

GRANVILLE T. WOODS COMMUNITY SHULE'
FRANKLIN COUNTY, OHIO

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2008

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Granville T. Woods Community Shule'
720 Mount Vernon Avenue
Columbus Ohio 43203

We have reviewed the *Report of Independent Accountants* of the Granville T. Woods Community Shule', Franklin County, prepared by Charles E. Harris & Associates, 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 T. Woods Community Shule' is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 7, 2009

This Page is Intentionally Left Blank.

GRANVILLE T. WOODS COMMUNITY SHULE'
FRANKLIN COUNTY
Audit Report
For the Year Ending June 30, 2008

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Report of Independent Accountants	1-2
Management's Discussion and Analysis	3-6
Statement of Net Assets	7
Statement of Revenues, Expenses and Changes in Net Assets	8
Statement of Cash Flows	9
Notes to the Basic Financial Statements	10-18
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Required by <i>Government Auditing Standards</i>	19-20
Schedule of Audit Findings	21
Status of Prior Audit Findings	22

This Page is Intentionally Left Blank.

Rockefeller Building
614 W Superior Ave Ste1242
Cleveland OH 44113-1306
Phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Granville T. Woods Community Shule'
Franklin County
720 Mount Vernon Avenue
Columbus, Ohio 43203

To the Board of Trustees:

We have audited the accompanying basic financial statements of the Granville T. Woods Community Shule' (the Shule') as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Shule's management. Our responsibility is to express an opinion 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Granville T. Woods Community Shule' as of June 30, 2008, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 29, 2009 on our consideration of the Shule's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying financial statements have been prepared assuming that the Shule' will continue as a going concern. As discussed below, the Shule' is experiencing financial difficulties that raise substantial doubt about its ability to continue as a going concern beyond the fiscal year ending June 30, 2009. The Shule' experienced a substantial loss for the fiscal year ended June 30, 2008 as the result of a decline in enrollment. Management has disclosed certain plans in regard to these matters, which are described in Note 13 to the financial statements. The financial statements do not include any adjustments that might result for the outcome of the uncertainty.

Charles E. Harris & Associates, Inc.
January 29, 2009

GRANVILLE T. WOODS COMMUNITY SHULE'

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

The discussion and analysis of the Granville T. Woods Community Shule's (the Shule') financial performance provides an overall review of the Shule's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the Shule's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Shule's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- ❑ In total, net assets decreased \$129,640 in fiscal year 2008. Ending net assets were \$67,067 at June 30, 2008 compared to \$196,707 at June 30, 2007.
- ❑ Total assets decreased \$136,324, which represents a 51 percent decrease from 2007.
- ❑ Liabilities decreased \$6,684, which represents a 10 percent decrease from 2007.

Using this Financial Report

This report consists of three parts, the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

The statement of net assets presents information on all of the Shule's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Shule' is improving or deteriorating.

The statement of revenues, expenses and changes in net assets presents information showing how the Shule's net assets changed from the most recent fiscal year. All changes in the net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

GRANVILLE T. WOODS COMMUNITY SHULE'
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

Statement of Net Assets

The Statement of Net Assets answers the question, "How did we do financially during 2008?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the Shule's net assets for fiscal year 2008 and 2007:

(Table 1)
Net Assets

Assets

	<u>2008</u>	<u>2007</u>
Current Assets	\$117,772	\$248,788
Capital Assets, Net	11,643	16,951
Total Assets	129,415	265,739

Liabilities

Current Liabilities	62,348	69,032
Total Liabilities	62,348	69,032

Net Assets

Invested in Capital Assets	11,643	16,951
Unrestricted	55,424	179,756
Total Net Assets	\$67,067	\$196,707

Total assets decreased \$136,324. This decrease was due primarily to an operating loss. Current liabilities decreased \$6,684 primarily due to a decrease in accrued payroll.

GRANVILLE T. WOODS COMMUNITY SHULE'
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

Table 2 shows the changes in net assets for fiscal year 2008 and fiscal year 2007, as well as a listing of revenues and expenses.

(Table 2)
Change in Net Assets

	2008	2007
Operating Revenues:		
Foundation Payments	\$664,868	\$718,927
Food Service	24,988	24,001
Miscellaneous	5,683	8,325
Total Operating Revenues	695,539	751,253
Operating Expenses		
Salaries	422,373	378,067
Fringe Benefits	211,552	185,432
Purchased Services	236,662	258,531
Materials and Supplies	51,860	55,404
Depreciation	5,308	6,728
Other Expenses	5,779	6,336
Total Expenses	933,534	890,498
Operating Loss	(237,995)	(139,245)
Non-Operating Revenues:		
Federal, State and Local Grants	108,355	144,704
Total Non-Operating Revenues	108,355	144,704
Change in Net Assets	(129,640)	5,459
Net Assets Beginning of Year	196,707	191,248
Net Assets End of Year	\$ 67,067	\$ 196,707

Net assets decreased by \$129,640 in 2008. Operating revenues decreased \$55,714 or 7% due to a decrease in Foundation payments caused by falling enrollment. Non-operating revenues decreased \$36,349 or 25% due to a decrease in federal grants from 2007.

GRANVILLE T. WOODS COMMUNITY SHULE'
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2008
 (Unaudited)

Capital Assets

At the end of fiscal year 2008 the School had \$11,643 invested in furniture, fixtures, and equipment, which represented a decrease of \$5,308 from 2007 due to depreciation. Table 3 shows fiscal year 2008 and 2007:

(Table 3)
Capital Assets at June 30, 2008
(Net of Depreciation)

	<u>2008</u>	<u>2007</u>
Furniture, Fixtures, and Equipment	\$27,504	\$27,504
Less: Accumulated Depreciation	<u>(15,861)</u>	<u>(10,553)</u>
Totals	<u>\$11,643</u>	<u>\$16,951</u>

For more information on capital assets see Note 5 to the basic financial statements.

Current Financial Issues

The Granville T. Woods Community Shule' was formed in 2002. During the 2007-2008 school year, there were approximately 60 students enrolled in the Shule'. The Shule' receives most of its revenue from state aide.

Contacting the Shule's Financial Management

This financial report is designed to provide our citizen's with a general overview of the Shule's finances and to show the Shule's accountability for the money it receives. If you have questions about this report or need additional information contact Carol Rivers, at Granville T. Woods Community Shule', 720 Mount Vernon Avenue, Columbus, Ohio, 43203.

**GRANVILLE T. WOODS COMMUNITY SHULE'
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS
AS OF JUNE 30, 2008**

Assets

Current Assets

Cash	\$ 109,772
Deposits	8,000
Total Current Assets	<u>117,772</u>

Non-Current Assets

Capital Assets (Net of Accumulated Depreciation)	<u>11,643</u>
Total Assets	<u>\$ 129,415</u>

Liabilities

Current Liabilities

Accrued Wages and Benefits	\$ 54,691
Intergovernmental payable	7,657
Total Current Liabilities	<u>62,348</u>

Net Assets

Invested in Capital Assets	11,643
Unrestricted	55,424
Total Net Assets	<u>\$ 67,067</u>

The notes to the financial statements are an integral part of this statement.

**GRANVILLE T. WOODS COMMUNITY SHULE'
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008**

Operating Revenues

Foundation payments	\$ 664,868
Food Service	24,988
Miscellaneous	5,683
Total Operating Revenues	<u>695,539</u>

Operating Expenses

Salaries	422,373
Fringe Benefits	211,552
Purchased Services	236,662
Supplies and materials	51,860
Depreciation	5,308
Other	5,779
Total Operating Expenses	<u>933,534</u>

Operating (Loss) (237,995)

Non-operating Revenues

Federal, State, and Local Grants	<u>108,355</u>
Total Non-Operating Revenues	<u>108,355</u>

Change in Net Assets (129,640)

Net Assets Beginning of year	<u>196,707</u>
Net Assets End of year	<u><u>\$ 67,067</u></u>

The notes to the financial statements are an integral part of this statement.

**GRANVILLE T. WOODS COMMUNITY SHULE'
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008**

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from State	\$ 664,868
Cash Received from Charges for Services & Other Receipts	30,671
Cash Payments to Employees for Services	(428,236)
Cash Payments for Employee Benefits	(212,373)
Cash Payments to Suppliers for Goods and Services	(294,301)
Net Cash Used for Operating Activities	<u>(239,371)</u>

Cash Flows from Noncapital Financing Activities

Grants Received	<u>108,355</u>
Net Cash Provided by Noncapital Financing Activities	<u>108,355</u>

Net Increase in Cash and Cash Equivalents (131,016)

Cash beginning of year 248,788

Cash end of year \$ 117,772

**Reconciliation of Operating Income to Net Cash Used for
Operating Activities**

Operating Loss \$(237,995)

**Adjustment to Reconcile Operating Loss to Net Cash
Used for Operating Activities**

Depreciation	5,308
Changes in Assets and Liabilities	
Decrease in Intergovernmental Payable	(821)
Decrease in Accrued Wages Payable	(5,863)
Total Adjustments	<u>(1,376)</u>

Net Cash Used for Operating Activities \$(239,371)

The notes to the financial statements are an integral part of this statement.

GRANVILLE T. WOODS COMMUNITY SHULE'
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1 – DESCRIPTION OF THE SHULE' AND REPORTING ENTITY

Granville T. Woods Community Shule' (the Shule') is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in kindergarten through grade four. The Shule', which is part of the State's education program, is independent of any School district. The Shule' may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Shule'. Granville T. Woods Community Shule' qualifies as an exempt organization under Section 501c (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Shule's tax exempt status.

The Shule' was approved for operation under contract with the Ohio State Board of Education (the Sponsor) for a period of five years commencing July 1, 2002. However, the Ohio State Board of Education subsequently decided to suspend its sponsorship of community schools and the Shule' obtained St. Aloysius orphanage as its sponsor for the school year beginning July 1, 2005. This agreement is renewable each year, ending June 30, 2010.

The Shule' operates under the direction of a seven-member Board of Trustees. The Board of Trustees is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Trustees controls the Shule's one instructional/support facility staffed by 2 non-certified and 9 certificated full time teaching personnel who provide services to 60 students.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Shule' have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Shule' also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities, provided they do not conflict with or contradict GASB pronouncements; however the Shule' has elected not to follow any FASB statements or interpretations after November 30, 1989. The more significant of the Shule's accounting policies are described below.

A. Basis Of Presentation

The Shule's basic financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flows.

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows.

GRANVILLE T. WOODS COMMUNITY SHULE'
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

B. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Shule's finances and meets the cash flow needs of its enterprise activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Shule's financial statements are prepared using the accrual basis of accounting.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the Shule' receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Shule' must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Shule' on a reimbursement basis.

Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community school's are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the school and its sponsor. The contract between the Shule' and its Sponsor, the St. Aloysius orphanage, does not prescribe a budgetary process for the Shule'; therefore no budgetary information is presented in the financial statements.

E. Cash and Cash Equivalents

All monies received by the Shule' are maintained in a demand deposit account. For internal accounting purposes, the Shule' segregates its cash. Total cash is presented as "cash" on the accompany statements of net assets.

GRANVILLE T. WOODS COMMUNITY SHULE'
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

F. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Shule' maintains a capitalization threshold of one thousand dollars. The Shule' 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.

Furniture and equipment are depreciated using the straight-line method over the estimated useful life of three to seven years, respectively. Improvements are depreciated over the remaining useful lives of the related capital assets.

G. Compensated Absences

Personal leave benefits are accrued as a liability for compensated balances only to the extent such leave is unpaid/unused at year end. It is the policy of the Shule' to payout all unused personal leave to its employees prior to year end. Sick leave benefits and vacation benefits are not accrued as a liability as it is the policy of the Shule' not to pay-out these benefits upon employee termination.

There was no liability for compensated absences at June 30, 2008.

H. Net Assets

Net assets represent the difference between assets and liabilities. Investments 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. The Shule' has no debt.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the Shule', these revenues are primarily foundation payments from the state. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the Shule'. Revenues and expenses not meeting this definition are reported as non-operating.

J. Contributions of Capital

Contributions of capital arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The Shule' received no capital contributions during fiscal year 2008.

GRANVILLE T. WOODS COMMUNITY SHULE'
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

K. Estimates

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

NOTE 3 – DEPOSITS

At fiscal year end, the carrying amount of the Shule's deposits was \$109,772, and the bank balance was \$164,750. Of the bank balance, all was covered by federal depository insurance.

Investments: The Shule' had no investments at June 30, 2008, or during the fiscal year.

NOTE 4 - RECEIVABLES

The Shule' had no receivables at June 30, 2008.

NOTE 5 – CAPITAL ASSETS

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

	Balance <u>6/30/07</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/08</u>
Furniture & Equipment	\$27,504	-	-	\$27,504
Less: Accumulated Depreciation	<u>(10,553)</u>	<u>(5,308)</u>	-	<u>(15,861)</u>
Net Capital Assets	<u>\$16,951</u>	<u>\$(5,308)</u>	-	<u>\$11,643</u>

NOTE 6 - RISK MANAGEMENT

A. Property and Liability

The Shule' 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 Shule' contracted with a commercial carrier for general liability, rental/theft, and directors and officers' liability insurance.

There has been no significant change in insurance coverage from last year. Settled claims have not exceeded commercial coverage in either of the past two years.

GRANVILLE T. WOODS COMMUNITY SHULE'
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

B. Workers' Compensation

The Shule' pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Shule' contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 Shule' Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. Ten percent of the School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by SERS' Retirement Board. The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006 were \$22,447, \$22,779, and \$2,197, respectively; 100 percent has been contributed for all fiscal years.

B. State Teachers Retirement System of Ohio

The Shule' 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 St., Columbus, OH 43215-3371 or by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio Web site at www.strs.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan.

GRANVILLE T. WOODS COMMUNITY SHULE'
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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 member contributions and earned interest matched by STRS Ohio funds times 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Contributions 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, 13 percent was the portion used to fund pension obligations. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Shule's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$84,261, \$82,530, and \$56,149, respectively; 90% was contributed for 2008 and 100 percent has been contributed for 2007 and 2006.

NOTE 8 - POSTEMPLOYMENT BENEFITS

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

GRANVILLE T. WOODS COMMUNITY SHULE'
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

A. State Teachers Retirement System of Ohio

STRS retirees who participate in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2008, the STRS Ohio Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Stabilization Fund. The Shule's contribution for health care for the fiscal years ended June 30, 2008, 2007 and 2006 were \$2,457, \$5,777 and \$923 respectively.

B. School Employees Retirement Pension

SERS offers two cost-sharing multiple employer defined benefit OPEB plans for non-certified 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.

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 401(h). For 2008, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008 this amount was \$35,800. For the Shule', the amount contributed to fund health care benefits, including the surcharge, during the 2008 fiscal year equaled \$6,413.

NOTE 9 - EMPLOYEE BENEFITS

A. Compensated Absences

All employees are at-will employees and do not have contracts as employees in the traditional school districts.

Salaried employees accrue sick time of five (5) days per school year and are awarded two (2) personal days at the beginning of the school year. Employees earn .5 days of sick leave from September through June to be used for personal and family illness. Personal leave is non-accumulating and may be used for any reason in increments of one half hour. Personal leave balances at school year end are paid out at 100% of the employee's hourly rate.

GRANVILLE T. WOODS COMMUNITY SHULE'
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Hourly rate employees do not accrue leave and are paid based upon hours worked only. Upon separation of service, employees are not paid for unused personal or sick leave time.

B. Insurance Benefits

The Shule' has contracted with a private carrier to provide employee medical/surgical, dental, and vision benefits. The Shule' pays 80% of the monthly premium and the employee is responsible for the remaining 20%. Insurance premiums vary by employee depending upon such factors as age, gender, and number of covered dependents.

NOTE 10 – OPERATING LEASES-OFFICE AND EDUCATION FACILITIES

The Shule' leased classrooms and offices at 907 Lexington, Columbus, Ohio thru June 15, 2008. For the access and use of these spaces, the Shule' entered into an operating lease with the J.H. Ross Family Life & Community Center for the period August 2007 thru June 2008 for a monthly rent of \$8,000. The Shule subsequently moved to 720 Mount Vernon Avenue and entered into a new lease agreement with the Shiloh Baptist Church.

The Shule' paid \$77,000 in lease payments for the classroom and office facility for the fiscal year ended June 30, 2008.

NOTE 11 – PURCHASED SERVICES

For the fiscal period July 1, 2007 through June 30, 2008, purchased service expenses were payments for services rendered by various vendors as follows:

Professional/Technical Services	\$108,364
Property Services	82,590
Communications	3,447
Contracted Trade Services	<u>42,261</u>
Total	<u>\$236,662</u>

NOTE 12 - CONTINGENCIES

A. Grants

The Shule' received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Shule'. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Shule' at June 30, 2008.

GRANVILLE T. WOODS COMMUNITY SHULE'
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

B. State Funding

The Ohio Department of Education reviews enrollment data and full time equivalency (FTE) calculations made by the Shule. These reviews ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The Shule' does not anticipate any material adjustments to state funding for fiscal year 2008 as a result of such review.

NOTE 13 – GOING CONCERN

The Shule experienced a substantial operating loss for fiscal year 2008 which was the result of a decrease in enrollment. In an effort to reverse this trend, management has implemented plans to increase enrollment to 100 students via expanded marketing efforts, engage in various fund raising activities, and monitor expenses.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland, OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Granville T. Woods Community Shule'
Franklin County
720 Mount Vernon Avenue
Columbus, Ohio 43203

To the Board of Trustees:

We have audited the financial statements of the Granville T. Woods Community Shule' (the Shule'), as of and for the year ended June 30, 2008, and have issued our report thereon dated January 29, 2009, wherein we noted the Shule' prepared its financial statements assuming it will continue as a going concern. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Shule's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Shule's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Shule'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 deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 Shule's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Shule's financial statements that is more than inconsequential will not be prevented or detected by the Shule's internal control. We consider the deficiency described in the accompanying schedule of findings as item 2008-GTW-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Shule's internal control.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Shule's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Management's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit management's response and, accordingly, we express no opinion on it.

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

Charles E. Harris and Associates, Inc.

January 29, 2009

GRANVILLE T. WOODS COMMUNITY SCHULE’
FRANKLIN COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
For the Year Ended June 30, 2008

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

Findings Number 2008-GTW-01 Material Weakness

Proper internal control provides for the prevention or detection of material misstatement of the financial statements in a timely manner.

We noted the following recording errors in the Shule’s records:

- Audit adjustments were not recorded from the prior fiscal year.
- Accrued wages and benefits in the amount of \$62,348 and depreciation in the amount of \$5,308 were not recorded for the current fiscal year.
- A security deposit of \$8,000 was improperly recorded as an expense.

The financial statements have been adjusted to reflect the proper presentation and management has agreed with these adjustments.

Management’s Response

Management has implemented procedures to avoid these adjustments in the future.

**GRANVILLE T. WOODS COMMUNITY SHULE'
FRANKLIN COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended 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-GTW-01	Bank reconciliations not performed on timely basis	Yes	



Mary Taylor, CPA
Auditor of State

GRANVILLE T. WOODS COMMUNITY SHULE'
FRANKLIN 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
MAY 7, 2009