

GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
SINGLE AUDIT
JULY 1, 2005 – JUNE 30, 2006



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, 2005 through June 30, 2006. 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

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Auditor of State

February 15, 2007

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**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

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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, 2006, 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Groveport Madison Local School District, Franklin County, Ohio as of June 30, 2006, and the respective changes in financial position, thereof 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 restated net assets and reclassified funds from the prior year.

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

Independent Auditors' Report
Groveport Madison Local School District

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2006 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions 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 this information to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
December 15, 2006

Groveport Madison Local School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2006
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, 2006. 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 \$8.6 million (net assets). The District's net assets decreased \$2.9 million during the fiscal year.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of negative \$857,417, a decrease of \$1.9 million from the prior fiscal year.
- The District's total debt decreased by \$1.6 million during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are 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
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2006
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 26 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 23 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
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2006
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 \$8.6 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 2006 to 2005 follows for the Statement of Net Assets:

	Governmental Activities		
	2006	Restated 2005	Change
Current and Other Assets	\$ 32,417,754	\$ 31,253,959	\$ 1,163,795
Capital Assets	11,402,741	12,602,823	\$ (1,200,082)
Total assets	43,820,495	43,856,782	(36,287)
Current Liabilities	30,777,381	27,706,338	\$ 3,071,043
Long-term liabilities	4,400,573	4,618,056	\$ (217,483)
Total liabilities	35,177,954	32,324,394	2,853,560
Invested in Capital Assets, net of related debt	10,547,741	11,627,823	\$ (1,080,082)
Restricted	977,462	1,045,739	\$ (68,277)
Unrestricted	(2,882,662)	(1,141,174)	\$ (1,741,488)
Total Net Assets	\$ 8,642,541	\$ 11,532,388	\$ (2,889,847)

The change in Current and Other Assets is the result of a \$1.9 million decrease in cash from operations coupled with a \$3 million increase in taxes receivables. The increase in taxes receivable is primarily the result of steady increases in property tax assessed valuations over the past two years.

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

The change in Current Liabilities is the result of increases in Accounts Payable (\$1.2 million), payroll-related liabilities (\$771,159) and Deferred Revenue (a \$2.6 million), offset by decrease in Notes Payable (\$1.5 million). The Accounts Payable increase is primarily the result of five months of late payments to the Franklin County Educational Service Center due to an oversight on the District's behalf. The Deferred Revenue increase correlates with the Taxes Receivable increase noted above and the Notes Payable decrease is representative of current year debt service.

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The District's net assets decreased \$2.9 million, or 25.1%, in fiscal year 2006.

A comparative analysis of fiscal year 2006 to 2005 follows for the Changes in Net Assets:

	<u>Governmental Activities</u>		
	<u>2006</u>	<u>Restated 2005</u>	<u>Variance</u>
Program Revenues			
Charges for Services	\$ 1,740,078	\$ 1,728,837	\$ 11,241
Operating Grants	4,416,566	4,210,426	206,140
General Revenues			
Taxes	26,420,391	26,232,286	188,105
Grants and Entitlements	26,036,944	25,276,466	760,478
Investment Earnings	290,497	149,655	140,842
Miscellaneous	82,321	152,524	(70,203)
Transfers	-	(13,892)	13,892
Total Revenues	<u>58,986,797</u>	<u>57,736,302</u>	<u>1,250,495</u>
Program Expenses			
Instructional	36,000,901	34,426,314	1,574,587
Support Services	22,382,427	22,373,857	8,570
Co-Curricular Activities	740,648	820,110	(79,462)
Community Service	2,658,614	2,847,085	(188,471)
Interest	94,054	121,092	(27,038)
Total expenses	<u>61,876,644</u>	<u>60,588,458</u>	<u>1,288,186</u>
Change in net assets	<u>\$ (2,889,847)</u>	<u>\$ (2,852,156)</u>	<u>\$ (37,691)</u>

As the comparative analysis above highlights, there were slight increases in both revenues (2.2%) and expenses (2.1%) in fiscal year 2006.

The District elected to reclassify its business-type activities as governmental activities during the fiscal year.

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For the Fiscal Year Ended June 30, 2006
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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 2006 to 2005 follows:

	<u>Total Cost of Services 2006</u>	<u>Restated Total Cost of Services 2005</u>	<u>Net Cost of Services 2006</u>	<u>Restated Net Cost of Services 2005</u>
Program expenses				
Instructional	\$ 36,000,901	\$ 34,426,314	\$ 34,234,916	\$ 32,759,406
Support services	22,382,427	22,373,857	20,596,139	20,807,091
Community Services	2,658,614	2,847,085	205,861	366,249
Co-Curricular Activities	740,648	820,110	589,030	595,357
Interest	<u>94,054</u>	<u>121,092</u>	<u>94,054</u>	<u>121,092</u>
Total	<u>\$ 61,876,644</u>	<u>\$ 60,588,458</u>	<u>\$ 55,720,000</u>	<u>\$ 54,649,195</u>

General revenues, consisting primarily of local property taxes and unrestricted state entitlements, comprise 90% 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 \$55.7 million 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
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2006
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 negative \$857,417, a decrease of \$1.9 million from the prior fiscal year.

The schedule below indicates the fund balance and the total change in fund balance from June 30, 2006 and 2005.

	Fund Balance <u>June 30, 2006</u>	Restated Fund Balance <u>June 30, 2005</u>	Increase/ <u>(Decrease)</u>
General Fund	\$ (1,845,482)	\$ 56,717	\$ (1,902,199)
Bond Retirement Fund	10,603	10,603	-
Permanent Improvement Fund	522,498	357,882	164,616
Other Governmental Funds	<u>454,964</u>	<u>627,538</u>	<u>(172,574)</u>
Total	<u>\$ (857,417)</u>	<u>\$ 1,052,740</u>	<u>\$ (1,910,157)</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 \$8,384,189, while total fund balance was negative \$1,845,482. 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</u>		
	<u>Fiscal Year 2006</u>	<u>Fiscal Year 2005</u>	<u>Percent Change</u>
Taxes	\$ 25,800,369	\$ 26,785,591	-3.68%
Intergovernmental	26,036,944	25,321,036	2.83%
Investment Income	290,497	149,655	94.11%
Tuition and Fees	408,163	287,287	42.07%
Other	<u>44,735</u>	<u>26,281</u>	70.22%
Total	<u>\$ 52,580,708</u>	<u>\$ 52,569,850</u>	0.02%

Groveport Madison Local School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2006
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	Expenditures		
	Fiscal Year	Fiscal Year	Percent
	2006	2005	Change
Instruction	\$ 34,492,638	\$ 32,968,690	4.62%
Support Services	19,214,755	19,610,966	-2.02%
Community Services	212,740	234,774	-9.39%
Co-curricular Activities	518,324	544,755	-4.85%
Debt Service	49,676	82,676	-39.91%
Transfers	2,190	131,592	-98.34%
Total	\$ 54,490,323	\$ 53,573,453	1.71%

As noted in the tables above, the individually significant revenues and expenditures of the General Fund remained fairly consistent from fiscal year 2005 to fiscal year 2006; however, the increase in total expenditures was slightly greater than the increase in total revenues. This resulted in the significant fund balance decrease in the General Fund.

Bond Retirement Fund

The District's Bond Retirement Fund balance remained intact during fiscal year 2006 as property tax receipts equaled the current year debt service expenditures.

Permanent Improvement Fund

The District's Permanent Improvement Fund balance increased \$164,616 during the current period. This is the amount by which property tax receipts and income tax receipts generated from an income tax sharing agreement with the Village of Groveport exceeded the operation and maintenance expenditures of the fund.

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 \$11.7 million, or 28.8%. The variance between the District's final estimated resources and actual revenues was zero.

The District's final appropriations exceeded original appropriations by \$16.2 million, or 42.5%. The variance between the District's final appropriations and actual budgetary expenditures was zero.

Capital Assets

At fiscal year-end 2006, the District has \$11,402,741 in capital assets, net of accumulated depreciation. Detailed information regarding capital asset activity is included in the notes to the basic financial statements.

Groveport Madison Local School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

Debt

At fiscal year-end 2006, the District had \$855,000 in outstanding energy conservation notes. The District also had \$1,508,000 in outstanding tax anticipation notes. During the fiscal year, the District paid \$1,620,000 in notes outstanding and \$94,054 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. As of June 30, 2006, 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. The District has been unsuccessful on five separate attempts to pass a bond issue and solves its overcrowding by operating a triple split session schedule at the junior high and high school.

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 Anne Spano, Treasurer, Groveport Madison Local School District, 5940 Clyde Moore Drive, Suite C, Groveport, Ohio 43125.

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**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS
AS OF JUNE 30, 2006**

	<u>Governmental Activities</u>
Assets	
Cash and Investments	\$ 8,200,635
Restricted Cash and Investments	168,113
Receivables:	
Taxes	23,777,074
Accounts	36,954
Due From Other Governments	222,603
Prepaid Items	12,375
Nondepreciable Capital Assets	1,527,289
Depreciable Capital Assets, Net	<u>9,875,452</u>
Total Assets	<u>43,820,495</u>
Liabilities	
Accounts Payable	1,565,004
Accrued Wages and Benefits	5,049,089
Due to Other Governments	1,401,322
Unearned Revenue	21,253,966
Notes Payable	1,508,000
Long-Term Liabilities	
Due within One Year	742,452
Due in More Than One Year	<u>3,658,121</u>
Total Liabilities	<u>35,177,954</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	10,547,741
Restricted for:	
Capital Projects	552,498
Other Purposes	424,964
Unrestricted	<u>(2,882,662)</u>
Total Net Assets	<u><u>\$ 8,642,541</u></u>

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, 2006**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services/Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
Instruction				
Regular	\$ 26,410,367	\$ 306,122	\$ 604,607	\$ (25,499,638)
Special	8,956,553	135,979	719,277	(8,101,297)
Vocational	461,133	-	-	(461,133)
Other Instruction	172,848	-	-	(172,848)
Support Services				
Pupils	2,575,523	-	272,165	(2,303,358)
Instructional Staff	1,778,960	-	8,987	(1,769,973)
Board of Education	1,237,649	-	-	(1,237,649)
Administration	4,386,435	122,102	317,076	(3,947,257)
Fiscal Services	740,744	-	10,000	(730,744)
Business Operations	99,120	-	10,000	(89,120)
Maintenance	5,144,118	44,444	-	(5,099,674)
Pupil Transportation	5,959,137	-	982,937	(4,976,200)
Central	460,741	-	18,577	(442,164)
Community Services	2,658,614	979,813	1,472,940	(205,861)
Co-Curricular Activities	740,648	151,618	-	(589,030)
Interest and Fiscal Charges	94,054	-	-	(94,054)
Total Governmental Activities	<u>\$ 61,876,644</u>	<u>\$ 1,740,078</u>	<u>\$ 4,416,566</u>	<u>(55,720,000)</u>
General Revenues:				
				26,420,391
				26,036,944
				290,497
				82,321
				<u>52,830,153</u>
				(2,889,847)
				<u>11,532,388</u>
				<u><u>\$ 8,642,541</u></u>

See accompanying notes to the basic financial statements

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006**

	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and Investments	\$ 6,793,727	\$ 10,603	\$ 522,498	\$ 873,807	\$ 8,200,635
Restricted Cash and Investments	168,113	-	-	-	168,113
Receivables:					
Taxes	23,249,775	163,437	363,862	-	23,777,074
Accounts	36,954	-	-	-	36,954
Due From Other Governments	3,353	-	-	219,250	222,603
Prepaid Items	12,375	-	-	-	12,375
Total Assets	<u>\$ 30,264,297</u>	<u>\$ 174,040</u>	<u>\$ 886,360</u>	<u>\$ 1,093,057</u>	<u>\$ 32,417,754</u>
Liabilities:					
Accounts Payable	\$ 1,460,083	\$ -	\$ -	\$ 104,921	\$ 1,565,004
Accrued Wages and Benefits Payable	4,712,617	-	-	336,472	5,049,089
Due To Other Governments	1,276,636	-	-	124,686	1,401,322
Deferred Revenue	22,903,252	163,437	363,862	72,014	23,502,565
Compensated Absences Payable	249,191	-	-	-	249,191
Notes Payable	1,508,000	-	-	-	1,508,000
Total Liabilities	<u>32,109,779</u>	<u>163,437</u>	<u>363,862</u>	<u>638,093</u>	<u>33,275,171</u>
Fund Balances:					
Reserved					
Encumbrances	181,942	-	-	147,467	329,409
Textbooks	168,113	-	-	-	168,113
Prepays	12,375	-	-	-	12,375
Property Taxes	6,176,277	-	-	-	6,176,277
Unreserved, Reported in:					
General Fund	(8,384,189)	-	-	-	(8,384,189)
Debt Service Fund	-	10,603	-	-	10,603
Special Revenue Funds	-	-	-	307,497	307,497
Capital Project Funds	-	-	522,498	-	522,498
Total Fund Balances (Deficit)	<u>(1,845,482)</u>	<u>10,603</u>	<u>522,498</u>	<u>454,964</u>	<u>(857,417)</u>
Total Liabilities and Fund Balances	<u>\$ 30,264,297</u>	<u>\$ 174,040</u>	<u>\$ 886,360</u>	<u>\$ 1,093,057</u>	<u>\$ 32,417,754</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, 2006**

Total Governmental Fund Balances	\$ (857,417)
 <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.	11,402,741
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	2,248,599
Long-Term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(3,296,382)
Energy Conservation Note	<u>(855,000)</u>
Total	<u>(4,151,382)</u>
 Net Assets of Governmental Activities	 <u><u>\$ 8,642,541</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, 2006**

	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 25,800,369	\$ 164,378	\$ 519,135	\$ -	\$ 26,483,882
Intergovernmental	26,036,944	-	-	4,344,552	30,381,496
Investment Income	290,497	-	-	-	290,497
Co-curricular Activities	-	-	-	192,232	192,232
Tuition Fees	408,163	-	-	188,856	597,019
Charges for Services	-	-	-	815,049	815,049
Donations	-	-	44,444	-	44,444
Other	44,735	-	-	91,327	136,062
Total Revenues	<u>52,580,708</u>	<u>164,378</u>	<u>563,579</u>	<u>5,632,016</u>	<u>58,940,681</u>
Expenditures:					
Current:					
Instruction:					
Regular	25,765,244	-	-	695,033	26,460,277
Special	8,105,324	-	-	843,092	8,948,416
Vocational	449,222	-	-	-	449,222
Other	172,848	-	-	-	172,848
Support services:					
Pupils	2,346,391	-	-	238,569	2,584,960
Instructional Staff	1,705,315	-	-	9,065	1,714,380
Board of Education	1,237,649	-	-	-	1,237,649
School Administration	3,841,480	-	-	449,402	4,290,882
Fiscal Services	739,531	-	-	-	739,531
Business Operations	99,120	-	-	-	99,120
Operation and Maintenance of Plant	4,058,093	-	398,963	-	4,457,056
Pupil Transportation	4,760,747	-	-	941,464	5,702,211
Central Services	426,429	-	-	41,915	468,344
Community Services	212,740	-	-	2,410,911	2,623,651
Co-curricular Activities	518,324	-	-	171,640	689,964
Capital Outlay	-	-	-	6,112	6,112
Debt service:					
Principal Retirement	-	120,000	-	-	120,000
Interest and Fiscal Charges	49,676	44,378	-	-	94,054
Total Expenditures	<u>54,488,133</u>	<u>164,378</u>	<u>398,963</u>	<u>5,807,203</u>	<u>60,858,677</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,907,425)</u>	<u>-</u>	<u>164,616</u>	<u>(175,187)</u>	<u>(1,917,996)</u>
Other Financing Sources (Uses):					
Proceeds from Sale of Assets	4,500	-	-	-	4,500
Other Financing Sources	2,916	-	-	423	3,339
Transfers In	-	-	-	2,190	2,190
Transfers Out	(2,190)	-	-	-	(2,190)
Total other financing sources (uses)	<u>5,226</u>	<u>-</u>	<u>-</u>	<u>2,613</u>	<u>7,839</u>
Net Change in Fund Balances	(1,902,199)	-	164,616	(172,574)	(1,910,157)
Fund Balance at Beginning of Year, Restated	56,717	10,603	357,882	627,538	1,052,740
Fund Balance (Deficit) at End of Year	<u>\$ (1,845,482)</u>	<u>\$ 10,603</u>	<u>\$ 522,498</u>	<u>\$ 454,964</u>	<u>\$ (857,417)</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, 2006**

Net Change in Fund Balances - Total Governmental Funds **\$ (1,910,157)**

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

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those assets
is allocated over their estimated useful lives as depreciation
expense. This is the amount by which depreciation exceeded
capital outlay in the current period. (1,198,659)

The net effect of various miscellaneous transactions involving capital assets is to
decrease net assets. (1,423)

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds. 38,277

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. 120,000

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 62,115

Change in Net Assets of Governmental Activities **\$ (2,889,847)**

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, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 21,593,476	\$ 25,584,981	\$ 25,584,981	\$ -
Intergovernmental	18,533,709	26,061,550	26,061,550	-
Interest	127,660	281,805	281,805	-
Tuition	306,941	415,826	415,826	-
Other	70,943	-	-	-
Total Revenues	<u>40,632,729</u>	<u>52,344,162</u>	<u>52,344,162</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	15,665,994	25,663,725	25,663,725	-
Special	5,736,366	7,236,586	7,236,586	-
Vocational	353,559	446,314	446,314	-
Other	121,368	172,848	172,848	-
Support Services:				
Pupils	1,481,261	2,263,776	2,263,776	-
Instructional Staff	1,144,205	1,690,224	1,690,224	-
Board of Education	1,043,498	1,277,785	1,277,785	-
Administration	2,622,321	3,661,245	3,661,245	-
Fiscal	514,949	714,248	714,248	-
Business	104,339	106,922	106,922	-
Operations and Maintenance	3,391,163	4,139,269	4,139,269	-
Pupil Transportation	3,699,763	4,351,653	4,351,653	-
Central	269,401	392,174	392,174	-
Community Services	153,785	200,300	200,300	-
Co-Curricular Activities	309,357	525,240	525,240	-
Debt Service:				
Principal Retirement	1,500,000	1,500,000	1,500,000	-
Interest and Fiscal Charges	49,676	49,676	49,676	-
Total Expenditures	<u>38,161,005</u>	<u>54,391,985</u>	<u>54,391,985</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>2,471,724</u>	<u>(2,047,823)</u>	<u>(2,047,823)</u>	<u>-</u>
Other Financing Sources (Uses):				
Proceeds from Sale (Loss) of Assets	1,080	4,500	4,500	-
Refund of Prior Year Expenditure	7,894	2,916	2,916	-
Refund of Prior Year Receipts	(18,750)	-	-	-
Transfers Out	(217,821)	(2,190)	(2,190)	-
Advances In	65,458	17,472	17,472	-
Total Other Financing Sources (Uses)	<u>(162,139)</u>	<u>22,698</u>	<u>22,698</u>	<u>-</u>
Net Changes in Fund Balances	2,309,585	(2,025,125)	(2,025,125)	-
Fund Balances, Beginning of Year	8,538,288	8,538,288	8,538,288	-
Prior Year Encumbrances Appropriated	181,472	181,472	181,472	-
Fund Balances, End of Year	<u>\$ 11,029,345</u>	<u>\$ 6,694,635</u>	<u>\$ 6,694,635</u>	<u>\$ -</u>

See accompanying notes to the basic financial statement

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AS OF JUNE 30, 2006**

	Private-Purpose Trust	Agency
Assets:		
Cash and Investments	\$ 110,543	\$ 67,532
Total Assets	110,543	67,532
Liabilities:		
Accounts Payable	-	2,508
Due To Students	-	64,024
Due To Others	-	1,000
Total Liabilities	-	\$ 67,532
Net Assets	\$ 110,543	

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Private-Purpose Trust
Additions	
Investment Income	\$ 4,209
Other Revenue	500
Total Additions	4,709
Deductions	
Scholarships Awarded	(500)
Change in Net Assets	4,209
Net Assets, Beginning of Year	106,334
Net Assets, End of Year	\$ 110,543

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, 2006

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 193 non-certificated personnel and 425 certificated full time personnel who provide services to 6,171 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.

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 which include school districts, joint vocational schools, educational service centers, and libraries covering 24 counties in central Ohio.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 1 – REPORTING ENTITY (Continued)

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 \$378,677.

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 districts 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, 2006
(CONTINUED)

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.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 for which the taxes are levied. 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, 2006
(CONTINUED)

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, 2006
(CONTINUED)

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 certificates of deposit and 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, 2006.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during the fiscal year amounted to \$290,497.

(f) Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2006, 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.

(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 did not report any significant inventory at June 30, 2006.

(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. Enterprise fund capital assets are reported on both statement types.

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, 2006
(CONTINUED)

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.

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.

(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 textbooks.

(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, 2006
(CONTINUED)

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. Net assets restricted for other purposes include resources restricted for athletic programs and federal and state grants.

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 equity 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 equity reserves have been established for encumbrances, property tax revenue reserved for future year's appropriations, textbooks and prepaid assets.

(n) Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. 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.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

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).

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	\$ (1,902,199)
Revenues	(1,798,920)
Expenditures	1,960,252
Advances	17,472
Encumbrances	<u>(301,730)</u>
Budgetary Basis	<u><u>\$ (2,025,125)</u></u>

NOTE 4 – CASH 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.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

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 District's deposits had a bank balance of \$3,677,870 and a book balance of \$2,201,104. Of the District's bank balance, \$3,577,870 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	2 to 3 Years
FHLMC Note	\$ 998,940	15.74%	\$ 998,940	\$ -	\$ -
FHLB Bond	990,359	15.61%	-	990,359	-
Repurchase Agreement	2,795,036	44.05%	2,795,036	-	-
STAR Ohio	831,960	13.11%	831,960	-	-
Money Market Funds	729,424	11.49%	729,424	-	-
Total	\$ 6,345,719	100%	\$ 5,355,360	\$ 990,359	\$ -

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, the District's investment in STAR Ohio was rated AAAM and the District's investments in U.S. Treasuries were rated AAA. The District's investments in money market mutual funds were unrated.

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.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

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, 2006:

Investments (summarized above)	\$ 6,345,719
Carrying Amount of District's Deposits	2,201,104
Fiduciary Funds - Cash and Investments	<u>(178,075)</u>
Total Cash and Investments - Statement of Net Assets	<u>\$ 8,368,748</u>

NOTE 5 – PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, 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 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 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. Tangible personal property tax revenue received during calendar 2006 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2005. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, 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, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 5 – PROPERTY TAXES (Continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, on 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, 2006, the amount of property taxes advanced to the General Fund was \$6,176,277.

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 2006 taxes were collected are:

	<u>2005 Second Half Collections</u>		<u>2006 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 639,692,370	81.70%	\$ 732,485,780	87.19%
Public Utility Personal	35,972,860	4.59%	36,292,460	4.32%
Tangible Personal Property	<u>107,283,311</u>	<u>13.70%</u>	<u>71,308,084</u>	<u>8.49%</u>
Total	<u>\$ 782,948,541</u>	<u>100.00%</u>	<u>\$ 840,086,324</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 57.76		\$ 56.80	

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 no outstanding advances.

(b) Interfund Transfers

A schedule of interfund transfers during the fiscal year is as follows:

<u>Transfers Out</u>	<u>Transfers In Nonmajor/Other Governmental</u>
General Fund	<u>\$ 2,190</u>
Total Transfers Out	<u>\$ 2,190</u>

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.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 7 – CAPITAL ASSETS

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

<i>Governmental Activities</i>	Beginning Balance	Prior Period Adjustment	Restated Beginning Balance	Additions	Deductions	Ending Balance
Nondepreciable Capital Assets						
Land	\$ 1,527,289	\$ -	\$ 1,527,289	\$ -	\$ -	\$ 1,527,289
Total Nondepreciable Assets	<u>1,527,289</u>	<u>-</u>	<u>1,527,289</u>	<u>-</u>	<u>-</u>	<u>1,527,289</u>
Depreciable Capital Assets						
Land Improvements	2,022,015	-	2,022,015	14,281	-	2,036,296
Buildings	21,987,437	-	21,987,437	-	-	21,987,437
Furniture and Equipment	8,710,637	736,573	9,447,210	32,326	(22,621)	9,456,915
Vehicles and Buses	2,109,478	-	2,109,478	-	(28,765)	2,080,713
Total Depreciable Assets	<u>34,829,567</u>	<u>736,573</u>	<u>35,566,140</u>	<u>46,607</u>	<u>(51,386)</u>	<u>35,561,361</u>
Less accumulated depreciation						
Land Improvements	(1,040,145)	-	(1,040,145)	(318,038)	-	(1,358,183)
Buildings	(14,573,986)	-	(14,573,986)	(385,510)	-	(14,959,496)
Furniture and Equipment	(7,018,259)	(503,557)	(7,521,816)	(264,227)	22,198	(7,763,845)
Vehicles and Buses	(1,354,659)	-	(1,354,659)	(277,491)	27,765	(1,604,385)
Total accumulated depreciation	<u>(23,987,049)</u>	<u>(503,557)</u>	<u>(24,490,606)</u>	<u>(1,245,266)</u>	<u>49,963</u>	<u>(25,685,909)</u>
Depreciable Capital Assets, Net of accumulated depreciation	<u>10,842,518</u>	<u>233,016</u>	<u>11,075,534</u>	<u>(1,198,659)</u>	<u>(1,423)</u>	<u>9,875,452</u>
Total Capital Assets, Net	<u>\$ 12,369,807</u>	<u>\$ 233,016</u>	<u>\$ 12,602,823</u>	<u>\$ (1,198,659)</u>	<u>\$ (1,423)</u>	<u>\$ 11,402,741</u>
Business-Type Activities						
	Beginning Balance	Prior Period Adjustment	Restated Beginning Balance	Additions	Deductions	Ending Balance
Furniture and Equipment	\$ 736,573	\$ (736,573)	\$ -	\$ -	\$ -	\$ -
Less: Accumulated depreciation	(503,557)	503,557	-	-	-	-
Total Capital assets, Net	<u>\$ 233,016</u>	<u>\$ (233,016)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 7 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental functions as follows:

Instruction Regular	\$ 46,057
Instruction Special	8,577
Instruction Vocational	8,384
Pupils	124
Instructional staff	62,657
School Administration	34,550
Fiscal Services	3,144
Operations and Maintenance	753,258
Pupil Transportation	257,056
Community Services	20,624
Co-Curricular activities	<u>50,835</u>
Total depreciation expense	<u>\$ 1,245,266</u>

NOTE 8 – SHORT-TERM DEBT

A schedule of changes in short-term debt is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
2003 Tax Anticipation Note				
2.20%, matures 12/1/06	<u>\$ 3,008,000</u>	<u>\$ -</u>	<u>\$ (1,500,000)</u>	<u>\$ 1,508,000</u>

The District issued these notes in fiscal year 2004 in anticipation of revenues to be generated from property tax levies. Note proceeds are being used in the general operations of the District.

Annual principal and interest requirements to retire the tax anticipation notes outstanding at fiscal year-end are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	<u>\$ 1,508,000</u>	<u>\$ 16,588</u>	<u>\$ 1,524,588</u>

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 9 – LONG TERM LIABILITIES

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2006 is as follows:

Governmental Activities	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2001 Energy Note					
4.65%, matures 12/1/11	\$ 975,000	\$ -	\$ (120,000)	\$ 855,000	\$ 125,000
Compensated Absences	3,416,256	960,750	(1,002,430)	\$ 3,374,576	520,988
Special Termination Benefits	226,800	73,600	(129,403)	\$ 170,997	96,464
Total	\$ 4,618,056	\$ 1,034,350	\$ (1,251,833)	\$ 4,400,573	\$ 742,452

The beginning balance was restated based on the District reclassifying its business-type activities as governmental activities during the fiscal year.

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 Debt Service Fund. Compensated absences and special termination benefits will be paid from the fund from which the employee was paid.

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

Fiscal Year	Principal	Interest	Total
2007	125,000	38,437	163,437
2008	135,000	32,132	167,132
2009	140,000	25,463	165,463
2010	145,000	18,552	163,552
2011	150,000	11,398	161,398
2012 - 2016	160,000	3,880	163,880
Total	\$ 855,000	\$ 129,862	\$ 984,862

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 \$75,607,769 and an unvoted debt margin of \$840,086. 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.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

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 Schools Risk Sharing Authority, administered by Willis of Ohio, for general liability insurance with a \$1,000,000 single occurrence limit and a \$6,000,000 aggregate. Property is also protected by Ohio School Risk Sharing Authority 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.

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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, 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 an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004, were \$947,160, \$802,040, and \$868,735 respectively. 50 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. The District's unpaid contribution, including the surcharge, totaling \$664,647, has been recorded as a liability in the appropriate funds.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 11 – PENSION BENEFITS (Continued)

(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 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 issues a stand-alone financial report that may be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For the fiscal year 2005 (the latest information available), the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations for the fiscal years ended June 30, 2006, 2005, and 2004 were \$3,549,816, \$3,564,276, and \$3,521,502 respectively; 100 percent has been contributed for each fiscal year.

(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.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

(a) *School Employees Retirement System*

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2006, the healthcare allocation is 3.43%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay has been established as \$27,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ending June 30, 2006 were \$178,221,113. The target level for the health care fund is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2006, the value of the health care fund was \$267.5 million, which is about 168% of next year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs.

The number of participants eligible to receive benefits is 58,123.

The portion of the District's fiscal year 2006 contributions that were used to fund postemployment benefits, including the surcharge, was \$232,054.

(b) *State Teachers Retirement System*

The Ohio Revised Code authorizes the STRS Board to provide access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, STRS has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

Under Ohio law, medical costs paid from the funds of the plan are included in the employer contribution rate, currently 14 percent of covered payroll. Of the 14% employer contribution rate, 1% of covered payroll was allocated to postemployment health care. For the District, this amount equaled \$253,457 for fiscal year 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.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 13 – CONTINGENCIES (Continued)

(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.

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 fiscal year must be held in cash at fiscal 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 fiscal year-end set-aside amounts for the Textbooks and Capital Acquisition Reserves. Disclosure of this information is required by state statute and is the following:

	Textbooks	Capital Acquisition
Set-aside cash balance		
as of June 30, 2005	\$ (325,189)	\$ -
Current fiscal year set-aside requirement	881,793	881,793
Qualifying Disbursements	(388,491)	(1,007,088)
Total	\$ 168,113	\$ (125,295)
 Set-aside balance at June 30, 2006	 \$ 168,113	 \$ -

The District's qualifying disbursements for textbooks during the fiscal year were insufficient. This insufficient amount will be reported as Reserve for Textbooks in the fund financial statements. The District had qualifying disbursements during the year that reduced the Capital Acquisition Reserve set-aside amount below zero. This amount may not be used to reduce the set-aside requirement for future fiscal years.

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

NOTE 15 – COMPLIANCE AND ACCOUNTABILITY

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

<u>Fund Name</u>	<u>Deficit</u>
Food Service	\$ 88,929
Title I	33,528
Title II-A	11,099

The fund deficits listed above 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 – RESTATEMENT OF BEGINNING NET ASSETS AND FUND BALANCES

The District's fiscal year 2006 basic financial statements contain prior period adjustments to reflect the reclassification of activities previously reported in Aggregate Non-major Enterprise Funds as Other Governmental Funds. The fund reclassification for the Other Governmental Funds includes the net effect of asset and liability adjustments from the non-major enterprise funds to the other governmental funds.

These adjustments had the following effects on fund balance and net asset beginning balances:

	<u>Other Governmental Funds</u>	<u>Non-major Enterprise Funds</u>
Beginning Fund Balances, as previously reported	\$ 636,932	\$ 144,258
Fund Reclassification	<u>(9,394)</u>	<u>(144,258)</u>
Beginning Fund Balances, as restated	<u>\$ 627,538</u>	<u>\$ -</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Beginning Net Assets, as previously reported	\$ 11,388,130	\$ 144,258
Fund Reclassification	<u>144,258</u>	<u>(144,258)</u>
Beginning Net Assets, as restated	<u>\$ 11,532,388</u>	<u>\$ -</u>

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**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Federal Grantor/ Pass thru Grantor/ Program Title	Pass-Through Entity Number	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>						
<i>Child Nutrition Cluster:</i>						
Food Donation	N/A	10.550	\$ -	\$ 72,584	\$ -	\$ 72,584
School Breakfast Program	05-PU-05.06	10.553	124,035	-	124,035	-
National School Lunch Program	LL-P4-05.06	10.555	708,716	-	708,716	-
<i>Total Child Nutrition Cluster:</i>			<u>832,751</u>	<u>72,584</u>	<u>832,751</u>	<u>72,584</u>
Total U.S. Department of Agriculture			<u>832,751</u>	<u>72,584</u>	<u>832,751</u>	<u>72,584</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1-S1-05.06	84.010	612,058	-	689,062	-
<i>Special Education Cluster:</i>						
Special Education-Grants to States	6B-SF-05.06	84.027	1,423,226	-	1,479,077	-
Special Education-Preschool Grants	PG-S1-06	84.173	34,818	-	33,079	-
<i>Total Special Education Cluster:</i>			<u>1,458,044</u>	<u>-</u>	<u>1,512,156</u>	<u>-</u>
Safe and Drug Free Schools and Communities-State Grants	DR-S1-05.06	84.186	26,865	-	25,669	-
State Grants for Innovative Programs	C2-S1-05.06	84.298	20,632	-	22,007	-
Education Technology State Grants	TJ-S1-05.06	84.318	11,994	-	12,204	-
Comprehensive School Reform Demonstration	RF-S1-05.06	84.332	80,000	-	44,529	-
English Language Acquisition Grants	T3-S1-05.06	84.365	23,896	-	33,251	-
Improving Teacher Quality State Grants	TR-S1-05.06	84.367	220,084	-	239,892	-
Total U.S. Department of Education			<u>2,453,573</u>	<u>-</u>	<u>2,578,770</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
State Children's Insurance Program	N/A	93.767	59,056	-	59,056	-
Medical Assistance Program	N/A	93.778	7,302	-	7,302	-
Total U.S. Department of Health and Human Services			<u>66,358</u>	<u>-</u>	<u>66,358</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 3,352,682</u>	<u>\$ 72,584</u>	<u>\$ 3,477,879</u>	<u>\$ 72,584</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, 2006**

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

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the accompanying Schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. 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.



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 Groveport Madison Local School District, Franklin County, Ohio (the District) as of and for the fiscal year ended June 30, 2006 and have issued our report thereon dated December 15, 2006. As disclosed within Note 16, the District restated net assets and reclassified funds from the prior year. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the District in a separate letter dated December 15, 2006.

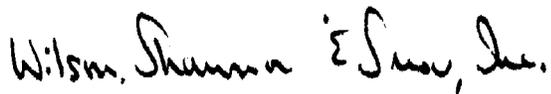
Wilson, Shannon & Snow, Inc.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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



Newark, Ohio
December 15, 2006



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

Board of Education
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, Ohio, (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 are applicable to its major federal program for the fiscal year ended June 30, 2006. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the District's management. 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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2006.

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

Internal Control over Compliance

The management of the District 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Wilson, Shuman & Sons, Inc.

Newark, Ohio
December 15, 2006

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

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

JUNE 30, 2006

1. SUMMARY OF AUDITOR'S RESULTS

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

**GROVEPORT MADISON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

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

JUNE 30, 2006

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



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
MARCH 1, 2007