding Capital Appreciation Bonds	386,329	299,751
2007 Advance Refunding Serial Bonds Premium	339,838	361,078
2007 Advance Refunding Capital Appreciation Bonds Premium	1,249,776	1,374,754
2007 Advance Refunding Term Bonds Discount	(288,405)	(300,678)
Deferred Amount on Refunding	(869,577)	(906,580)
2008 House Bill 264 - Energy Conservation Note	2,000,000	0
Capital Leases	95,788	143,884
Totals	<u>\$37,363,933</u>	<u>\$36,656,072</u>

See Note 14 for more detailed information of the School District's debt.

Economic Factors

Granville Exempted Village School District's net assets decreased by \$397,746. However, based on the current financial information presented, the School District has the ability to maintain current programs and staffing levels. With careful financial planning and prudent fiscal management the School District intends to be able to continue maintaining a positive cash flow.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and 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 any questions about this report or need additional financial information contact Margaret Betts, Treasurer at Granville Exempted Village School District, 130 North Granger Street, P.O. Box 417, Granville, Ohio 43023. You may also e-mail the treasurer at pbetts@laca.org.

Granville Exempted Village School District, Ohio

Statement of Net Assets

June 30, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$13,239,290
Cash and Cash Equivalents in Segregated Accounts	948
Investments in Segregated Accounts	7,000
With Fiscal Agents	
Materials and Supplies Inventory	1,646
Accrued Interest Receivable	28
Prepaid Items	537
Intergovernmental Receivable	25,421
Accounts Receivable	10,343
Property Taxes Receivable	16,516,503
Revenue in Lieu of Taxes Receivable	765,550
Deferred Charges	409,849
Nondepreciable Capital Assets	1,782,609
Depreciable Capital Assets, Net	<u>34,890,665</u>
<i>Total Assets</i>	<u>67,650,389</u>
Liabilities	
Accounts Payable	299,281
Accrued Wages and Benefits Payable	2,088,592
Contracts Payable	180,984
Retainage Payable	20,656
Accrued Interest Payable	414,268
Intergovernmental Payable	608,381
Unearned Revenue	15,208,589
Long-Term Liabilities:	
Due Within One Year	1,545,475
Due In More Than One Year	<u>36,364,155</u>
<i>Total Liabilities</i>	<u>56,730,381</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	6,892,455
Restricted for:	
Classroom Facilities Maintenance	256,578
District Managed Activities	119,743
Capital Projects	353,915
Debt Service	2,591,844
Other Purposes	103,047
Unrestricted	<u>602,426</u>
<i>Total Net Assets</i>	<u><u>\$10,920,008</u></u>

See accompanying notes to the basic financial statements

Granville Exempted Village School District, Ohio

Statement of Activities

For the Fiscal Year Ended June 30, 2008

	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions		
Governmental Activities					
Instruction:					
Regular	\$11,823,856	\$207,600	\$112,829	\$58,935	(\$11,444,492)
Special	1,975,964	0	754,372	1,486	(1,220,106)
Vocational	166,851	0	10,890	0	(155,961)
Support Services:					
Pupils	1,566,360	179,500	295,796	0	(1,091,064)
Instructional Staff	1,428,716	3,381	87,129	0	(1,338,206)
Board of Education	125,069	0	0	0	(125,069)
Administration	1,734,575	1,612	26,001	0	(1,706,962)
Fiscal	699,749	0	354,587	816	(344,346)
Business	474	0	176	0	(298)
Operation and Maintenance of Plant	2,227,169	18,453	31,754	13,894	(2,163,068)
Pupil Transportation	1,698,740	0	0	16,564	(1,682,176)
Central	280,651	525	8,686	0	(271,440)
Operation of Non-Instructional Services	35,442	0	4,001	0	(31,441)
Extracurricular Activities	829,305	216,580	56,271	0	(556,454)
Interest and Fiscal Charges	2,086,820	0	0	0	(2,086,820)
Totals	\$26,679,741	\$627,651	\$1,742,492	\$91,695	(24,217,903)

General Revenues

Property Taxes Levied for:

General Purposes	12,821,992
Debt Service	2,877,982
Capital Outlay	437,674
Classroom Facilities Maintenance	141,129
Gain on Sale of Capital Asset	677
Grants and Entitlements not Restricted to Specific Programs	6,962,249
Investment Earnings	545,488
Miscellaneous	32,966
Total General Revenues	23,820,157
Change in Net Assets	(397,746)
Net Assets Beginning of Year (Restated - See Note 3)	11,317,754
Net Assets End of Year	\$10,920,008

See accompanying notes to the basic financial statements

Granville Exempted Village School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2008*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$7,606,142	\$2,924,549	\$2,699,872	\$13,230,563
Cash and Cash Equivalents in Segregated Accounts	158	0	790	948
Cash and Cash Equivalents Investments in Segregated Accounts	0	0	7,000	7,000
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	8,727	0	0	8,727
Accounts Receivable	10,332	0	11	10,343
Accrued Interest Receivable	0	0	28	28
Interfund Receivable	700,000	0	0	700,000
Intergovernmental Receivable	15,986	0	9,435	25,421
Prepaid Items	537	0	0	537
Materials and Supplies Inventory	1,646	0	0	1,646
Property Taxes Receivable	12,889,578	3,020,967	605,958	16,516,503
Revenue in Lieu of Taxes Receivable	765,550	0	0	765,550
Total Assets	<u>\$21,998,656</u>	<u>\$5,945,516</u>	<u>\$3,323,094</u>	<u>\$31,267,266</u>
Liabilities				
Accounts Payable	\$180,419	\$0	\$118,862	\$299,281
Accrued Wages and Benefits	2,081,008	0	7,584	2,088,592
Contracts Payable	0	0	180,984	180,984
Retainage Payable	0	0	20,656	20,656
Interfund Payable	0	0	700,000	700,000
Deferred Revenue	13,026,089	2,873,078	581,559	16,480,726
Intergovernmental Payable	599,913	0	8,468	608,381
Total Liabilities	<u>15,887,429</u>	<u>2,873,078</u>	<u>1,618,113</u>	<u>20,378,620</u>
Fund Balances				
Reserved for Encumbrances	148,100	0	1,666,376	1,814,476
Reserved for Bus Purchase	13,771	0	0	13,771
Reserved for Property Taxes	611,800	145,200	28,400	785,400
Undesignated, Reported in:				
General Fund	5,337,556	0	0	5,337,556
Special Revenue Funds	0	0	465,690	465,690
Debt Service Fund	0	2,927,238	0	2,927,238
Capital Projects Funds (Deficit)	0	0	(455,485)	(455,485)
Total Fund Balances	<u>6,111,227</u>	<u>3,072,438</u>	<u>1,704,981</u>	<u>10,888,646</u>
Total Liabilities and Fund Balances	<u>\$21,998,656</u>	<u>\$5,945,516</u>	<u>\$3,323,094</u>	<u>\$31,267,266</u>

See accompanying notes to the basic financial statements

Granville Exempted Village School District, Ohio
*Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Assets*
June 30, 2008

Total Governmental Fund Balances \$10,888,646

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 36,673,274

Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds:

Property Taxes Receivable	494,692	
Revenue in Lieu of Taxes Receivable	765,550	
Accrued Interest Receivable	28	
Intergovernmental Receivable	4,717	
Student Fees	7,150	1,272,137

Unamortized issuance costs are reported as deferred charges on the Statement of Net Assets but as an expenditure on the fund financial statements which do not provide current financial resources and, therefore, are not reported in the funds. 409,849

Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:

Bonds Payable	(34,262,814)	
Energy Conservation Notes Payable	(2,000,000)	
Bond Premium	(1,697,611)	
Bond Discount	288,405	
Deep Discount Debt Accretion	(465,702)	
Deferred Amount on Refunding	869,577	
Accrued Interest Payable	(414,268)	
Capital Leases Payable	(95,788)	
Compensated Absences	(545,697)	(38,323,898)

Net Assets of Governmental Activities \$10,920,008

See accompanying notes to the basic financial statements

Granville Exempted Village School District, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$12,760,860	\$2,875,705	\$576,534	\$16,213,099
Payment in Lieu of Taxes	262,999	0	0	262,999
Intergovernmental	7,395,606	354,173	959,547	8,709,326
Interest	508,983	27,182	9,858	546,023
Tuition and Fees	200,960	0	0	200,960
Extracurricular Activities	0	0	407,542	407,542
Rentals	18,453	0	0	18,453
Charges for Services	0	0	0	0
Contributions and Donations	0	0	82,393	82,393
Miscellaneous	32,194	0	772	32,966
Total Revenues	<u>21,180,055</u>	<u>3,257,060</u>	<u>2,036,646</u>	<u>26,473,761</u>
Expenditures				
Current:				
Instruction:				
Regular	10,663,493	0	514,663	11,178,156
Special	1,534,967	0	339,143	1,874,110
Vocational	154,153	0	0	154,153
Support Services:				
Pupils	980,196	0	466,362	1,446,558
Instructional Staff	1,230,180	0	74,367	1,304,547
Board of Education	125,069	0	0	125,069
Administration	1,633,763	0	21,785	1,655,548
Fiscal	660,775	45,502	9,196	715,473
Business	0	0	474	474
Operation and Maintenance of Plant	2,021,496	0	237,341	2,258,837
Pupil Transportation	1,667,390	0	36,521	1,703,911
Central	271,417	0	9,234	280,651
Operation of Non-Instructional Services:				
Other Non-Instructional Services	26,743	0	3,972	30,715
Extracurricular Activities	474,689	0	236,475	711,164
Capital Outlay	2,058	0	316,640	318,698
Debt Service:				
Principal Retirement	48,096	1,340,684	0	1,388,780
Interest and Fiscal Charges	3,463	1,962,793	0	1,966,256
Total Expenditures	<u>21,497,948</u>	<u>3,348,979</u>	<u>2,266,173</u>	<u>27,113,100</u>
Excess of Revenues Under Expenditures	<u>(317,893)</u>	<u>(91,919)</u>	<u>(229,527)</u>	<u>(639,339)</u>
Other Financing Sources				
Sale of Capital Assets	677	0	0	677
Tax Anticipation Notes Issued	0	0	2,000,000	2,000,000
Total Other Financing Sources	<u>677</u>	<u>0</u>	<u>2,000,000</u>	<u>2,000,677</u>
Net Change in Fund Balances	(317,216)	(91,919)	1,770,473	1,361,338
Fund Balances Beginning of Year				
Fund Balances (Deficit) Beginning of Year	<u>6,428,443</u>	<u>3,164,357</u>	<u>(65,492)</u>	<u>9,527,308</u>
Fund Balances End of Year	<u>\$6,111,227</u>	<u>\$3,072,438</u>	<u>\$1,704,981</u>	<u>\$10,888,646</u>

See accompanying notes to the basic financial statements

Granville Exempted Village School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008*

Net Change in Fund Balances - Total Governmental Funds		\$1,361,338
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period		
Capital Asset Additions	487,127	
Depreciation Expense	<u>(1,282,736)</u>	(795,609)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds from the sale of capital assets and the gain on the sale of capital assets.		
Proceeds from the Sale of Capital Assets	(677)	
Gain on the Sale of Capital Assets	<u>677</u>	0
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Interest	(535)	
Student Fees	696	
Grants	4,717	
Payment in Lieu of Taxes	(262,999)	
Delinquent Taxes	<u>65,678</u>	(192,443)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		1,388,780
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt in the statement of activities.		
		(2,096)
Energy Conservation tax anticipation notes issued are other financing sources in governmental funds, but the issuance increases long-term liabilities on the statement of net assets.		
		(2,000,000)
Some expenses 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.		
Compensated Absences Payable		(39,248)
The amortization of premiums, discounts, and issuance costs are reported on the statement of activities:		
Premium Amortization	155,585	
Discount Amortization	(12,273)	
Issuance Costs Amortization	<u>(21,827)</u>	121,485
The difference between the net carrying amount of the refunded debt and the acquisition price is allocated over the life of the outstanding debt on the statement of activities.		
		(37,003)
Accretion on capital appreciation bonds is an expenditure in the governmental funds but is allocated as an expense over the life of the bonds.		
		<u>(202,950)</u>
<i>Change in Net Assets of Governmental Activities</i>		<u><u>(\$397,746)</u></u>

See accompanying notes to the basic financial statements

Granville Exempted Village School District, Ohio
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$14,108,919	\$12,337,488	\$12,684,512	\$347,024
Payment in Lieu of Taxes	0	195,485	262,999	67,514
Intergovernmental	412,701	5,491,215	7,389,496	1,898,281
Interest	0	431,824	580,961	149,137
Tuition and Fees	0	157,847	200,671	42,824
Rent	0	13,716	18,453	4,737
Miscellaneous	0	9,236	24,117	14,881
<i>Total Revenues</i>	<u>14,521,620</u>	<u>18,636,811</u>	<u>21,161,209</u>	<u>2,524,398</u>
Expenditures				
Current:				
Instruction:				
Regular	10,803,044	10,577,113	10,516,495	60,618
Special	1,518,308	1,476,681	1,471,684	4,997
Vocational	153,964	148,942	148,828	114
Other	262,301	248,447	248,446	1
Support Services:				
Pupils	1,144,899	1,060,544	1,002,960	57,584
Instructional Staff	1,337,990	1,301,906	1,208,017	93,889
Board of Education	127,134	138,233	127,337	10,896
Administration	1,824,416	1,791,498	1,682,451	109,047
Fiscal	728,803	681,480	679,879	1,601
Operation and Maintenance of Plant	2,294,289	2,050,452	2,021,547	28,905
Pupil Transportation	1,758,174	1,641,545	1,638,057	3,488
Central	329,502	246,792	242,007	4,785
Other Non-Instructional Services	13,662	29,198	28,124	1,074
Extracurricular Activities	505,006	497,057	493,330	3,727
Capital Outlay	2,854	2,058	2,058	0
<i>Total Expenditures</i>	<u>22,804,346</u>	<u>21,891,946</u>	<u>21,511,220</u>	<u>380,726</u>
<i>Excess of Revenues Under Expenditures</i>	(8,282,726)	(3,255,135)	(350,011)	2,905,124
Other Financing Source				
Sale of Capital Assets	0	677	677	0
<i>Net Change in Fund Balance</i>	(8,282,726)	(3,254,458)	(349,334)	2,905,124
<i>Fund Balance Beginning of Year</i>	7,401,939	7,401,939	7,401,939	0
Prior Year Encumbrances Appropriated	304,347	304,347	304,347	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$576,440)</u>	<u>\$4,451,828</u>	<u>\$7,356,952</u>	<u>\$2,905,124</u>

See accompanying notes to the basic financial statements

Granville Exempted Village School District, Ohio

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2008

Assets

Equity in Pooled Cash and Cash Equivalents

\$668,450

Total Assets

\$668,450

Liabilities

Due to Students

\$91,220

Due to Others

577,230

Total Liabilities

\$668,450

See accompanying notes to the basic financial statements

Granville Exempted Village School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Granville Exempted Village School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District was established in the late 1800's. The School District serves an area of approximately 48 square miles. It is located in Licking County, and includes all of the Village of Granville and Granville Township as well as portions of the Cities of Newark and Heath and portions of Newark, Newton, McKean, St. Albans and Union Townships. It is staffed by 62 non-certificated employees, 167 certificated full-time personnel and 11 administrative employees who provide services to 2,503 full-time equivalent students. The School District currently operates four instructional buildings, one administrative building, and one garage.

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Granville Exempted Village School District, this includes general operations and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The following activities are included within the reporting entity:

Private Schools - Welsh Hills and Grace Haven Academy, private schools, operate within the School District boundaries. Current State legislation provides funding to these private schools. These monies are received and disbursed on behalf of the private schools by the Treasurer of the School District, as directed by the private schools in accordance with State rules and regulations. This activity is reflected in a special revenue fund for financial reporting purposes.

The School District is associated with nine organizations, five of which are defined as jointly governed organizations, two as insurance purchasing pools, and one as a related organization. These organizations are the Licking Area Computer Association, Career and Technology Education Centers of Licking County, Metropolitan Educational Council, the School Study Council of Ohio, the Newark-Granville Community Authority, the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan, the Metropolitan Educational Council Group Insurance Pool, and the Granville Schools Education Foundation, Incorporated. These organizations are presented in Notes 15, 16, and 17 to the basic financial statements.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the 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 statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however; has no business-type activities.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

General Fund The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

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

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

Fiduciary Fund Type Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the 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 does not have any trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for the Newark-Granville Community Authority and student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (revenues) and decreases (expenses) in total net assets.

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

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. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, payment in lieu of taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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 nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District, except for cash and investments in segregated bank accounts, is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The School District has a segregated bank account for the athletic account monies held separate from the School District's central bank account. This checking account is presented on the financial statements as "cash and cash equivalents in segregated accounts" since it is not deposited into the School District treasury.

The School District has segregated investments for non-negotiable certificates of deposit held separate from the School District's investments. These non-negotiable certificates of deposit are to be used to provide scholarships to graduating seniors. These investments are presented on the financial statements as "investments in segregated accounts" since they are not deposited into the School District treasury.

During fiscal year 2008, investments were limited to federal agency securities, State Treasury Asset Reserve of Ohio (STAR Ohio), and certificates of deposit.

Cash and cash equivalents in segregated accounts represents the cash balance of athletic fund checking account at June 30, 2008 of \$948. Investments in segregated accounts of \$7,000 represents certificates of deposit held for the Ken Marshall Memorial Fund and the Jeanne Kaufman Consold Math Award.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2008. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Certificates of deposit are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$508,983, which includes \$44,485 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the fiscal year in which services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventories consist of consumable supplies.

H. Capital Assets

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-index to deflate the costs to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land Improvements	15-20 years
Buildings and Improvements	20-50 years
Machinery and Equipment	5-20 years
Furniture and Fixtures	5-20 years
Vehicles	10-15 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated on the statement of net assets.

J. 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. The School District records a liability for the accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified employees after 11 years current service with the School District and for certified employees and administrators after 20 years of service.

K. Accrued Liabilities and Long-term Obligations

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

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

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

L. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, bus purchases, and property taxes.

The reserve for bus purchase represents unexpended revenues restricted for the purchase of buses. During fiscal year 2008, the reserve for bus purchase includes restricted cash of \$8,727 and an intergovernmental receivable of \$5,044. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are 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.

Net assets restricted for other purposes include resources restricted for music and athletic programs, and state and federal grants restricted to expenditures for specified purposes.

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

N. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items reported for fiscal year 2008.

O. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

P. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates and the filing requirement is waived by the Licking County Auditor. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The treasurer has been authorized to allocate Board appropriations to the function and object level within each fund. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect at the time final appropriations were passed.

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

Q. Bond Premiums, Bond Discounts, Gains on Refunding and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium and discount. Bond issuance costs are recorded as deferred charges and amortized over the term of the related debt.

Bond premiums on the capital appreciation bonds are deferred and accreted over the term of the bonds.

Any gain or loss on refunding is allocated over the life of the old debt or the new debt whichever is shorter.

On the governmental fund financial statements, governmental fund types recognize issuance costs, bond premiums, and bond discounts in the current period. The face amount of the debt issue is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

R. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent unspent revenues restricted for the purchase of buses. During fiscal year 2008, the reserve for bus purchase includes restricted cash and an intergovernmental receivable. See Note 19 for additional information regarding set asides.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET ASSETS

A. Changes in Accounting Principle

For 2008, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, GASB Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”, and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the SERS and the STRS post-employment healthcare plans in the amount of \$32,311 and \$19,620 respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

B. Restatement of Net Assets

During 2008, the School District determined that receivables related to the School District’s Tax Increment Financing Agreement were previously not recognized by the School District. This adjustment had the following effect on net assets as previously reported at June 30, 2007.

	<u>Governmental Activities</u>
Governmental Activities Net Assets as Previously Reported	\$10,289,205
Payment in Lieu of Taxes Receivable	<u>1,028,549</u>
Adjusted Governmental Activities Net Assets, June 30, 2007	<u>\$11,317,754</u>

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (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 Balance - Budget and Actual (Budget Basis) 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 (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	(\$317,216)
Net Adjustment for Revenue Accruals	(79,409)
Net Adjustment for Expenditure Accruals	244,155
Beginning:	
Fair Value Adjustment for Investments	60,563
Prepaid Items	1,027
Ending:	
Prepaid Items	(537)
Adjustment for Encumbrances	<u>(257,917)</u>
Budget Basis	<u><u>(\$349,334)</u></u>

NOTE 5 - DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State statute into three categories.

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

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 5 - DEPOSITS AND INVESTMENTS - Continued

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

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States treasury bills, bonds, notes, 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 obligation or security 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;
4. Bonds and other obligations of the State of Ohio;
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 describe in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and,
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. Although the School District followed all state and local statutory requirements, at year end \$1,710,420 of the School District's bank balance of \$1,811,211 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 5 - DEPOSITS AND INVESTMENTS - Continued

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledge to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments: As of June 30, 2008, the School District had the following investment.

	<u>Fair Value</u>	<u>Maturity</u>
STAR Ohio	\$12,145,945	Average 53.8 Days

Interest Rate Risk

The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which he/she does not reasonably believe can be held until the maturity date. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk

STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

NOTE 6 - PROPERTY TAXES

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 property, and tangible personal property (used in business) located in the School District. Real property tax revenues received in calendar year 2008 represent the collection of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2008 represent the collection of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien on December 31, 2006, were levied after April 1, 2007, and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 6 - PROPERTY TAXES - Continued

Tangible personal property tax revenue received in calendar 2008 (other than public utility property tax) represents the collection of calendar year 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessed percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payment by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30. This year, the June 2008 tangible personal property tax settlement from Licking County was not received until July of 2008.

The School District receives property taxes from Licking County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes personal property and public utility taxes, and the late June personal property settlement which are measurable as of June 30, 2008 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 and the late personal property tax settlement were levied to finance current fiscal year operations. The amount available as an advance at June 30, 2008, was \$785,400. \$611,800 was available to the general fund, \$145,200 was available to the bond retirement debt service fund, \$21,500 was available to the permanent improvement capital projects fund, and \$6,900 was available to the classroom facilities maintenance special revenue fund. The amount of the late personal property tax settlement was \$24,389 in the general fund, \$2,689 in the bond retirement debt service fund, \$575 in the permanent improvement capital projects fund, and \$169 in the classroom facilities maintenance special revenue fund.

On a full accrual basis, collectible delinquent property taxes and the amount available as an advance have been recorded as a receivable and revenue while the rest of the receivable is deferred. On a modified accrual basis, only the amount available as an advance is recognized as revenue.

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$387,038,280	96.74%	\$391,978,610	97.62%
Public Utility Personal	7,853,190	1.96%	6,578,640	1.64%
General Business Personal	5,193,360	1.30%	2,961,160	0.74%
Total Assessed Value	\$400,084,830	100.00%	\$401,518,410	100.00%
Tax rate per \$1,000 of assessed valuation	\$82.25		\$82.25	

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008, consisted of property taxes, payment in lieu of taxes, accounts (rent, student fees and tuition), intergovernmental grants, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

On December 13, 2005 the School District entered into a Tax Increment Financing Agreement with the Granville Township for the purpose of public infrastructure improvements. To encourage these improvements, the property owner was granted a 100 percent exemption from paying real property taxes on the new construction; however, the property owner is required to make payments in lieu of taxes. The School District has agreed to this project and is being made whole for lost real estate taxes by receiving payments in lieu of taxes in the amount equal to the real property taxes that otherwise would have been due each year, pursuant to the financing agreement. The property owner makes payments in lieu of taxes to Licking County which are distributed to Granville Township. The Township distributes these payments to the School District. These payments are being used to finance public improvements and will continue over five years.

A summary of principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities	
Competitive Professional Development - E Portfolios Grant	\$9,435
Ohio Department of Education Bus Purchase Reimbursement	5,044
Miscellaneous Refunds and Reimbursements	10,942
Total	\$25,421

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Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Nondepreciable Capital Assets				
Land	\$1,465,969	\$0	\$0	\$1,465,969
Construction in Progress	0	316,640	0	316,640
Total Capital Assets not being depreciated	1,465,969	316,640	0	1,782,609
Depreciable Capital Assets				
Land Improvements	1,705,889	0	0	1,705,889
Buildings and Improvements	43,464,275	35,410	0	43,499,685
Furniture and Equipment	1,465,637	6,995	0	1,472,632
Vehicles	1,790,774	128,082	(36,428)	1,882,428
Total at Historical Cost	48,426,575	170,487	(36,428)	48,560,634
Less Accumulated Depreciation				
Land Improvements	(549,006)	(82,574)	0	(631,580)
Buildings and Improvements	(10,204,200)	(957,347)	0	(11,161,547)
Furniture and Equipment	(876,900)	(140,999)	0	(1,017,899)
Vehicles	(793,555)	(101,816)	36,428	(858,943)
Total Accumulated Depreciation	(12,423,661)	(1,282,736) *	36,428	(13,669,969)
Depreciable Capital Assets, Net of Accumulated Depreciation	36,002,914	(1,112,249)	0	34,890,665
Governmental Activities Capital Assets, Net	\$37,468,883	(\$795,609)	\$0	\$36,673,274

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$688,302
Special	94,508
Vocational	12,698
Support Services:	
Pupils	53,860
Instructional Staff	106,422
Administration	83,607
Fiscal	2,536
Operation and Maintenance	14,839
Pupil Transportation	103,096
Extracurricular	118,141
Other Non-Instructional Services	4,727
Total Depreciation Expense	<u>\$1,282,736</u>

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 9 - RISK MANAGEMENT

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. During fiscal year 2008, the School District contracted with Utica National Insurance Group, through Wells Fargo Insurance Services, for property, boiler and machinery, inland marine, crime insurance, general liability insurance, and fleet insurance. Coverage provided is as follows:

Building and Contents-replacement cost (\$5,000 deductible)	\$51,189,916
Inland Marine (\$500 deductible)	
Equipment	402,098
Data/ Media	69,697
Extra Expense	10,000
Crime Insurance	
Money & Securities	25,000
Employee Dishonesty	100,000
Forgery or Alteration	100,000
General Liability	
Per occurrence	1,000,000
Aggregate Per Year	3,000,000
Damage to Premises Rented to You	100,000
Medical Expense	10,000
Education Umbrella Liability Policy	
For General Liability	
Per occurrence	2,000,000
Aggregate Per Year	2,000,000
Fleet Insurance (\$1,000 deductible)	1,000,000
Uninsured Motorists	100,000
Medical Payments	5,000

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

In fiscal year 2008, the School District participated in the Metropolitan Educational Council (MEC), an insurance purchasing pool (Note 16). MEC helps member school districts receive discounted rates on various items such as their life, property, boiler and machinery, inland marine, crime, and freight insurance, services, supplies, and other items. The MEC has over 170 members which include school districts, joint vocational schools, educational service centers, and libraries covering 37 counties in central Ohio. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County and one representative from each county outside Franklin County.

For fiscal year 2008, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting Company provides administrative, cost control, and actuarial services to the GRP.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 10 - 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 43215-3476.

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. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended 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, 2008, 2007, and 2006, were \$192,503, \$216,647, and \$177,758, respectively; 52 percent has been contributed for fiscal year 2008 and 100 percent for the fiscal years 2007 and 2006. \$92,284 represents the unpaid contribution for fiscal year 2008.

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 system. 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 Street, Columbus, Ohio 43215-3771, by calling (614) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on 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.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 10 - DEFINED BENEFIT PENSION PLANS - Continued

Funding Policy - For the fiscal year ended June 30, 2008, 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. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. 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 the DB Plan for the fiscal years ended June 30, 2008, 2007, and 2006 were \$1,359,466, \$1,348,950, and \$1,234,569 respectively; 80 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$45,180 made by the School District and \$93,760 made by the plan members. \$269,297 represents the unpaid contribution for fiscal year 2008.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employees 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 2008, 4.18 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 2008, this amount was \$35,800.

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, including the surcharge, for the fiscal years ended June 30, 2008, 2007, and 2006 were \$121,768, \$98,299, and \$86,454 respectively; 52 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$13,870, \$13,794, and \$13,105 respectively; 52 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 11 - POSTEMPLOYMENT BENEFITS - Continued

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 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 2008, 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, 2008, 2007, and 2006 were \$108,050, \$106,752, and \$97,112 respectively; 81 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated vacation time may be carried forward for the Treasurer and upon approval of the Superintendent, for all other classified employees. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for all personnel. Upon retirement, payment is made for one-third of accrued, but unused sick leave credit to a maximum of 50 days for classified and certified employees.

B. Health Care Benefits

The School District provides health, drug, and dental insurance for all eligible employees through Anthem Blue Cross and Blue Shield of Ohio. The School District pays medical and drug monthly premiums for staff for family and single coverage. The School District pays the total monthly premium for dental insurance coverage for family and single employees. The School District also provides vision insurance to its employees through Vision Plus America, Incorporated. The School District pays the total premium for vision coverage for family and single coverage.

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Metropolitan Educational Council Group Life Insurance. Premiums are paid from the same funds that pay the employees' salaries.

NOTE 13 – CAPITALIZED LEASES

The School District has entered into capitalized leases for copiers. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 13 – CAPITALIZED LEASES - Continued

The agreements provide for minimum annual rental payments as follows:

Fiscal Year Ending June 30,	Principal	Interest
2009	\$45,794	\$2,614
2010	42,762	1,045
2011	7,232	28
Total	<u>\$95,788</u>	<u>\$3,687</u>

The equipment was originally capitalized in the amount of \$237,868. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2008 totaled \$48,096 in the governmental funds.

Property under Capital Lease	\$237,868
Less: Accumulated Depreciation	<u>(151,944)</u>
Total June 30, 2008	<u>\$85,924</u>

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Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2008 were as follows:

	Principal Outstanding 6/30/2007	Additions	Deductions	Principal Outstanding 6/30/2008	Due in One Year
1994 School Improvement Refunding Bonds					
2.6% - 4.65%	\$998,744	\$0	\$160,684	\$838,060	\$141,986
2002 School Improvement Bonds					
Serial Bonds - 2.5% - 4.75%	1,255,000	0	310,000	945,000	350,000
Capital Appreciation Bonds - 4.65% - 5.11%	29,782	0	0	29,782	0
Capital Appreciation Bonds Accretion	151,309	68,441	0	219,750	0
2004 School Improvement Bonds					
Serial Bonds - 2.0% - 4.5%	2,660,000	0	290,000	2,370,000	400,000
Capital Appreciation Bonds - 27.67% - 31.13%	65,000	0	0	65,000	0
Capital Appreciation Bonds Accretion	86,664	47,931	0	134,595	0
Serial/ Term Bonds Premium	110,318	0	8,486	101,832	0
2005 Library Improvement Bonds					
Serial Bonds - 3.0% - 4.0%	825,000	0	100,000	725,000	40,000
Term Bonds - 4.0% - 5.0%	305,000	0	0	305,000	0
Serial/ Term Bonds Premium	7,046	0	881	6,165	0
2007 Advance Refunding Bonds					
Serial Bonds - 4.0% - 4.75%	12,730,000	0	480,000	12,250,000	340,000
Term Bonds - 4.38%	16,460,000	0	0	16,460,000	0
Capital Appreciation Bonds - 4.22% - 4.26%	274,972	0	0	274,972	0
Capital Appreciation Bonds Accretion	24,779	86,578	0	111,357	0
Premium on Serial Bonds	361,078	0	21,240	339,838	0
Premium on Capital Appreciation Bonds	1,374,754	0	124,978	1,249,776	0
Discount on Term Bonds	(300,678)	0	(12,273)	(288,405)	0
Deferred Amount on Refunding	(906,580)	0	(37,003)	(869,577)	0
Total General Obligation Bonds	36,512,188	202,950	1,446,993	35,268,145	1,271,986
2008 - House Bill 264 -					
Energy Conservation Notes - 3.43%	0	2,000,000	0	2,000,000	171,000
Total Long-Term Debt	36,512,188	2,202,950	1,446,993	37,268,145	1,442,986
Capital Leases	143,884	0	48,096	95,788	45,794
Compensated Absences	506,449	111,410	72,162	545,697	56,695
Total General Long-Term Obligations	\$37,162,521	\$2,314,360	\$1,567,251	\$37,909,630	\$1,545,475

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 14 - LONG-TERM OBLIGATIONS - Continued

General Obligation Bonds

School Improvement General Obligation Refunding Bonds - On October 15, 1993, Granville Exempted Village School District issued \$7,536,838 in School Improvement General Obligation Refunding Bonds with interest rates varying from 2.6 percent to 4.65 percent to advance refund \$7,540,000 of outstanding 1990 school improvement bonds with an average interest rate of 10 percent. The proceeds of the refunding were deposited in an irrevocable trust with Park National Bank to provide for all future debt service payments. As a result, the 1990 Series bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The 1990 School Improvement Bonds were paid off on December 2, 2002.

The total principal and interest requirements to retire the School Improvement Refunding General Obligation Bonds are as follows:

Fiscal Year		
Ending June 30,	Principal	Interest
2009	\$141,986	\$508,014
2010	129,343	525,657
2011	120,060	536,284
2012	108,468	546,532
2013	100,025	561,139
2014-2016	238,178	1,646,873
Total	<u>\$838,060</u>	<u>\$4,324,499</u>

The School District issued School Improvement Bond Anticipation Notes at 4.87 percent for \$21,220,000 on May 3, 2001, as a result of the School District passing a 7.75 mill levy on November 7, 2000. The purpose of the notes was to build a new intermediate/elementary building for grades 4-6, an expansion of the high school, a new maintenance building, renovation of the elementary school and middle school, and to update building technology. The School Improvement Bond Anticipation Notes matured on December 6, 2001. On October 4, 2001 the School District issued \$21,209,782 in General Obligation School Improvement bonds to pay off the bond anticipation notes. The School District received \$22,053,938 in bond proceeds, which includes a \$835,218 premium and \$8,938 in accrued interest. The \$21,209,782 bond issue included serial, term, and capital appreciation bonds in the amount of \$2,495,000, \$18,685,000, and \$29,782 respectively.

The capital appreciation bonds will mature December 1, 2012 through 2016. These bonds were purchased at a discount at the time of issuance and, at maturity all compound interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. The maturity amount of the bonds is \$2,175,000. The fiscal year 2008 accretion amount is \$68,441.

During fiscal year 2007, the School District advance refunded \$18,685,000 of the term bonds. The advance refunded portion of the bonds was removed from the financial statements of the School District. The remaining outstanding bonds are being retired from the Debt Service Fund. The original bonds were issued for a twenty-seven year period with final maturity at December 1, 2028, and after the advance refunding has a final maturity at December 1, 2016.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 14 - LONG-TERM OBLIGATIONS - Continued

The total principal and interest requirements to retire the 2002 School Improvement General Obligation Bonds are as follows:

Fiscal Year		
Ending June 30,	Principal	Interest
2009	\$350,000	\$32,145
2010	375,000	16,426
2011	110,000	6,792
2012	110,000	2,283
2013	6,050	208,950
2014-2017	23,732	1,936,268
Total	<u>\$974,782</u>	<u>\$2,202,864</u>

On April 15, 2004, the School District issued \$9,870,000 in General Obligation School Improvement Bonds to pay off outstanding 2003 bond anticipation notes. The School District received \$10,318,130 in bond proceeds, which include \$16,078 in accrued interest and \$432,052 in premiums. The \$9,870,000 bond issue consists of serial, term, and capital appreciation bonds in the amount of \$6,855,000, \$2,950,000, and \$65,000 respectively. Issuance costs associated with the bond issue were \$207,507 and are deferred.

The capital appreciation bonds will mature December 1, 2011 through 2014. These bonds were purchased at a discount at the time of issuance and, at maturity all compound interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal. The maturity amount of the bonds is \$735,000. The fiscal year 2008 accretion amount is \$47,931.

During fiscal year 2007, the School District advance refunded \$4,010,000 of the serial bonds, and \$2,950,000 of the term bonds. The advance refunded portion of the bonds, as well as the unamortized premium and issuance costs of these advance refunded bonds were removed from the financial statements of the School District. The remaining outstanding bonds are being retired from the Debt Service Fund. The serial and term bonds were originally sold at a premium of \$432,052, of which \$110,318 remained outstanding after the refunding. The premium will be amortized over the life of the bonds. Issuance costs associated with the bond issue were \$207,507, of which \$52,984 remained outstanding after the refunding. Issuance costs associated with the bond issue will be amortized over the life of the bond issue. The original bonds were issued for a twenty-four year period with final maturity at December 1, 2028, and after the advance refunding has a final maturity at December 1, 2019.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 14 - LONG-TERM OBLIGATIONS - Continued

The total principal and interest requirements to retire the 2004 School Improvement General Obligation Bonds are as follows:

Fiscal Year		
Ending June 30,	Principal	Interest
2009	\$400,000	\$78,193
2010	520,000	65,913
2011	150,000	56,308
2012	25,000	228,983
2013	15,000	218,983
2014-2018	195,000	582,913
2019-2020	1,130,000	47,741
Total	<u>\$2,435,000</u>	<u>\$1,279,034</u>

On April 6, 2005, the School District issued \$5,175,000 in General Obligation Library Improvement Bonds to pay off outstanding 2005 bond anticipation notes, on behalf of the Granville Public Library. The School District received \$5,357,024 in bond proceeds, which includes \$182,024 in premium. The \$5,175,000 bond issue consists of serial and term bonds in the amount of \$1,050,000 and \$4,125,000 respectively. Issuance costs associated with the bond issue were \$128,124 and are deferred.

During fiscal year 2007, the School District advance refunded \$3,820,000 of the term bonds. The advance refunded portion of the bonds, as well as the unamortized premium and issuance costs of these advance refunded bonds were removed from the financial statements of the School District. The remaining outstanding bonds are being retired from the Debt Service Fund. The serial and term bonds were originally sold at a premium of \$182,024, of which \$7,046 remained outstanding after the refunding. The premium will be amortized over the life of the bonds. Issuance costs associated with the bond issue were \$128,124, of which \$27,256 remained outstanding after the refunding. Issuance costs associated with the bond issue will be amortized over the life of the bond issue. The original bonds were issued for a twenty-six year period with final maturity at December 1, 2031, and after the advance refunding has a final maturity at December 1, 2015.

The term bonds maturing on December 1, 2015 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2014	\$150,000

The remaining principal amount of \$155,000 will be paid at stated maturity on December 1, 2015.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 14 - LONG-TERM OBLIGATIONS - Continued

The total principal and interest requirements to retire the 2005 Library Improvement General Obligation Bonds are as follows:

Fiscal Year		
Ending June 30,	Principal	Interest
2009	\$40,000	\$37,513
2010	135,000	34,719
2011	130,000	30,250
2012	135,000	25,613
2013	140,000	20,625
2014-2016	450,000	27,400
Total	<u>\$1,030,000</u>	<u>\$176,120</u>

On January 30, 2007, the School District issued \$29,464,972 of Advance Refunding General Obligation Bonds that were issued to partially refund the 2002 School Improvement Bonds, the 2004 School Improvement Bonds, and the 2005 Library Improvement Bonds. The \$29,464,972 bond issue consists of serial, term, and capital appreciation bonds in the amount of \$12,730,000, \$16,460,000, and \$274,972. The bonds were issued for a twenty-four year period with a final maturity at December 1, 2031. At the date of refunding, \$30,608,490 was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2002 School Improvement Bonds, the 2004 School Improvement Bonds, and the 2005 Library Improvement Bonds. The balance of the outstanding bonds refunded was removed from the School District's financial statements, and as of June 30, 2008 \$29,464,972 of the refunded bonds are still outstanding, and the balance of the irrevocable trust account was \$30,117,980. The advance refunding serial and capital appreciation bonds were issued with a premium in the amount of \$371,698 and \$1,437,243 respectively, which will be reported as an increase to bonds payable. The advance refunding term bonds were issued with a discount of \$306,814 which will be reported as a decrease to bonds payable. These amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium and discount for fiscal year 2008 was \$146,218 and \$12,273. Issuance costs associated with the bond issue in the amount of \$358,608 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The amortization of the issuance costs for fiscal year 2008 was \$14,344. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$925,082. This difference, reported in the accompanying financial statements as a decrease to bonds payable is being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of this difference for fiscal year 2008 was \$37,003. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of \$1,971,224. The issuance resulted in an economic gain of \$1,097,604.

The capital appreciation bonds will mature December 1, 2016 and December 1, 2017. These bonds were purchased at a premium at the time of issuance and, at maturity all compound interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal. The maturity amount of the bonds is \$2,660,000. The fiscal year 2008 accretion amount is \$86,578.

The serial and term bonds maturing after December 1, 2015 are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any date on or after December 1, 2015, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 14 - LONG-TERM OBLIGATIONS - Continued

The term bonds maturing on December 1, 2031 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2024	\$2,270,000
2025	2,365,000
2026	2,470,000
2027	2,580,000
2028	2,645,000
2029	1,320,000
2030	1,375,000
	<u>\$15,025,000</u>

The remaining principal of \$1,435,000 will be paid at stated maturity on December 1, 2031.

The total principal and interest requirements to retire the 2007 Advance Refunding General Obligation Bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2009	\$340,000	\$1,270,044
2010	235,000	1,258,544
2011	1,015,000	1,233,544
2012	5,000	1,213,144
2013	10,000	1,212,844
2014-2018	399,972	8,432,547
2019-2023	8,355,000	5,189,450
2024-2028	11,850,000	2,825,894
2029-2032	6,775,000	514,609
Total	<u>\$28,984,972</u>	<u>\$23,150,620</u>

Energy Conservation Notes

On June 12, 2008, the School District issued \$2,000,000 in unvoted Energy Conservation Notes, under the authority of Ohio Revised Code sections 133.06(G) and 3313.46(B). The Energy Conservation Notes were issued for the purpose of purchasing and installing energy conservation measures. These energy conservation measures include roofing and HVAC improvements. The energy conservation notes mature June 12, 2018. The debt will be retired through reductions in energy consumption and cost savings attributed to the installation of the energy conservation improvements. At June 30, 2008, the School District had \$1,582,710 in unspent note proceeds.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 14 - LONG-TERM OBLIGATIONS - Continued

The total principal and interest requirements to retire the 2008 Energy Conservation Notes are as follows:

Fiscal Year		
Ending June 30,	Principal	Interest
2009	\$171,000	\$68,740
2010	176,877	62,863
2011	182,957	56,783
2012	189,106	50,634
2013	195,744	43,996
2014-2018	1,084,316	114,384
Total	<u>\$2,000,000</u>	<u>\$397,400</u>

Capital leases and compensated absences will be paid from the General Fund.

The School District's overall legal debt margin at June 30, 2008, was \$52,263,287, with an unvoted debt margin of \$926,800. The School District was approved as a special needs district by the Ohio Department of Education. This approval was granted based on projected tax valuation growth figures submitted by the School District to the Ohio Department of Education which is used to calculate the legal debt margin.

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

A. Licking Area Computer Association

The School District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association which services thirteen entities within the boundaries of Licking and Muskingum Counties. These entities consist of public school districts, private schools, and educational service centers. The 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 school districts. The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District's continued participation and the School District has no equity interest in the Association. The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's fixed assets. The School District's total payments to LACA for computer services during fiscal year 2008 were \$129,805. Financial statements for LACA can be obtained from their fiscal agent the Career and Technology Education Centers of Licking County, 150 Price Road, Newark, OH 43055.

B. Career and Technology Education Centers of Licking County

The Career and Technology Education Centers of Licking County is a jointly governed organization providing vocational education to its member school districts. The Career and Technology Education Centers of Licking County is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of three representatives from the Licking County Educational Service Center, two from the Newark City School District, one from the Heath City School District, and one from the Granville Exempted Village School District, which possesses its own budgeting and taxing authority.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS - Continued

During 2008, the School District made no contributions to the Career and Technology Education Centers of Licking County. To obtain financial information write to the Career and Technology Education Centers of Licking County, Cory Thompson, who serves as Treasurer, at 150 Price Road, Newark, Ohio 43055.

C. Metropolitan Educational Council

The School District participates in the Metropolitan Educational Council (MEC), a jointly governed organization. The organization is composed of over 170 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 37 counties in Central Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County and one representative from each county outside of Franklin County. Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program. The School District's membership payment to MEC for fiscal year 2008 was \$961. Financial information may be obtained from the Metropolitan Educational Council, Denise Music, who serves as fiscal officer, at 6100 Channingway Blvd., Suite 604, Columbus, OH 43232.

D. School Study Council of Ohio

The School Study Council of Ohio (Council) is a jointly governed organization operated by a Board of Trustees (Board). The Council is comprised of 70 member organizations. The purpose of the Council is to bring about the improvement of education in member school organizations. School districts maintain active membership by paying a yearly membership fee which entitles each school district to attend Council meetings and to vote. School districts that elect to be associate members are entitled to attend meetings and participate in Council discussions but are not entitled to vote. The Board is annually elected from within the Council's active membership. In fiscal year 2008, the Board consisted of twenty-one members. In fiscal year 2008, Granville Exempted Village School District obtained active membership privileges and paid for school study services in the amount of \$8,027. Financial information may be obtained by contacting the School Study Council of Ohio at 4807 Evanswood Drive, Suite 300, Columbus, Ohio 43229.

E. Newark-Granville Community Authority

The Newark-Granville Community Authority (Authority) is a jointly governed organization created under Section 349.03, Ohio Revised Code. The Authority was created for the purposes of encouraging the orderly development of a well-planned, diversified and economically sound new community in central Licking County. The Authority is operated by a Board of Trustees (Board) that is comprised of three Park Trails community members appointed by the Board of County Commissioners of Licking County, Ohio; one local government representative, appointed by the Board of County Commissioners of Licking County, Ohio; and three representatives of the Granville Exempted Village School District. The revenue source of this organization consists of special assessments imposed by Licking County on Park Trails Community. The special assessment is based on a \$250,000 average home value within the community, which results in a minimum annual community development charge of \$455 per home for 20 consecutive years.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 16 - INSURANCE PURCHASING POOLS

A. Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The School District participates in the Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OASBA. The Executive Director of the OASBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Metropolitan Educational Council Group Insurance Pool

The School District participates in the Metropolitan Educational Council (MEC), an insurance purchasing pool. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The organization is composed of over 170 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 37 counties in Central Ohio. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County and one representative from each county outside of Franklin County. Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program.

NOTE 17 - RELATED ORGANIZATION

Granville Schools Education Foundation, Incorporated

The Granville Schools Education Foundation, authorized under Ohio Revised Code Chapter 1702, is an independent nonprofit corporation created in 1994. The Foundation's purpose is to improve education for the students of Granville Schools. The Foundation is governed by a Board of Trustees appointed by the Granville Exempted Village School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. The School District has no ability to impose its will on the organization nor does a burden/benefit relationship exist. Financial information can be obtained from the Granville Schools Education Foundation, Monica Graffeo, who serves as Executive Director, at P.O. Box 84, Granville, Ohio 43023.

NOTE 18 - CONTINGENCIES

A. Grants

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, 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, 2008.

B. Litigation

The School District is currently not a party to any material legal proceedings.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	Textbooks	Capital Acquisition
Set-aside Cash Balance as of June 30, 2007	(\$1,962,503)	\$0
Current Year Set-aside Requirement	374,220	374,220
Current Year Offsets	0	(2,790,962)
Qualifying Disbursements	(487,426)	(247,450)
Total	(\$2,075,709)	(\$2,664,192)
Balance Carried Forward to FY 2009	(\$2,075,709)	\$0
Cash Balances to Carry Forward to FY 2009	\$0	\$0

The School District had qualifying disbursements and offsets during the fiscal year that further reduced the textbook and capital improvements set-aside amounts below zero. The extra amounts in the textbooks set aside may be used to reduce the set-aside requirements in future fiscal years.

NOTE 20 – INTERFUND BALANCES

The General Fund made an advance to the capital projects Building Fund, in the amount of \$700,000 for engineering fees for the future middle school project. The outstanding advance is anticipated to be repaid within the next fiscal year.

NOTE 21 – ACCOUNTABILITY AND COMPLIANCE

A. Fund Deficit

The Building capital projects fund had a deficit fund balance of \$700,000 at June 30, 2008.

The deficit fund balance in the major capital projects fund is the result of the recognition of payables in accordance with generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Granville Exempted Village School District, Ohio
Notes to the Basic Financial Statements - Continued
For the Fiscal Year Ended June 30, 2008

NOTE 21 – ACCOUNTABILITY AND COMPLIANCE - Continued

B. Legal Compliance

The School District had several funds which had appropriations in excess of estimated revenues contrary to Ohio Revised Code Section 5705.39.

The School District will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

NOTE 22 – CONTRACTUAL OBLIGATIONS

As of June 30, 2008, the School District had a contractual purchase commitment for purchasing and installing energy conservation measures for the HB 264 Energy Conservation Project. The amount of the contract is as follows:

Contractor	Fund	Purchase Commitment	Amounts Paid as of 6/30/2008	Amounts Remaining on Contract
	Permanent			
Building Control Integrators	Improvement Fund	\$1,949,279	\$316,640	\$1,632,639
		<u>\$1,949,279</u>	<u>\$316,640</u>	<u>\$1,632,639</u>

**GRANVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
LICKING COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Federal Grantor/ Pass thru Grantor/ Program Title	Pass-Through Number	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed through the Ohio Department of Education:</i>						
<i>Special Education Cluster:</i>						
Special Education - Grants to States	6BSF	84.027	\$ 434,345	\$ -	\$ 434,345	\$ -
Special Education - Preschool Grants	N/A	84.173	-	2,201	-	2,201
Total Special Education-Grants to States			<u>434,345</u>	<u>2,201</u>	<u>434,345</u>	<u>2,201</u>
Title I Grants to Local Educational Agencies	C1S1	84.010	118,161	-	118,161	-
Safe and Drug Free Schools and Communities-State Grants	DRS1	84.186	5,828	-	5,634	-
State Grants for Innovative Programs	C2S1	84.298	5,805	-	5,805	-
Education Technology State Grants	TJS1	84.318	1,196	-	1,083	-
English Language Acquisition Grants	N/A	84.365	-	6,592	-	6,592
Improving Teacher Quality State Grants	TRS1	84.367	42,721	-	41,158	-
Total U.S. Department of Education			<u>608,056</u>	<u>8,793</u>	<u>606,186</u>	<u>8,793</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 608,056</u>	<u>\$ 8,793</u>	<u>\$ 606,186</u>	<u>\$ 8,793</u>

The accompanying notes are an integral part of this schedule.

**GRANVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the activity of the School District’s federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – NON-CASH AWARDS

The School District had the following federal receipts and disbursements which were received and disbursed by the Licking County Educational Service Center on behalf of the School District for fiscal year 2008.

<u>Cluster/Program Title</u>	<u>Federal CFDA Number</u>	<u>Non-Cash Receipts</u>	<u>Non-Cash Disbursements</u>
Special Education-Preschool Grants	84.173	\$2,201	\$2,201
English Language Acquisition Grants	84.365	6,592	6,592



Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

Board of Education
Granville Exempted Village School District
P.O. Box 417
Granville, Ohio 43023

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Granville Exempted Village School District, Licking County, Ohio (the School District) as of and for the fiscal year ended June 30, 2008 which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 26, 2008. We noted the School District restated net assets and implemented GASB Statements No's. 45, 48, and 50, as disclosed in Note 3. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the applicable accounting basis such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than inconsequential financial statement misstatement.

We consider the deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2008-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the School District's internal control will not prevent or detect a material financial statement misstatement.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
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Granville Exempted Village School District
Licking County
Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*
Page 2

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weaknesses.

In addition, we noted certain internal control matters that we reported to the School District's management in a separate letter dated October 26, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as items 2008-001.

In addition, we noted certain noncompliance and other matters that we reported to School District's management in a separate letter dated October 26, 2008.

The School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the School District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, Board of Education, Auditor of State, federal awarding agencies and pass-through entities, and other members of the School District, and is not intended to be and should not be used by anyone other than these specified parties.

Wilson, Shanna E. Snow, Inc.

Newark, Ohio
October 26, 2008



Report on Compliance with Requirements Applicable to Its Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Education
Granville Exempted Village School District
P.O. Box 417
Granville, Ohio 43023

Compliance

We have audited the compliance of the Granville Exempted Village School District, Licking County, Ohio, (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the fiscal year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal program. The School District's management is responsible for complying with laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the Granville Exempted Village School District, Licking County, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the fiscal year ended June 30, 2008.

Internal Control over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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Granville Exempted Village School District
Licking County
Report on Compliance with Requirements Applicable to
Its Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133
Page 2

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School District's internal control will not prevent or detect material compliance with a federal program's compliance requirements.

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

We intend this report solely for the information and use of management, Board of Education, the Auditor of State, federal awarding agencies and pass-through entities, and other members of the School District, and is not intended to be and should not be used by anyone other than these specified parties.

Wilson, Sherman & Snow, Inc.

Newark, Ohio
October 26, 2008

**GRANVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
LICKING COUNTY**

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

JUNE 30, 2008

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for its major federal program?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in its internal control for its major federal program?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster: Special Education – Grants to States/ CFDA #84.027 and Special Education – Preschool Grants/ CFDA #84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**GRANVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
LICKING COUNTY**

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

JUNE 30, 2008

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

Finding Number	2008-001
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Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed total estimated resources. It was noted that the following funds had appropriations which exceeded estimated resources upon the adoption of the original budget:

<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Noncompliance</u>
General Fund (001)	\$22,804,346	\$22,227,906	(\$576,440)
Public School Fund (018)	301,987	49,323	(252,664)
Other Grant Funds (019)	2,000	0	(2,000)
Athletics (300)	303,538	97,573	(205,965)
Auxiliary Services (401)	180,915	0	(180,915)
EMIS (432)	8,664	0	(8,664)
Data Communication (451)	12,000	0	(12,000)
School Net Professional Development (452)	5,000	0	(5,000)
Vocational Education Enhancement (461)	17,000	0	(17,000)
Miscellaneous State Grants (499)	6,000	2,000	(4,000)
IDEA Part B (516)	434,344	0	(434,344)
Title I (572)	113,960	0	(113,960)
Title V (573)	3,602	0	(3,602)
Drug Free School Grant (584)	5,828	0	(5,828)
IDEA Preschool Grant (587)	4,000	4,000	(4,000)
Improving Teacher Quality (590)	41,500	0	(41,500)
Miscellaneous Federal Grants (599)	1,176	0	(1,176)

With appropriations exceeding estimated resources, the School District is appropriating monies that were not certified by the County Budget Commission. This may result in a fund deficit if not corrected throughout the year.

We recommend that the School District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by comparing adopted appropriations against certified estimated resources on a continual basis, including when the original budget is adopted. If it is determined that estimated resources will be greater than initially anticipated, the School District should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources.

Officials' Response: The School District will monitor appropriations and estimated resources when the original budget is adopted as well as throughout the year.

3. FINDINGS FOR FEDERAL AWARDS

None.

**GRANVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
LICKING COUNTY**

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

JUNE 30, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No Longer Valid; Explain:
2007-001	Ohio Revised Code Section 5705.41(B) states expenditures cannot exceed appropriations.	Yes	N/A
2007-002	The District did not record within its financial statements refunding bond transactions issued during 2008.	Yes	N/A



Mary Taylor, CPA
Auditor of State

GRANVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 31, 2008