

GROVEPORT MADISON LOCAL SCHOOL DISTRICT

FRANKLIN COUNTY

SINGLE AUDIT

JULY 1, 2007 - JUNE 30, 2008



Mary Taylor, CPA
Auditor of State

Board of Education
Groveport Madison Local School District
5940 Clyde Moore Drive, Suite C
Groveport, Ohio 43125

We have reviewed the *Independent Auditors' Report* of the Groveport Madison Local School District, Franklin 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 Groveport Madison Local School District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 24, 2009

This Page is Intentionally Left Blank.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
STATEMENT OF NET ASSETS	12
STATEMENT OF ACTIVITIES	13
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET – GOVERNMENTAL FUNDS	14
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES	15
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	16
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	17
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND	18
STATEMENT OF FIDUCIARY NET ASSETS AND STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS	19
NOTES TO THE BASIC FINANCIAL STATEMENTS	20
SUPPLEMENTAL DATA:	
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES	41
NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES	42
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	43
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	45
SCHEDULE OF FINDINGS AND RESPONSES – <i>OMB CIRCULAR A-133§.505</i>	47
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS – <i>OMB CIRCULAR A-133§.505</i>	55



Board of Education
Groveport Madison Local School District
5940 Clyde Moore Drive, Suite C
Groveport, Ohio 43215

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 Groveport Madison Local School District, Franklin County, Ohio (the District) as of and for the fiscal year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides 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 Groveport Madison Local School District, Franklin County as of June 30, 2008, and the respective changes in financial position and the respective 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 16, the 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 accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2009 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The 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.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Groveport Madison Local School District
Franklin County
Independent Auditors' Report

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures Schedule 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
May 20, 2009

GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

As management of the Groveport Madison Local School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by approximately \$13.3 million (net assets). The District's net assets increased \$170,858 during the fiscal year.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of approximately \$3.4 million, a decrease of \$492,146 from the prior fiscal year.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

All activities of the District are accounted for as governmental activities. These activities include instruction, support services, community services and co-curricular activities.

The reader will also need to consider non-financial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

The government-wide financial statements can be found on pages 12-13 of this report.

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

GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 24 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Bond Retirement, and Permanent Improvement Funds, each of which are considered to be major funds. Data from the other 21 governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14-18 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used in the private sector.

The basic fiduciary fund financial statements can be found on page 19 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on page 20 of this report.

GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by approximately \$13.3 million at the close of the current fiscal year.

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

A comparative analysis of fiscal year 2008 to 2007 follows for the Statement of Net Assets:

Governmental Activities			
	2008	Restated 2007 *	Percent Change
Current Assets	\$ 30,851,314	\$ 29,373,149	5.0%
Capital Assets	10,287,218	11,060,303	-7.0%
Total Assets	41,138,532	40,433,452	1.7%
Current Liabilities	24,309,059	23,578,975	3.1%
Long-term Liabilities	3,522,202	3,718,064	-5.3%
Total Liabilities	27,831,261	27,297,039	2.0%
Invested in Capital Assets, net of related debt	9,692,218	10,330,303	-6.2%
Restricted	2,306,648	2,033,643	13.4%
Unrestricted	1,308,405	772,467	-69.4%
Total Net Assets	\$ 13,307,271	\$ 13,136,413	1.3%

* Current assets (taxes receivable) and current liabilities (unearned revenue) have each been restated, for comparative purposes, as a result of an accounting error related to the property tax accrual in the previous year. This accounting error had no impact on the District's net asset balance.

The decrease in capital assets and corresponding decrease in Invested in Capital Assets, net of related debt, represents the amount by which current year depreciation exceeded capital outlays.

The District's total liabilities increased \$534,222, or 2%, in fiscal year 2008. This increase is primarily the result of an increase in the amount due to other governments for the District's share of employee retirement and worker's compensation premiums.

GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

A comparative analysis of fiscal year 2008 to 2007 follows for the Changes in Net Assets:

Governmental Activities

	<u>2008</u>	<u>2007</u>	<u>Percent Change</u>
Program Revenues			
Charges for Services/Sales	\$ 1,730,003	\$ 1,879,605	-8.0%
Operating Grants and Contributions	11,247,848	7,709,095	45.9%
General Revenues			
Taxes	26,189,511	29,440,878	-11.0%
Grants and Entitlements Not Restricted	26,597,163	25,750,437	3.3%
Investment Earnings	278,787	335,770	-17.0%
Sale of Land	-	196,328	-100.0%
Miscellaneous	147,499	83,306	77.1%
Total Revenues	<u>66,190,811</u>	<u>65,395,419</u>	<u>1.2%</u>
Program Expenses			
Instructional	39,163,429	36,695,531	6.7%
Support Services	23,179,612	21,501,116	7.8%
Co-Curricular	643,448	540,734	19.0%
Noninstructional	3,001,332	2,496,116	20.2%
Interest and Fiscal Charges	32,132	55,024	-41.6%
Total Expenses	<u>66,019,953</u>	<u>61,288,521</u>	<u>7.7%</u>
Change in Net Assets	170,858	4,106,898	-95.8%
Net Assets, Beginning of Year	<u>13,136,413</u>	<u>9,029,515</u>	<u>45.5%</u>
Net Assets, End of Year	<u>\$ 13,307,271</u>	<u>\$ 13,136,413</u>	<u>1.3%</u>

The significant increase in operating grants is primarily the result of an approximately \$1.8 million increase in poverty-based assistance from the State, an approximately \$500,000 increase in literacy improvement funding from the State, and an approximately \$300,000 increase in federal funding for the free-and-reduced lunch program.

The significant reduction in Taxes is primarily the result of the phase-out of the personal property tax.

The increase in Total Expenses is the result of salary and wage increases and increases in related fringe benefits.

GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the costs of program services and the net cost of those services after taking into account program revenues. General revenues including tax revenue, unrestricted State entitlements and investment earnings must support the net cost of program services.

A comparative analysis of fiscal year 2008 to 2007 follows:

	<u>Total Cost of Services 2008</u>	<u>Total Cost of Services 2007</u>	<u>Net Cost of Services 2008</u>	<u>Net Cost of Services 2007</u>
Program expenses				
Instructional	\$ 39,163,429	\$ 36,695,531	\$ 31,576,752	\$ 31,292,418
Support services	23,179,612	21,501,116	20,659,011	19,822,596
Noninstructional Services	3,001,332	2,496,116	297,090	125,838
Co-Curricular Activities	643,448	540,734	477,117	403,945
Interest	32,132	55,024	32,132	55,024
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 66,019,953</u>	<u>\$ 61,288,521</u>	<u>\$ 53,042,102</u>	<u>\$ 51,699,821</u>

General revenues, consisting primarily of local property taxes and unrestricted state entitlements, comprise 80% of the District's total governmental activities revenue. The net cost of services column highlights the District's reliance upon general revenues reflecting the need for \$53,042,102 of support.

The property tax laws in Ohio create the need to periodically seek voter approval for additional operating funds. Tax revenues generated from a levy do not increase as a result of inflation. An operating levy is approved for a fixed millage rate, but the rate is reduced for inflation with the affect of providing the District the same amount of tax dollars as originally approved. Therefore school districts such as ours that are dependent upon property taxes as a primary source of revenue must periodically return to the ballot and ask voters for additional resources to maintain current programs. Since the District must rely heavily on voter approval of operating tax issues, management of the resources is of paramount concern to the District's administration and the voting public.

GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of approximately \$3.4 million, a decrease of \$492,146 from the prior fiscal year.

The schedule below indicates the fund balance and the total change in fund balance for June 30, 2008 and 2007.

	<u>Fund Balance June 30, 2008</u>	<u>Fund Balance June 30, 2007</u>	<u>Change</u>
General Fund	\$ 1,361,682	\$ 1,755,919	\$ (394,237)
Bond Retirement Fund	-	10,603	(10,603)
Permanent Improvement Fund	457,259	951,809	(494,550)
Other Governmental Funds	1,571,688	1,164,444	407,244
Total	<u>\$ 3,390,629</u>	<u>\$ 3,882,775</u>	<u>\$ (492,146)</u>

General Fund

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance was negative approximately \$8.5 million, while total fund balance was approximately \$1.4 million. As noted above, the General Fund balance decreased significantly during the current fiscal year.

The tables that follow assist in illustrating the financial activities and balances of the General Fund.

	<u>Revenues and Other Financing Sources</u>		
	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2007</u>	<u>Percent Change</u>
Taxes	\$ 23,933,290	\$ 28,938,784	-17.3%
Intergovernmental	29,559,989	28,189,276	4.9%
Investment Income	268,548	335,770	-20.0%
Tuition and Fees	612,304	732,448	-16.4%
Other	71,160	75,076	-5.2%
Sale of Assets/Land	36,013	196,328	-81.7%
Other Financing Sources	-	43,202	-100.0%
Total	<u>\$ 54,481,304</u>	<u>\$ 58,510,884</u>	<u>-6.9%</u>

The significant decrease in Taxes is primarily the result of the phase-out of the personal property tax.

GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

Expenditures and Other Financing Uses			
	Fiscal Year 2008	Fiscal Year 2007	Percent Change
Instruction	\$ 35,830,281	\$ 35,241,794	1.7%
Support Services	18,413,438	19,389,892	-5.0%
Noninstructional Services	169,917	195,633	-13.1%
Co-curricular Activities	439,080	396,005	10.9%
Debt Service	-	16,588	-100.0%
Transfers	22,825	-	100.0%
Total	\$ 54,875,541	\$ 55,239,912	-0.7%

General Fund expenditures remained fairly consistent from fiscal year 2007 to fiscal year 2008.

Bond Retirement Fund

The District's bond retirement fund balance decreased during fiscal year 2008 as the remaining fund balance was budgeted and expended for the repayment of outstanding energy conservation notes.

Permanent Improvement Fund

The District's Permanent Improvement Fund balance decreased \$494,550 during the current period. This is the amount by which the operation and maintenance expenditures exceeded income tax receipts generated from an income tax sharing agreement with the Village of Groveport.

General Fund Budget Information

The District's budget is prepared in accordance with Ohio law and is based on the budgetary basis of accounting, utilizing cash receipts and disbursements and encumbrances. Changes are made to the District's budget as changes in revenues and spending patterns are experienced.

The District's final estimated resources exceeded the original estimate by approximately \$4.7 million, or 9.8%, as a result of significant increase in the estimate for property tax receipts. Variances between the District's final estimated resources and actual revenues were insignificant.

The District's final appropriations exceeded original appropriations by approximately \$5.5 million, or 10.8%. Variances between the District's final appropriations and actual budgetary expenditures were insignificant.

Capital Assets

At fiscal year-end, the District had approximately \$10.3 million in capital assets, net of accumulated depreciation, a \$773,085 decrease from the previous year. This decrease represents the amount by which current year depreciation (\$1,103,985) exceeded capital outlays (\$350,339) including disposals (\$19,439). Detailed information regarding capital asset activity is included in the notes to the basic financial statements.

GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

Debt

At fiscal year-end, the District had \$595,000 in outstanding energy conservation notes. During the fiscal year, the District paid \$135,000 in note principal and \$32,132 in interest. Detailed information regarding general long-term obligations is included in the notes to the basic financial statements.

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total taxable valuation of real and personal property. At fiscal year-end, the District's general obligation debt was below the legal limit.

Current Issues

From a state funding perspective, the State of Ohio was found by the Ohio Supreme Court in March, 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". Since 1997, the State of Ohio has directed its tax revenue growth toward school districts with little property tax wealth. It is still undetermined whether the State has met the standards of the Ohio Supreme Court.

The District is experiencing declining funding at the state level. The concern is that, to meet the requirements of the Ohio Supreme Court, the State may require redistribution of state funding based upon each district's property wealth. This could have a significant impact on the District. Another District concern will be the State Legislative approval of the biennial budget, effective July 1, 2005. How the legislature plans to fund education programs during a weakened economy remains a concern.

Along with the challenges set forth for the District to ensure positive operating cash flow within the General Fund, the need for improved and new school facilities is ever pertinent.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Tony Swartz, Treasurer, Groveport Madison Local School District, 5940 Clyde Moore Drive, Suite C, Groveport, Ohio 43125.

THIS PAGE INTENTIONALLY LEFT BLANK

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

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

	Governmental Activities
Assets	
Cash and Investments	\$ 5,305,349
Restricted Cash and Investments	1,589,506
Receivables:	
Taxes	22,685,899
Accounts	23,076
Due From Other Governments	1,247,484
Nondepreciable Capital Assets	1,521,786
Depreciable Capital Assets, Net	8,765,432
Total Assets	41,138,532
Liabilities	
Accounts Payable	1,360,084
Accrued Wages and Benefits	5,095,651
Due to Other Governments	1,214,703
Unearned Revenue	16,638,621
Long-Term Liabilities:	
Due within One Year	430,239
Due in More Than One Year	3,091,963
Total Liabilities	27,831,261
Net Assets	
Invested in Capital Assets, Net of Related Debt	9,692,218
Restricted for:	
Capital Projects	457,259
Locally Funded Programs	49,445
State Funded Programs	1,578,827
Federally Funded Programs	126,009
Other Purposes	95,108
Unrestricted	1,308,405
Total Net Assets	\$ 13,307,271

See accompanying notes to the basic financial statements

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services/Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction				
Regular	\$ 28,650,762	\$ 459,228	\$ 3,113,541	\$ (25,077,993)
Special	9,561,226	164,704	3,574,639	(5,821,883)
Vocational	306,663	-	47,669	(258,994)
Other Instruction	644,778	-	226,896	(417,882)
Support Services				
Pupils	2,717,196	-	164,951	(2,552,245)
Instructional Staff	1,743,727	-	100,236	(1,643,491)
Board of Education	1,223,226	-	-	(1,223,226)
Administration	3,837,942	86,802	565,027	(3,186,113)
Fiscal Services	978,580	-	-	(978,580)
Business Operations	165,649	-	-	(165,649)
Maintenance	6,461,992	-	96,302	(6,365,690)
Pupil Transportation	5,490,970	-	1,486,331	(4,004,639)
Central	560,330	-	20,952	(539,378)
Noninstructional Services	3,001,332	854,010	1,850,232	(297,090)
Co-Curricular Activities	643,448	165,259	1,072	(477,117)
Interest and Fiscal Charges	32,132	-	-	(32,132)
Total Governmental Activities	\$ 66,019,953	\$ 1,730,003	\$ 11,247,848	(53,042,102)

General Revenues:	
Taxes	26,189,511
Grants & Entitlements not Restricted	26,597,163
Investment Earnings	278,787
Miscellaneous	147,499
Total General Revenues	53,212,960

Change in Net Assets	170,858
Net Assets at Beginning of Year	13,136,413
Net Assets at End of Year	\$ 13,307,271

See accompanying notes to the basic financial statements

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and Investments	\$ 2,622,280	\$ -	\$ 228,354	\$ 2,454,715	\$ 5,305,349
Restricted Cash and Investments	1,589,506	-	-	-	1,589,506
Receivables:					
Taxes	21,413,714	165,463	1,106,722	-	22,685,899
Accounts	19,831	-	-	3,245	23,076
Due From Other Governments	1,022,167	-	-	225,317	1,247,484
Due From Other Funds	297,295	-	-	-	297,295
Total Assets	<u>\$ 26,964,793</u>	<u>\$ 165,463</u>	<u>\$ 1,335,076</u>	<u>\$ 2,683,277</u>	<u>\$ 31,148,609</u>
Liabilities:					
Accounts Payable	\$ 1,300,722	\$ -	\$ 35,250	\$ 24,112	\$ 1,360,084
Accrued Wages and Benefits Payable	4,460,311	-	-	635,340	5,095,651
Due To Other Governments	1,018,698	-	-	196,005	1,214,703
Due To Other Funds	-	-	257,567	39,728	297,295
Deferred Revenue	18,746,940	165,463	585,000	216,404	19,713,807
Compensated Absences Payable	76,440	-	-	-	76,440
Total Liabilities	<u>25,603,111</u>	<u>165,463</u>	<u>877,817</u>	<u>1,111,589</u>	<u>27,757,980</u>
Fund Balances:					
Reserved					
Encumbrances	69,157	-	193,104	44,775	307,036
Textbooks	1,402,549	-	-	-	1,402,549
Bus Purchases	186,957	-	-	-	186,957
Property Taxes	8,180,397	-	-	-	8,180,397
Unreserved, Reported in:					
General Fund	(8,477,378)	-	-	-	(8,477,378)
Special Revenue Funds	-	-	-	1,526,913	1,526,913
Capital Project Funds	-	-	264,155	-	264,155
Total Fund Balances	<u>1,361,682</u>	<u>-</u>	<u>457,259</u>	<u>1,571,688</u>	<u>3,390,629</u>
Total Liabilities and Fund Balances	<u>\$ 26,964,793</u>	<u>\$ 165,463</u>	<u>\$ 1,335,076</u>	<u>\$ 2,683,277</u>	<u>\$ 31,148,609</u>

See accompanying notes to the basic financial statements

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2008**

Total Governmental Fund Balances	\$ 3,390,629
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	10,287,218
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	3,075,186
Long-Term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
Special Termination Benefits	(76,934)
Compensated Absences	(2,773,828)
Energy Conservation Note	<u>(595,000)</u>
Total	<u>(3,445,762)</u>
 Net Assets of Governmental Activities	 <u><u>\$ 13,307,271</u></u>

See accompanying notes to the basic financial statements

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 23,933,290	\$ 156,529	\$ 941,516	\$ -	\$ 25,031,335
Intergovernmental	29,559,989	-	-	8,070,736	37,630,725
Investment Income	268,548	-	-	10,239	278,787
Co-curricular Activities	-	-	-	161,043	161,043
Tuition Fees	612,304	-	-	178,560	790,864
Charges for Services	-	-	-	694,995	694,995
Donations	-	-	44,444	-	44,444
Other	71,160	-	-	82,976	154,136
Total Revenues	54,445,291	156,529	985,960	9,198,549	64,786,329
Expenditures:					
Current:					
Instruction:					
Regular	26,353,392	-	-	2,550,043	28,903,435
Special	8,641,343	-	-	890,936	9,532,279
Vocational	357,305	-	-	-	357,305
Other	478,241	-	-	152,437	630,678
Support services:					
Pupils	2,455,477	-	-	163,309	2,618,786
Instructional Staff	1,527,347	-	-	83,749	1,611,096
Board of Education	1,223,226	-	-	-	1,223,226
School Administration	3,153,992	-	-	621,961	3,775,953
Fiscal Services	963,947	-	-	-	963,947
Business Operations	165,382	-	-	-	165,382
Operation and Maintenance of Plant	4,343,037	-	1,300,364	64,699	5,708,100
Pupil Transportation	4,045,313	-	-	1,259,172	5,304,485
Central Services	535,717	-	-	44,145	579,862
Noninstructional Services	169,917	-	-	2,809,165	2,979,082
Co-curricular Activities	439,080	-	-	174,514	613,594
Capital Outlay	-	-	180,146	-	180,146
Debt service:					
Principal Retirement	-	135,000	-	-	135,000
Interest and Fiscal Charges	-	32,132	-	-	32,132
Total Expenditures	54,852,716	167,132	1,480,510	8,814,130	65,314,488
Excess (Deficiency) of Revenues Over (Under) Expenditures	(407,425)	(10,603)	(494,550)	384,419	(528,159)
Other Financing Sources:					
Sale of Assets	36,013	-	-	-	36,013
Transfers In	-	-	-	22,825	22,825
Transfers Out	(22,825)	-	-	-	(22,825)
Total other financing sources	13,188	-	-	22,825	36,013
Net Change in Fund Balances	(394,237)	(10,603)	(494,550)	407,244	(492,146)
Fund Balances at Beginning of Year	1,755,919	10,603	951,809	1,164,444	3,882,775
Fund Balances at End of Year	<u>\$ 1,361,682</u>	<u>\$ -</u>	<u>\$ 457,259</u>	<u>\$ 1,571,688</u>	<u>\$ 3,390,629</u>

See accompanying notes to the basic financial statements

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**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		\$ (492,146)
<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.		
	Capital Outlay	350,339
	Depreciation	<u>(1,103,985)</u>
	Total	(753,646)
The net effect of various miscellaneous transactions involving capital assets is to decrease net assets.		(19,439)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,388,203
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the net effect of these differences in the treatment of long-term debt and related items.		135,000
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 the governmental funds.		
	Compensated Absences	<u>(87,114)</u>
Change in Net Assets of Governmental Activities		<u>\$ 170,858</u>

See accompanying notes to the basic financial statements

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Taxes	\$ 19,024,647	\$ 24,850,223	\$ 25,048,638	\$ 198,415
Intergovernmental	28,285,972	26,809,573	28,537,823	1,728,250
Interest	236,000	279,097	269,015	(10,082)
Tuition	391,933	593,182	595,227	2,045
Other	77,000	173,865	191,967	18,102
Total Revenues	<u>48,015,552</u>	<u>52,705,940</u>	<u>54,642,670</u>	<u>1,936,730</u>
Expenditures:				
Current:				
Instruction:				
Regular	25,607,284	26,026,537	26,657,536	(630,999)
Special	8,282,338	8,280,906	7,943,606	337,300
Vocational	436,864	451,990	380,060	71,930
Other	156,587	146,587	477,291	(330,704)
Support Services:				
Pupils	2,867,539	2,876,800	2,490,041	386,759
Instructional Staff	1,372,132	1,532,897	1,515,842	17,055
Board of Education	1,231,455	1,320,324	1,248,679	71,645
Administration	3,337,370	3,417,570	3,126,019	291,551
Fiscal	897,923	900,346	960,875	(60,529)
Business	123,857	123,857	162,905	(39,048)
Operations and Maintenance	3,143,390	4,822,042	4,397,978	424,064
Pupil Transportation	2,339,515	4,840,827	4,910,469	(69,642)
Central	441,957	507,501	466,980	40,521
Noninstructional Services:	195,385	199,097	168,934	30,163
Co-Curricular Activities	425,613	434,613	424,167	10,446
Total Expenditures	<u>50,859,209</u>	<u>55,881,894</u>	<u>55,331,382</u>	<u>550,512</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,843,657)</u>	<u>(3,175,954)</u>	<u>(688,712)</u>	<u>2,487,242</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	-	36,006	36,013	7
Transfers Out	-	(179,355)	(179,355)	-
Advances - Out	-	(297,295)	(297,295)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(440,644)</u>	<u>(440,637)</u>	<u>7</u>
Net Changes in Fund Balances	(2,843,657)	(3,616,598)	(1,129,349)	2,487,249
Fund Balance, Beginning of Year	5,052,112	5,052,112	5,052,112	-
Prior Year Encumbrances Appropriated	218,854	218,854	218,854	-
Fund Balance, End of Year	<u>\$ 2,427,309</u>	<u>\$ 1,654,368</u>	<u>\$ 4,141,617</u>	<u>\$ 2,487,249</u>

See accompanying notes to the basic financial statements

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

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

	Private-Purpose Trust	Agency
Assets:		
Cash and Investments	\$ 114,035	\$ 53,748
Total Assets	114,035	53,748
Liabilities:		
Accounts Payable	-	75
Due To Students	-	52,673
Due To Others	-	1,000
Total Liabilities	-	\$ 53,748
Net Assets	\$ 114,035	

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Private-Purpose Trust
Additions	
Investment Income	\$ 4,963
Other Revenue	900
Total Additions	5,863
Deductions	
Scholarships Awarded	(4,200)
Change in Net Assets	1,663
Net Assets, Beginning of Year	112,372
Net Assets, End of Year	\$ 114,035

See accompanying notes to the basic financial statements

GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1 – REPORTING ENTITY

The Groveport Madison Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District operates under a locally elected five member Board form of government consisting of five members elected at-large for staggered four year terms. The first official body designated as the Groveport Madison Board of Education was formed in 1848. The District provides educational services as authorized by state and/or federal guidelines.

The Board controls the District's 10 instructional/support facilities staffed by 176 non-certificated personnel and 416 certificated full time personnel who provide services to 6,336 students and other community members.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. The following activities are included within the reporting entity:

Parochial Schools – Within the District Boundaries are Madison Christian and Brice Christian Academy. Current State legislation provides funding to these parochial schools. The monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. The District accounts for these activities in a special revenue fund for financial reporting purposes.

Component units are legally separate organizations for which the District is financially accountable. There are three specific tests for determining whether a particular legally separate entity is a component unit of a primary government's financial reporting entity. Those tests involve 1) appointment of the unit's governing board (accompanied by either the potential imposition of will or ongoing financial benefit/burden), 2) fiscal dependence on the primary government, and 3) the potential that exclusion would result in misleading financial reporting. The District has no component units.

The following entities which perform activities within the District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

Village of Groveport – The village government of Groveport is a separate body politic and corporate, a mayor and council are elected independent of any District relationships and administer the provision of traditional village services. Council acts as the taxing and budgeting authority for these village services.

Parent Teacher Association – The District is not involved in the budgeting or management is not responsible for any debt and has no influence over the organization.

Groveport Community School – The community school began operations in September 2006 and is affiliated with Imagine Schools, a national operator of nonprofit public charter schools. The District is not involved in the budgeting or management of the community school and is not responsible for any debt nor has influence over the community school's operations.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 1 – REPORTING ENTITY (Continued)

Jointly Governed Organizations

Metropolitan Educational Council – The Metropolitan Educational Council (MEC) is a jointly governed organization. The organization is composed of over one hundred members including school districts, joint vocational schools, educational service centers, and libraries covering 24 counties in central Ohio.

The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. MEC also provides a variety of services through its data processing center to thirty-one member districts (“C” sites) in the Ohio counties of Fairfield, Franklin, Madison, Pickaway, and Union, with the major emphasis being placed on fiscal services. MEC also provides services to the District including pupil scheduling attendance reporting, and grade reporting. 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 (18 school districts) and one representative from each county. MEC is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for MEC. Financial statements for MEC can be obtained from the Metropolitan Educational Council at 2100 City Gate Drive, Columbus, Ohio 43219. The amount paid to MEC during the fiscal year was \$474,704.

Central Ohio Special Education Regional Resource Center – The Central Ohio Special Education Regional Resource Center (COSERRC) is a jointly governed organization operated by a Governing Board that is composed of superintendents of member school districts in central Ohio which comprise sixty percent of the Board, two parents of children with disabilities, one representative of a chartered nonpublic school, one representative of a county board of Mental Retardation and Developmental Disabilities, representatives of universities and students and persons with disabilities representations. The District participates in the following services of COSERRC: Identification and Program Development Project, Regional Educational Assessment Programming Project, Instructional Resource Center Project, and the Early Childhood Services Project. These projects assist the District in complying with mandates of Public Law 99-456 for educating children with disabilities. There is no financial commitment made by the districts involved in COSERRC. COSERRC is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for the Council. The amount paid to COSERRC during the fiscal year was \$0.

Eastland Joint Vocational School District – The Eastland Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts’ elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Eastland Joint Vocational School District, Dawn Lemley, who serves as Treasurer, at 4300 Amalgamated Place, P.O. Box 419, Groveport, Ohio 43125-0419. The amount paid to Eastland Joint Vocation School District during the fiscal year was \$0.

Group Purchasing Pool

Ohio School Board Association Workers’ Compensation – During the fiscal year, the District participated in a group rating plan for workers’ compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Group Rating Program (WCGRP) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The WCGRP’s business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and Immediate Past President of the OSBA. The Executive Director of the OSBA, or his/her Designee, serves as coordinator of the program. Each year, the participating school district’s pay an enrollment fee to the WCGRP to cover costs of administering the program.

GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

(a) Fund Accounting

The District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

Governmental Funds

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

Bond Retirement Fund — The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Permanent Improvement Fund — The Permanent Improvement is used to account for financial resources to be used for the acquisition and/or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Other Governmental Funds of the District account for food services, co-curricular activities, federal and state grants, and other resources.

Proprietary Funds

The District reports no proprietary funds.

Fiduciary Funds

Fiduciary Funds — Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The District's fiduciary funds include private purpose trust and agency funds. Private purpose trust funds account for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for student activities.

(b) Basis of Presentation

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

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

(c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using the modified accrual for governmental funds and the accrual basis for private purpose trust funds.

Revenue Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the District is sixty days after year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied, provided they have been advanced or are available to be advanced to the District. Otherwise, property taxes receivable is offset by the liability unearned revenue. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, tuition, grants and student fees.

GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue

The District reports unearned revenue on its statement of net assets and deferred revenue on the governmental funds balance sheet. Deferred revenue arises when assets are recognized before the revenue recognition criteria have been satisfied. For tax receipts, the “intended to finance” criteria must also be met. Grants and entitlements received before eligibility requirements were met have also been recorded as deferred revenue. On the governmental fund financial statements receivables not collected in the available period are recognized as deferred revenue. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the statement of net assets and governments funds balance sheet and revenue is recognized.

Expenditures/Expenses

On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on the flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation, are not recognized in governmental funds.

(d) Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the fund level. Any budgetary modifications at this level may only be made by the Board of Education.

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

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

GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Cash and Investments

Monies received by the District are pooled in a central bank account with individual fund balance integrity retained throughout. During the fiscal year, investments were limited to STAR Ohio, federal agency securities, money market mutual funds and a repurchase agreement. The District reports repurchase agreements at cost, money market mutual funds at share value and all other investments at fair value.

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 Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a-7 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.

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 and Food Service Fund during the fiscal year amounted to \$268,548 and \$10,239, respectively. Of the amount reported in the General Fund, \$99,055 was assigned from other District funds.

(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 purchase and an expenditure/expense is reported in the year which services are consumed. At fiscal year-end, because prepaid items are not available to finance future governmental fund expenditures, the fund balance is reserved in the fund financial statements by an amount equal to the carrying value of the asset. The District had no significant prepaid items at year-end.

(g) Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased. The District had no significant inventory balances at year-end.

(h) Capital Assets and Depreciation

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Capital assets acquired before July 1, 2003 are capitalized at an estimated cost using computerized reverse-trending techniques applied against the estimate of current replacement cost. Donated capital assets are recorded at their fair market values as of the date received. The District follows the policy of not capitalizing assets with a cost of less than \$1,000 and a useful life of less than one year. The District does not possess any infrastructure.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Land Improvements	10 – 30
Buildings and Improvements	10 – 30
Furniture and Equipment	5 – 15
Vehicles	5 – 10

(i) Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditure/expenses in the purchaser funds.

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. These transfers are eliminated from the statement of activities. See Note 6 for interfund transfer activity.

On fund financial statements, short-term interfund loans are classified as due to/from other funds. These amounts are eliminated in the statement of net assets. See Note 6 for interfund loan activity.

(j) Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The District had restricted assets at fiscal year-end for the textbooks and bus purchases.

(k) Accrued Liabilities and Long-Term Obligations

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 special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Long-term notes paid from the governmental funds are recognized as a liability in the fund financial statements since current resources are used to finance the debt.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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 District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. At fiscal year-end, none of the District's net asset restrictions were the result of enabling legislation.

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

(m) Fund Balance Reserves

The District records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available spendable 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 balance reserves have been established for encumbrances, property tax revenue reserved for future year's appropriations, textbooks, and bus purchases.

(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 District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

(o) Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reported period. Actual results could differ from those estimates.

Space intentionally left blank

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances 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 Balances - Budget and Actual (Non-GAAP 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 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 table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance

GAAP Basis	\$ (394,237)
Revenues	224,099
Expenditures	(591,748)
Advances	(297,295)
Encumbrances	(70,168)
Budgetary Basis	<u>\$ (1,129,349)</u>

Space intentionally left blank

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 4 – DEPOSITS AND INVESTMENTS

The deposit and investment of the District's monies is governed by the provisions of the Ohio Revised Code (ORC). In accordance with these statutes, the District is authorized to invest in United States and State of Ohio bonds, notes, and other obligations; bank certificates of deposit; banker acceptances; commercial paper notes rated prime and issued by United States corporations; repurchase agreements secured by United States obligations; STAR Ohio; no-load money market mutual funds; and under limited circumstances, corporate debt interests. Earnings on investments are credited to various funds at the discretion of the Board which is in compliance with ORC Section 3315.01.

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

Deposits

Custodial Credit Risk – Deposits In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the District's name. At fiscal year end, the carrying amount of the District's deposits was \$76,917 and the bank balance was \$833,320. Of the District's bank balance, \$733,320 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Investments

At fiscal year end, the District's had the following investments:

Investment Type	Fair Value	Percent of Total	Investment Maturities	
			Within 1 Year	1 to 2 Years
FHLB	\$ 599,250	8.6%	\$ -	\$ 599,250
Repurchase Agreement	3,503,268	50.1%	3,503,268	-
STAR Ohio	2,193,940	31.4%	2,193,940	-
Money Market Funds	689,263	9.9%	689,263	-
Total	\$ 6,985,721	100.0%	\$ 6,386,471	\$ 599,250

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. At fiscal year-end, STAR Ohio was rated AAAM, the District’s federal agency security was rated AAA, and the District’s money market fund was unrated. Securities underlying the District’s repurchase agreement are in a form of U.S. Treasuries or obligations explicitly guaranteed by the U.S. government, which are not considered to have credit risk.

Concentration of Credit Risk – Concentration of credit risk is the risk of inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification. The District places no limit on the amount it may invest in any one issuer, however, state statute limits investments in commercial paper and bankers’ acceptances to 25% of the interim monies available for investment at any one time. The District’s exposure to concentration risk is noted in the preceding table.

Interest Rate Risk – Interest rate risk is the risk that an interest rate change could adversely affect an investment’s fair value. As a means of limiting its exposure to fair value losses arising from interest rates and according to state law, the District’s investment policy limits investment portfolio maturities to five years or less. The District’s exposure to interest rate risk is noted in the preceding table.

Reconciliation of Deposits and Investments to the Statement of Net Assets: The following is a reconciliation of deposits and investments to the Statement of Net Assets as of June 30, 2008:

Investments (summarized above)	\$ 6,985,721
Carrying Amount of District's Deposits	76,917
Fiduciary Funds - Cash and Investments	(167,783)
Total Cash and Investments - Statement of Net Assets	<u>\$ 6,894,855</u>

NOTE 5 – PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed 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 semi-annually. 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 revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien 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 currently is assessed at varying percentages of true value.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 5 – 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 2007 and 2008 was 12.5 and 6.25 percent, respectively. This will be reduced to zero for 2009. Payments 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 District prior to June 30.

The District receives its property taxes from Franklin County. The County Auditor periodically advances to the District its portion of 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 real property, public utility property and tangible personal property taxes 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 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

At June 30, 2008, the amount of property taxes that had been advanced, or was available to advance, to the General Fund was \$8,180,397.

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

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

	<u>2007 Second Half Collections</u>		<u>2008 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 744,592,900	89.8%	\$ 758,211,980	92.5%
Public Utility Personal	34,232,190	4.1%	35,032,040	4.3%
Tangible Personal Property	50,505,032	6.1%	26,479,063	3.2%
Total	<u>\$ 829,330,122</u>	<u>100.0%</u>	<u>\$ 819,723,083</u>	<u>100.0%</u>
Tax rate per \$1,000 of assessed valuation	\$ 56.95		\$ 56.95	

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 6 – DUE TO/FROM OTHER FUNDS AND TRANSFERS

(a) Interfund Advances

On an as-needed basis, the District's General Fund advances cash to other funds of the District to eliminate cash deficits. Advances are repaid to the General Fund in the following fiscal year. At fiscal year-end, the District had the following outstanding advances:

<u>Fund</u>	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
General Fund	\$ -	\$ 297,295
Permanent Improvement	257,567	-
Other Governmental Funds		
Title III	949	-
Title I	33,552	-
Title V	1,097	-
Improving Teacher Quality	4,130	-
Total	<u>\$ 297,295</u>	<u>\$ 297,295</u>

(b) Interfund Transfers

The primary purpose of interfund transfers is to provide supplemental funding to co-curricular and state and federal grant program activities. All transfers are allowable in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. During the fiscal year, the District transferred \$22,825 from the General Fund to the Management Information Systems fund (Other Governmental Funds).

Space intentionally left blank

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 7 – CAPITAL ASSETS

A summary of capital asset activity for the fiscal year follows:

Governmental Activities

	Beginning Balance	Additions	Deductions	Ending Balance
Nondepreciable Capital Assets				
Land	\$ 1,521,786	\$ -	\$ -	\$ 1,521,786
Total Nondepreciable Assets	<u>1,521,786</u>	<u>-</u>	<u>-</u>	<u>1,521,786</u>
Depreciable Capital Assets				
Land Improvements	2,700,489	-	(9,240)	2,691,249
Buildings	21,987,437	-	-	21,987,437
Furniture and Equipment	9,556,145	322,422	(70,058)	9,808,509
Vehicles and Buses	2,096,689	27,917	(225,913)	1,898,693
Total Depreciable Assets	<u>36,340,760</u>	<u>350,339</u>	<u>(305,211)</u>	<u>36,385,888</u>
Less accumulated depreciation				
Land Improvements	(1,681,667)	(335,268)	2,002	(2,014,933)
Buildings	(15,323,427)	(345,171)	-	(15,668,598)
Furniture and Equipment	(7,988,110)	(219,715)	65,298	(8,142,527)
Vehicles and Buses	(1,809,039)	(203,831)	218,472	(1,794,398)
Total accumulated depreciation	<u>(26,802,243)</u>	<u>(1,103,985)</u>	<u>285,772</u>	<u>(27,620,456)</u>
Depreciable Capital Assets, Net of accumulated depreciation	<u>9,538,517</u>	<u>(753,646)</u>	<u>(19,439)</u>	<u>8,765,432</u>
Total Capital Assets, Net	<u>\$ 11,060,303</u>	<u>\$ (753,646)</u>	<u>\$ (19,439)</u>	<u>\$ 10,287,218</u>

Depreciation expense was charged to the governmental functions as follows:

Instruction Regular	\$ 38,620
Instruction Special	6,676
Instruction Vocational	3,016
Pupils	350
Instructional staff	20,748
School Administration	34,001
Fiscal Services	3,144
Operations and Maintenance	749,115
Pupil Transportation	186,485
Noninstructional Services	21,892
Co-Curricular activities	39,938
Total depreciation expense	<u>\$ 1,103,985</u>

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 8 – LONG TERM LIABILITIES

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2008 is as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2001 Energy Note					
4.65%, matures 12/1/11	\$ 730,000	\$ -	\$ (135,000)	\$ 595,000	\$ 140,000
Compensated Absences	2,895,531	281,097	(326,360)	2,850,268	241,038
Special Termination Benefits	92,533	45,600	(61,199)	76,934	49,201
Total	\$ 3,718,064	\$ 326,697	\$ (522,559)	\$ 3,522,202	\$ 430,239

The Energy Conservation Note, issued to provide funds for energy conservation measures throughout the District, is a general obligation of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to this note are recorded as expenditures in the Bond Retirement Fund. Compensated absences and special termination benefits will be paid from the General Fund.

Annual principal and interest requirements to retire the energy conservation note are as follows:

Fiscal Year	Principal	Interest	Total
2009	\$ 140,000	\$ 25,463	\$ 165,463
2010	145,000	18,551	163,551
2011	150,000	11,398	161,398
2012	160,000	3,880	163,880
Total	\$ 595,000	\$ 59,292	\$ 654,292

The ORC provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The ORC further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effects of these debt limitations at fiscal year-end are a voted debt margin of \$73,775,077 and an unvoted debt margin of \$819,723. The aggregate amount of the District's unvoted debt is also subject to overlapping debt restrictions with various governmental entities. At fiscal year-end, these entities have complied with the requirement that unvoted overlapping debt must not exceed 1% (10 mills) of the assessed property value. Management believes that the District has complied with all bond covenants.

NOTE 9 – OPERATING LEASE

During fiscal year 2005, the District entered into a lease agreement with the CIC Properties, Inc for Office space to be utilized by the District's administration. The initial term of the lease commenced August 1, 2005 and will end on July 31, 2015. Total rent expense for fiscal year 2008 was \$83,796.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 10 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft or, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year, the District contracted with Ohio Casualty Co., member of Liberty Mutual Group, administered by Joseph James & Associates, Inc., for general liability insurance with a \$1,000,000 single occurrence limit and a \$2,000,000 aggregate. Property is also protected by Ohio Casualty Co., member of Liberty Mutual Group and holds a \$1,000 deductible.

The District contracts with Anthem Blue Cross Blue Shield to provide health coverage; the OASIS Trust, administered by Coresource Inc., to provide dental coverage; and the Ohio School Boards Association Trust, administered by Century Business Services, to provide life insurance coverage for employees.

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

During the fiscal year, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Program. The workers' compensation experience of the participating Districts is calculated as one experience and a common premium rate is applied to all Districts in the Program. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Program. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund."

This "equity pooling" arrangement insures that each participant share equally in the overall performance of the Program. Participation in the Program is limited to districts that can meet the Program's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the Program.

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

Space intentionally left blank

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 11 – PENSION BENEFITS

(a) *School Employees Retirement System*

Plan Description - The District contributes to the School Employees Retirement System of Ohio (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 state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SERS, 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Forms and Publications.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund healthcare 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, up to a statutory maximum amounts, by the SERS' Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$415,837, \$442,014, and \$445,549, respectively. 50 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. The District's unpaid contribution for fiscal year 2008, including the surcharge, totaling \$265,387, has been recorded as a liability in the appropriate funds.

(b) *State Teachers Retirement System*

Plan Description - The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. 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, by calling (888) 227-7877, or by visiting the STRS Ohio web site at www.strs.org.

Plan Description – New members have a choice of three retirement plan options, a Defined Benefit (DB) Plan, 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 lump sum withdrawal. The Combined Plan offers features of 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.

GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 11 – PENSION BENEFITS (Continued)

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

Funding Policy – For fiscal year 2008, plan members were required to contribute 10 percent of annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2008, 2007, and 2006 were \$3,378,516, \$3,549,984, and \$3,549,816, respectively. 83 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

(c) Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security. At fiscal year-end, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

(a) School Employees Retirement System

Plan Description – The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well a prescription drug program. The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Benefit provisions and obligations to contribute are established by the System based on authority granted by the 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 Street, 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.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$293,915, \$308,515, \$232,054, respectively; 50 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2007 (most recent information available), the actuarially required allocation was .68% of covered payroll. The District's contributions for the year ended June 30, 2008, 2007 and 2006 were \$29,962, \$30,057 and \$35,462, respectively; 50 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

(b) State Teachers Retirement System

Plan Description - The District contributes to the cost-sharing, multiple employer postemployment benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by writing 275 E. Broad St., Columbus, OH 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio web site at www.strs.org.

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 District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$259,886, \$253,570, \$253,457, respectively; 83 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 13 – CONTINGENCIES

(a) Grants

The federal and state grants remain subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the District's administration believes such disallowances, if any, would be minimal.

(b) State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 14 – SET ASIDES

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by 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 each reserve:

	Textbooks	Capital Acquisition
Set-aside cash balance as of June 30, 2007	\$ 814,141	\$ -
Current fiscal year set-aside requirement	891,715	891,715
Current year offsets	-	(419,474)
Qualifying Disbursements	(303,307)	(1,023,348)
Total	\$ 1,402,549	\$ (551,107)
Balance carried forward to FY 2009	\$ 1,402,549	\$ -

The District did not meet the current year set-aside spending requirements for the textbooks reserve and therefore this amount will be carried forward with the requirement to be spent in future fiscal years. The District had qualifying disbursements and offsets during the fiscal year that reduced the set aside amount below zero for the Capital Acquisition Reserve. However, this amount may not be used to reduce the set-aside requirement for future fiscal years.

A schedule of the Governmental Fund restricted assets at June 30, 2008 follows:

	Restricted Assets
Amount restricted for Textbooks	\$ 1,402,549
Amount restricted for Bus Purchases	186,957
Total Restricted Assets	\$ 1,589,506

NOTE 15 – COMPLIANCE AND ACCOUNTABILITY

A. COMPLIANCE

The District had expenditures in excess of appropriations contrary to Ohio Revised Code Section 5705.41(B) within the Food Service, Other Grants, and Management Information System Funds of \$426,893, \$6,405, and \$23,777, respectively, at June 30, 2008.

The District had appropriations exceeding estimated resources in the Bond Retirement Fund (\$5,000), Auxiliary Services (\$110,066), Entry Year Program (\$9,600), Ohio Reads (\$480,093), Poverty Aid (\$123,061), Miscellaneous State Grants (\$62,363), IDEA Part B (\$120,983), Title I (\$211,431), Improving Teacher Quality (\$8,535), and Miscellaneous Federal Grants (\$86,785) at June 30, 2008.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 15 – COMPLIANCE AND ACCOUNTABILITY (Continued)

B. ACCOUNTABILITY

Fund balances at fiscal year-end included the following individual deficits:

<u>Fund Name</u>	<u>Deficit</u>
Other Governmental Funds	
EMIS	\$ 4,529
Ohio Reads	118,743
Title III Limited English Proficiency	949
Title I Disadvantaged Children	148,187
Title V Innovation Education	1,041
Improving Teacher Quality	43,383

These fund deficits resulted from the application of accounting principles generally accepted in the United States of America. The General Fund is liable for the deficits in the Other Governmental Funds and provides operating transfers when cash is required, not when accruals occur.

NOTE 16 – CHANGE IN ACCOUNTING PRINCIPLE

For 2008, the 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 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 legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any changes to the financial statements.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

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

Federal Grantor/ Pass thru Grantor/ Program Title	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
<i>Passed through Ohio Department of Education:</i>					
Food Donation	10.550	\$ -	\$ 124,518	\$ -	\$ 124,518
<i>Child Nutrition Cluster:</i>					
School Breakfast Program	10.553	264,080	-	264,080	-
National School Lunch Program	10.555	1,077,236	-	1,077,236	-
<i>Total Child Nutrition Cluster</i>		<u>1,341,316</u>	<u>124,518</u>	<u>1,341,316</u>	<u>124,518</u>
Total U.S. Department of Agriculture		<u>1,341,316</u>	<u>124,518</u>	<u>1,341,316</u>	<u>124,518</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>					
<i>Passed through Ohio Department of Education:</i>					
<i>Special Education Cluster:</i>					
Special Education-Grants to States	84.027	1,483,010	-	1,438,505	-
Special Education-Preschool Grants	84.173	11,041	-	6,428	-
<i>Total Special Education Cluster</i>		<u>1,494,051</u>	<u>-</u>	<u>1,444,933</u>	<u>-</u>
Title I Grants to Local Educational Agencies	84.010	1,151,127	-	1,159,294	-
Safe and Drug Free Schools and Communities-State Grants	84.186	22,597	-	17,900	-
Twenty-First Century Community Learning Centers	84.287	90,457	-	52,501	-
State Grants for Innovative Programs	84.298	10,069	-	11,910	-
Education Technology State Grants	84.318	8,562	-	8,479	-
Comprehensive School Reform Demonstration	84.332	15,000	-	22,233	-
English Language Acquisition Grants	84.365	9,476	-	11,649	-
Improving Teacher Quality State Grants	84.367	173,415	-	210,372	-
Total U.S. Department of Education		<u>2,974,754</u>	<u>-</u>	<u>2,939,271</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE		<u>\$ 4,316,070</u>	<u>\$ 124,518</u>	<u>\$ 4,280,587</u>	<u>\$ 124,518</u>

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

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN 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 District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.



**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
Groveport Madison Local School District
5940 Clyde Moore Drive, Suite C
Groveport, Ohio 43125

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Groveport Madison Local School District, Franklin County, Ohio (the District) as of and for the fiscal year ended June 30, 2008 which collectively comprise the District's basic financial statements and have issued our report thereon dated May 20, 2009. We noted the District implemented GASB Statements No.'s 45, 48, and 50, as disclosed in Note 16. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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 certain deficiencies 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 District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting: 2008-001 through 2008-004.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the 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
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Groveport Madison Local School District
Franklin 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 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 material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2008-003 through 2008-004 are also material weaknesses

We also noted certain internal control matters that we reported to the District's management in a separate letter dated May 20, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2008-001 through 2008-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated May 20, 2009.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the District's responses and, accordingly, we express no opinion on them.

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 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
May 20, 2009



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

Board of Education
Groveport Madison Local School District
5940 Clyde Moore Drive, Suite C
Groveport, Ohio 43125

Compliance

We have audited the compliance of the Groveport Madison Local School District, Franklin County (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the fiscal year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings and responses identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the 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 reasonably assure whether noncompliance occurred 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 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 District's compliance with those requirements.

In our opinion, the Groveport Madison Local School District, Franklin County, complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the fiscal year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that OMB Circular A-133 requires us to report, which are described in the accompanying schedule of findings and responses as items 2008-005 through 2008-008. Furthermore, in a separate letter to the District's management dated May 20, 2009, we reported other matters related to federal noncompliance not requiring inclusion in this report.

Internal Control over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program 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 District's internal control over compliance.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Groveport Madison Local School District
Franklin County
Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control over
Compliance with OMB Circular A-133
Page 2

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 such 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and responses as finding 2008-005 through 2008-008 to be significant deficiencies.

A material weakness is significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements. We do not consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses.

The District's responses to the findings we identified are described in the accompanying schedule of findings and responses. We did not audit the District's responses and, accordingly, we express no opinion on them.

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 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
May 20, 2009

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505**

JUNE 30, 2008

1. SUMMARY OF AUDITOR'S RESULTS
--

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<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 major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster \ 84.027 and 84.173, Nutrition Cluster\ 10.553 and 10.555, Title I\ 84.010
<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

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
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
----------------	----------

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend monies unless it has been properly appropriated. The following funds had expenditures exceeding appropriations at June 30, 2008:

<u>NonMajor Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Food Service Fund	\$1,852,673	\$1,425,780	(\$426,893)
Other Grants	116,934	110,529	(6,405)
Management Information Systems	43,777	20,000	(23,777)

We recommend that the District appropriate all expenditures to ensure that expenditures do not exceed appropriations throughout and at the end of the fiscal year. This will help avoid possible fund deficits.

Officials' Response:

The District will implement procedures to review and monitor expenditures and appropriations throughout the fiscal year.

Finding Number	2008-002
----------------	----------

Ohio Revised Code Section 5705.39 states in part that the total appropriation from each fund shall not exceed total estimated resources. It was noted that the following fund had appropriations which exceeded estimated resources at June 30, 2008:

<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Excess</u>
Bond Retirement Fund (002)	\$ 177,733	\$ 172,733	\$ (5,000)
Auxiliary Services (401)	544,647	434,581	(110,066)
Entry Year Program (440)	13,600	4,000	(9,600)
Ohio Reads (459)	610,511	130,418	(480,093)
Poverty Aid (494)	1,823,061	1,700,000	(123,061)
Misc. State Grants (499)	2,000	64,363	(62,363)
IDEA Part B (516)	1,526,232	1,405,249	(120,983)
Title I (572)	1,223,007	1,011,576	(211,431)
Improving Teacher Quality (590)	220,371	211,836	(8,535)
Misc. Federal Grants (599)	98,785	12,000	(86,785)

With appropriations exceeding estimated resources, the 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.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
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	2008-002 (Continued)
----------------	----------------------

We recommend the 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 District should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources

Officials' Response:

This noncompliance is primarily attributed to the District submitting the final amended certificate to the Franklin County Budget Commission after June 30, 2008 thus causing the Franklin County Budget Commission to consider the amendment invalid. The District will submit all required amendments prior to the end of any District fiscal year.

Finding Number	2008-003
----------------	----------

The compilation and presentation of the financial statements and the related footnotes is the responsibility of management. This responsibility remains intact if management decides to outsource this function for efficiency purposes or any other reason. It is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and notes prior to audit. It is also important to note that independent auditors are not part of the entity's internal control structure and should not be relied upon by management to detect misstatements.

As a result of our audit, we identified significant audit adjustments associated with reporting net assets, cash and cash equivalents, budgetary estimated receipts, tax revenue, intergovernmental revenue, and unreserved fund balance. We provided these adjustments to management who subsequently corrected the misstatements. These misstatements are an indicator that the District does not have sufficient internal control procedures in place related to financial reporting.

We recommend the District develop internal control procedures associated with the drafting and preparation of the financial statements and footnotes in order to enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes.

Officials' Response:

The District will implement procedures to review and monitor the financial reporting process.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
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	2008-004
----------------	----------

Monthly bank reconciliations are an important internal control procedure which should be performed in a timely manner in order to reduce and prevent the likelihood of unauthorized or inaccurate transactions occurring and going undetected. We noted the following as it related to reconciling the District’s general operating accounts to the general accounting ledgers:

- Audit adjustments of \$251,819, \$198,415, and \$26,720 were necessary to reconcile cash at June 30, 2008. These adjustments were necessary based on duplicate postings of food service intergovernmental receipts, improperly posting tax revenue at net and also recording the tax settlement fees associated with the same tax settlement receipt, and finally posting STRS retirement payments twice to the accounting system;
- Monthly cash reconciliations included several correcting entries or reconciling items in order to balance at each month’s end. Management should seek to reduce the number of reconciling items by posting receipts and expenditures in a timely manner.

As noted within the bullet points above, we recommend management evaluate the current monthly reconciliation procedures in order to reduce and mitigate the risk of unauthorized or inaccurate transactions occurring and going undetected.

Officials’ Response:

The District has implemented procedures to reconcile timely and accurately on a monthly basis. The District is reconciled through June 30, 2008 and also currently through fiscal year 2009.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2008-005
CFDA Title and Number	Nutrition Cluster, #10.553 and 10.555
Federal Award Number/Year	2007 and 2008
Federal Agency	U.S. Department of Agriculture
Pass-Through Agency	Ohio Department of Education

Eligibility – Nutrition Cluster

7 CFR 210.7 provides, in part, that the number of lunches and meal supplements is accurately reflected as served to eligible children. The District is required to implement internal control procedures to identify, review, and allow or disallow a child’s application regarding eligibility for free and reduced lunches. The District is also required to accurately reflect eligibility status as well as changes in eligibility throughout the year after the initial application process enrolling the student upon verification finding results which would include transfers or changes in household income.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505**

JUNE 30, 2008

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2008-005 (Continued)
CFDA Title and Number	Nutrition Cluster, #10.553 and 10.555
Federal Award Number/Year	2007 and 2008
Federal Agency	U.S. Department of Agriculture
Pass-Through Agency	Ohio Department of Education

Eligibility – Nutrition Cluster (Continued)

We identified 2 instances in which the District incorrectly assigned free or reduced lunch status to participating children which were inconsistent with their respective free or reduced lunch applications. In both instances, the District incorrectly assigned a child “free” status although proper classification was “reduced” which was not detected through the verification process although the child was selected for verification by the District. Based on this error, the District is considered improperly reimbursed for children identified as not meeting the reduced eligibility criteria which results in a calculated over reimbursement of \$490. This over reimbursement was determined based on the differences between reduced lunch prices and Board of Education approved prices for children not meeting the free or reduced lunch criteria. Based on additional procedures performed, we determined that the errors described in this paragraph appear to be isolated noting no other unusual approved applications.

We recommend the District implement procedures to ensure that free and reduced lunch classifications assigned and processed by the District agree to submitted applications. Furthermore, we recommend the District have an individual other than the Building Principal review and approve via signature the applications before final processing and submission to the Ohio Department of Education.

Officials’ Response and Corrective Action Plan:

The District will implement procedures to ensure children properly meet free and reduced lunch status based on submitted applications.

Finding Number	2008-006
CFDA Title and Number	Nutrition Cluster, #10.553 and 10.555
Federal Award Number/Year	2007 and 2008
Federal Agency	U.S. Department of Agriculture
Pass-Through Agency	Ohio Department of Education

Eligibility – Nutrition Cluster

7 CFR 245.6a requires that by December 15 of each school year, school food authorities shall select and verify a sample of their approved free and reduced price applications in accordance with the conditions and procedures required by the code of federal regulations. School food authorities are required to satisfy the verification requirement by using either random sampling or focused sampling and maintain documentation to support the process performed.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505**

JUNE 30, 2008

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2008-006 (Continued)
CFDA Title and Number	Nutrition Cluster, #10.553 and 10.555
Federal Award Number/Year	2007 and 2008
Federal Agency	U.S. Department of Agriculture
Pass-Through Agency	Ohio Department of Education

Eligibility – Nutrition Cluster (Continued)

- The type of verification method reported to the Ohio Department of Education was the “Alternative Focused” type, however, the District used the “Actual” type method for fiscal year 2008. Under these different methods, the District was required to test 89 and 70 applications under the “Alternative Focused” and “Basic” type methods, respectively. However, the District actually tested 96 applications for fiscal year 2008. We recommend the District develop procedures to properly identify, test, and report the reporting method and applications required for testing;
- We noted that certain applications selected for the verification process by the District were void documentation of review (or sign-offs) from the applicable building principal or the approval date was not evidenced. We recommend the District properly sign-off and document date of approval/disapproval verifying authenticity of the application review process;
- The District did not provide a clear audit trail documenting the methodology in selecting the verification sample. For example, the sample should have consisted of application which had income ranges of \$100 per month or \$1,200 per year and then randomly select any additional applications to meet the required population. However, there was no documentation to support the completeness of the population or that these parameters were properly followed. We recommend the District document the methodology used to select its verification process sample during the year and have such information available for audit.

We recommend the District develop consistent internal control procedures ensuring documentation is properly retained and processed in a consistent and complete manner.

Officials’ Response and Corrective Action Plan:

The District will implement procedures to ensure children properly meet free and reduced lunch status based on submitted applications.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505**

JUNE 30, 2008

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2008-007
CFDA Title and Number	Special Education Cluster, #84.027 and #84.173, Title I, #84.010
Federal Award Number/Year	2007 and 2008
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Cash Management

The District was required to request from the Ohio Department of Education (ODE) the payment of project funds utilizing a Project Cash Request Form (PCR). ODE required the PCR to reflect the total amount of project cash expended as of the date of the request in order to help support the need for the request (project cash request instructions – GM/PCR-1) The total expenditures reported on the PCRs for the Special Education and Title I grants did not agree to the expenditures reported on the District’s underlying financial records as follows:

Special Education Grant – IDEA Part B

PCR Request Date	Expenditures Reported per PCR	PCR Release Date	Expenditures Reported per District	Variance	ODE Amount Released
01/11/08	\$ 486,835	01/11/08	\$ 473,305	\$13,530	\$486,461
02/04/08	894,053	02/22/08	893,033	1,020	682,460
03/31/08	1,257,473	04/05/08	1,322,623	(65,150)	9,590
05/12/08	1,295,506	05/18/08	1,361,706	(66,200)	114,761

Title I

PCR Request Date	Expenditures Reported per PCR	PCR Release Date	Expenditures Reported per District	Variance	ODE Amount Released
12/31/07	\$237,426	01/11/08	\$246,275	(\$ 8,849)	\$228,811
03/31/08	489,510	04/05/08	581,761	(92,251)	177,953
05/12/08	608,025	05/22/08	685,213	(77,188)	103,452
06/02/08	736,356	06/11/08	763,604	(27,248)	61,128

This resulted in inaccurate information reported on the Project Cash Requests.

We recommend the Treasurer ensure expenditures reported on Project Cash Requests are accurate and agree to underlying financial records.

Officials’ Response and Corrective Action Plan:

The District will implement procedures to ensure that the project cash requests agree to the District’s underlying records prior to the District requesting funds.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505**

JUNE 30, 2008

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2008-008
CFDA Title and Number	Special Education Cluster, #84.027 and #84.173
Federal Award Number/Year	2007 and 2008
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Allowable/Unallowable Cost Principles

OMB Circular A-87 includes provisions for federal expenditures and requires that expenditures are supported by appropriate documentation, such as approved purchase orders, receiving reports, vendor invoices, canceled checks, and time and attendance records, and correctly charged as to account, amount, and period. In addition, an educationally related service is provided with the expenditure of money.

Special Education expenditures included \$109.95 and \$35 for a car rental and related gas purchases associated with a special education teacher attending a conference in Akron, Ohio. Although District policy allows for rental cars to be used in cases of emergencies or when no other means of local transportation is practicable, there was no documentation provided to support Board policy was followed.

In other instances, support for submitted mileage reimbursements included mileage logs which were not signed by the Special Education Director indicating expenditure approval. In addition, mileage logs covering a period of the fiscal year were submitted for reimbursement which did not reconcile to the established purchase order. A purchase order was established for the period January 1, 2008 through June 30, 2008, the attached supporting documentation were mileage logs for May 1, 2007 to December 31, 2007; this included \$51.41 in mileage logs for May and June 2007 which should have been charged to the 2007 grant as these expenditures related to this period.

We recommend documentation supporting federal grant expenditures include appropriate invoices which include the proper approval/authorization and reason for the expenditure which coincide with the federal grant purposes and adhere to OMB circular A-87. In addition, purchase orders should be established prior to incurring expenditures, in turn, supporting documentation should include appropriate purchase orders which cover the period of expenditures which are charged against it.

Officials' Response and Corrective Action Plan:

The District will implement procedures to ensure federal expenditures are allowable and in compliance with federal, state, and local regulations.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
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	Financial Reporting.	No	Re-issued as finding number 2008-003.
2007-002	Capital Assets.	Partially	Re-issued in the management letter.
2007-003	Monthly Bank Reconciliations.	No	Re-issued as finding number 2008-004.
2007-004	Eligibility – Nutrition Cluster.	No	Re-issued as finding number 2008-005.
2007-005	Eligibility – Nutrition Cluster.	No	Re-issued as finding number 2008-006.
2007-006	Allowable Costs/Costs Principles – Special Education Cluster	No	Re-issued as finding number 2008-008.
2007-007	Reporting – Special Education Cluster	Yes	N/A.
2007-008	Period of Availability – Special Education Cluster	Yes	N/A.



Mary Taylor, CPA
Auditor of State

GROVEPORT MADISON LOCAL SCHOOL DISTRICT
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
SEPTEMBER 3, 2009