



Mary Taylor, CPA
Auditor of State

**Grand Valley Local School District
Ashtabula County**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Grand Valley Local School District
Ashtabula County
111 Grand Valley Avenue, West Suite A
Orwell, Ohio 44076

To the Board of Education:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides 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 Grand Valley Local School District, Ashtabula County as of June 30, 2008, and the respective changes in financial position, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor CPA
Auditor of State

March 3, 2009

Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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

Financial Highlights

Key Financial Highlights for fiscal year 2008 are as follows:

- The School District actively seeks grants in order to maintain and improve the services the School District residents expect while still controlling expenses.
- Overall property taxes showed a decrease in fiscal year 2008 due to the tangible personal property tax phase out. The real estate property taxes showed a 4.4 percent increase over the prior fiscal year. Calendar year 2008 is a reappraisal year for Ashtabula County. The School District will see the effect of this reappraisal in fiscal year 2009.
- The high school is now rated excellent on the State Report Card, having increased from effective. Our middle school remains effective and our elementary is excellent again in fiscal year 2008. The elementary school has received the distinction of being named a School of Promise by the State for their efforts.
- In order to keep Grand Valley students competitive in an ever changing world, the School District has decided to begin an eight period day at the high school for fiscal year 2009. This allowed the School District to offer 11 new course offerings.

Using this Annual Financial Report (AFR)

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Grand Valley Local School District, the general, bond retirement debt service, and the classroom facilities capital projects funds are the most significant funds.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2008?" The *Statement of Net Assets* and the *Statement of Activities* answers this

Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

question. These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District.

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are classified as governmental. All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, operation of food service and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, bond retirement debt service fund and the classroom facilities capital projects fund.

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

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

Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The School District as a Whole

You may recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's Net Assets for 2008 compared to 2007:

Table (1)
Net Assets
Governmental Activities

	2008	2007	Change
Assets			
Current and Other Assets	\$17,289,111	\$17,703,010	(\$413,899)
Capital Assets	31,079,100	32,167,300	(1,088,200)
<i>Total Assets</i>	<u>48,368,211</u>	<u>49,870,310</u>	<u>(1,502,099)</u>
Liabilities			
Current Liabilities	4,206,949	4,389,427	(182,478)
Long-Term Liabilities			
Due within One Year	570,055	534,489	35,566
Due in More than One Year	12,620,126	13,063,671	(443,545)
<i>Total Liabilities</i>	<u>17,397,130</u>	<u>17,987,587</u>	<u>(590,457)</u>
Net Assets			
Invested in Capital Assets			
Net of Related Debt	18,787,519	19,563,345	(775,826)
Restricted for:			
Capital Projects	7,270,168	7,040,579	229,589
Debt Service	1,943,788	1,731,260	212,528
Other Purposes	535,158	567,293	(32,135)
Unrestricted	2,434,448	2,980,246	(545,798)
<i>Total Net Assets</i>	<u>\$30,971,081</u>	<u>\$31,882,723</u>	<u>(\$911,642)</u>

The Grand Valley Local School District completed the new Grand Valley Football stadium/track complex in time for the football season in August 2007. This completed the building/renovation plans for the School District. During fiscal year 2008, the School District continued to make payments on the debt associated with these projects, decreasing total liabilities. Without constructing any new facilities during fiscal year 2008, annual depreciation exceeded capital outlays, resulting in a decrease to capital assets and total assets.

Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
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Table 2 shows the changes in net assets for fiscal year 2008 compared to 2007.

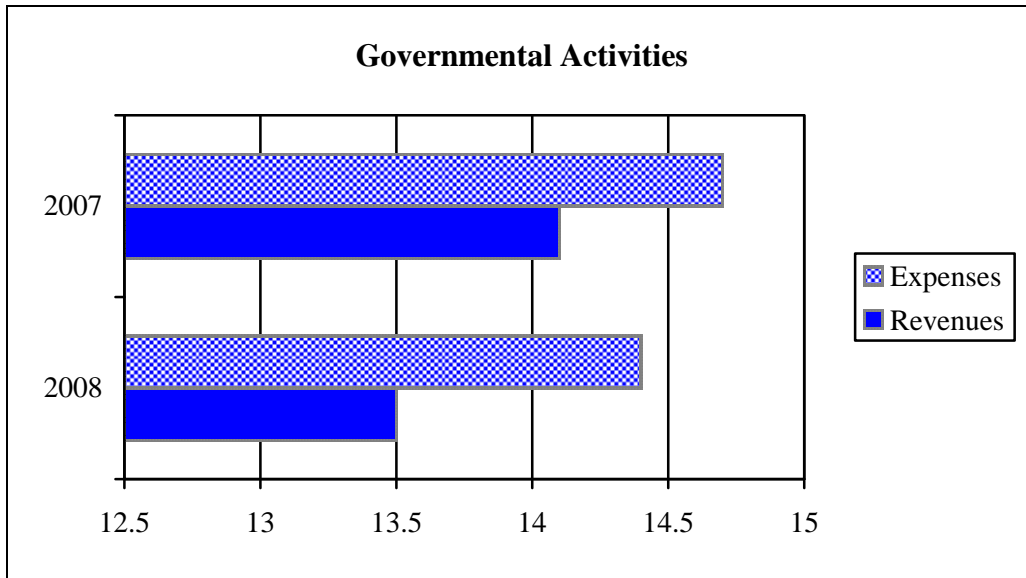
Table 2
Change in Net Assets
Governmental Activities

	<u>2008</u>	<u>2007</u>	<u>Change</u>
Revenues			
<i>Program Revenues:</i>			
Charges for Services and Sales	\$868,539	\$820,413	\$48,126
Operating Grants and Contributions	808,828	813,862	(5,034)
Capital Grants and Contributions	<u>37,760</u>	<u>62,334</u>	<u>(24,574)</u>
Total Program Revenues	<u>1,715,127</u>	<u>1,696,609</u>	<u>18,518</u>
<i>General Revenues:</i>			
Property Taxes	4,395,800	5,005,617	(609,817)
Grants and Entitlements not Restricted to Specific Programs	6,690,887	6,502,817	188,070
Investment Earnings	535,281	634,998	(99,717)
Miscellaneous	<u>115,723</u>	<u>303,046</u>	<u>(187,323)</u>
Total General Revenues	<u>11,737,691</u>	<u>12,446,478</u>	<u>(708,787)</u>
Total Revenues	<u>13,452,818</u>	<u>14,143,087</u>	<u>(690,269)</u>
Program Expenses			
<i>Instruction:</i>			
Regular	6,647,347	7,116,455	(469,108)
Special	938,972	828,422	110,550
Vocational	168,023	169,432	(1,409)
<i>Support Services:</i>			
Pupil	458,891	337,767	121,124
Instructional Staff	450,500	604,254	(153,754)
Board of Education	17,477	12,962	4,515
Administration	1,119,912	1,193,034	(73,122)
Fiscal	300,707	336,400	(35,693)
Business	29,512	15,806	13,706
Operation and Maintenance of Plant	1,161,691	1,064,912	96,779
Pupil Transportation	1,461,098	1,322,076	139,022
Central	21,766	21,105	661
Operation of Food Services	512,999	516,272	(3,273)
Extracurricular Activities	429,819	481,921	(52,102)
Interest and Fiscal Charges	<u>645,746</u>	<u>684,619</u>	<u>(38,873)</u>
Total Program Expenses	<u>14,364,460</u>	<u>14,705,437</u>	<u>(340,977)</u>
Decrease in Net Assets	(911,642)	(562,350)	(349,292)
Net Assets Beginning of Year	<u>31,882,723</u>	<u>32,445,073</u>	<u>(562,350)</u>
Net Assets End of Year	<u>\$30,971,081</u>	<u>\$31,882,723</u>	<u>(\$911,642)</u>

Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Graph 1
Revenues and Expenses
(In Millions)

	2008	2007
Revenues	\$13.5	\$14.1
Expenses	14.4	14.7



Governmental Activities

The School District has carefully planned its financial existence by forecasting its revenue and expenses over the next five years. The School District has not had to asked voters for additional operating funds via a new levy since 1992.

Although the School District relies upon local property taxes to support its operations, a large share of General Fund revenue is received from the State of Ohio through the State Foundation Formula. The School District also actively solicits and receives additional grant and entitlement funds to help offset operating costs.

As one can see, approximately 54 percent of the School District's budget is used to fund instructional expenses. Additional supporting services for pupils, staff, food services and plant and business operations encompass an additional 34.9 percent. The remaining amount of program expenses, roughly 11.1 percent, is budgeted to facilitate other obligations of the School District and numerous extracurricular activities.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2008 compared to 2007.

Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

(Table 3)
 Total and Net Cost of Program Services
 Governmental Activities

	2008		2007	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction:				
Regular	\$6,647,347	\$5,977,524	\$7,116,455	\$6,457,937
Special	938,972	610,778	828,422	494,691
Vocational	168,023	168,023	169,432	169,432
Support Services:				
Pupil	458,891	455,777	337,767	330,249
Instructional Staff	450,500	423,306	604,254	566,357
Board of Education	17,477	17,477	12,962	12,962
Administration	1,119,912	1,114,912	1,193,034	1,188,034
Fiscal	300,707	273,139	336,400	336,400
Business	29,512	29,512	15,806	15,806
Operation and Maintenance of Plant	1,161,691	1,125,864	1,064,912	1,056,512
Pupil Transportation	1,461,098	1,450,906	1,322,076	1,274,590
Central	21,766	21,766	21,105	21,105
Operation of Food Services	512,999	(15,915)	516,272	7,242
Extracurricular Activities	429,819	350,518	481,921	392,892
Interest and Fiscal Charges	645,746	645,746	684,619	684,619
Total	\$14,364,460	\$12,649,333	\$14,705,437	\$13,008,828

The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. The general fund had a 5 percent increase in expenditures over the prior year. This increase can be attributed to contracted salary increases as well as a 5 percent increase in the healthcare premium. The other governmental funds had a small decrease to fund balance. The School District continues to look for grants to help offset the operating expenditures of the School District and to better provide services to our students.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2008, the School District amended its general fund budget numerous times. Many of the amendments are due to changes in expenditure priorities at the building levels. For the general fund, the actual revenue was higher than the final budget basis revenue estimates due to conservative estimates in property taxes and intergovernmental revenues. The School District's actual expenditures were well within the final budgeted appropriations due to the School District's continuous effort in monitoring expenditures.

Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The School District uses a site-based budgeting system designed to tightly control total site budgets but provide flexibility for site management. Building principals are given a per pupil allocation for textbook, instructional materials and equipment. HB 412 requires the School District to set aside three percent of certain general fund revenues for the purchase of textbooks and materials related to instruction which site-based budgets help to meet.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008 the School District had \$31,079,100 invested in governmental activities capital assets. Table 4 shows fiscal year 2008 balances compared to fiscal year 2007:

(Table 4)
 Capital Assets at June 30
 Net of Depreciation
 Governmental Activities

	2008	2007
Land	\$845,993	\$845,993
Land Improvements	1,900,998	1,908,856
Buildings and Improvements	27,193,618	28,147,139
Furniture and Fixtures	382,152	427,434
Textbooks	583,602	97,876
Vehicles	172,737	740,002
Total	\$31,079,100	\$32,167,300

The decrease in capital assets was the result of annual depreciation on all capital assets other than land. See Note 10 to the Basic Financial Statements for additional capital asset information.

Debt

At June 30, 2008 the School District had \$12,508,184 in long-term debt outstanding. Table 5 summarizes the bonds outstanding.

Table 5
 Outstanding Debt at Fiscal Year End
 Governmental Activities

	2008	2007
2006 Capital Lease	\$1,378,000	\$1,431,000
2002 Classroom Improvement Bonds	11,130,184	11,536,048
Total	\$12,508,184	\$12,967,048

Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The School District maintains the bonded debt obtained for the construction of the new school facility. The football stadium/track complex was financed via a lease purchase agreement via the OASBO Expanded Asset Pool Financing Program. See Note 14 to the Basic Financial Statements for additional debt information.

Challenges and Opportunities

Grand Valley Local School District has continued to maintain the highest standards of service to our students, parents and community. The School District is always presented with challenges and opportunities. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. Recent national events and their impact on the Grand Valley Local School District and the surrounding area are very much under review and analysis. Economic recession has had an impact on our industries. We have strong local industries, including Kraftmaid, Kennemetal and Welded Tubes but we are a very diversified community with many residents working outside our School District in varying types of employment.

The School District is not without its share of challenges. The need for additional funds for operating is seen as the newest challenge for the School District. With the bulk of funding for the Grand Valley Local Schools coming from the State of Ohio and a stagnant State budget, maintaining the delicate balance of increasing costs with unfunded mandates and flat revenues is becoming more challenging. And finally, actions of local and State governments continue to impact the School District.

Tax abated industries have always been an asset to the School District because the CRA (Community Reinvestment Area) legislation abated real estate tax only, not tangible property taxes on the inventories and equipment of businesses. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Economic factors have not had an adverse impact on commercial or industrial growth in the School District.

Grand Valley Local School District has committed itself to financial reporting excellence for many years. Grand Valley Schools are committed to continuous improvement in financial reporting to our community.

As a result of the challenges mentioned, it is imperative the School District's management continue to carefully and prudently plan in order to provide the resources required to meet student needs over the next several years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Lisa Moodt, Treasurer, Grand Valley Local Schools, 111 Grand Valley Avenue West, Suite A, Orwell, OH 44076 email at lisa.moodt@neomin.org.

Grand Valley Local School District

Statement of Net Assets

June 30, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$12,092,778
Accounts Receivable	259
Intergovernmental Receivable	43,728
Inventory Held for Resale	19,062
Materials and Supplies Inventory	81,557
Property Taxes Receivable	5,051,727
Nondepreciable Capital Assets	845,993
Depreciable Capital Assets, Net	<u>30,233,107</u>
<i>Total Assets</i>	<u>48,368,211</u>
Liabilities	
Accounts Payable	84,339
Accrued Wages and Benefits	758,755
Intergovernmental Payable	373,328
Matured Compensated Absences Payable	49,015
Deferred Revenue	2,796,912
Accrued Interest Payable	82,015
Vacation Benefits Payable	62,585
Long-Term Liabilities:	
Due Within One Year	570,055
Due In More Than One Year	<u>12,620,126</u>
<i>Total Liabilities</i>	<u>17,397,130</u>
Net Assets	
Invested in Capital Assets, net of Related Debt	18,787,519
Restricted for:	
Capital Projects	7,270,168
Debt Service	1,943,788
Other Purposes	535,158
Unrestricted	<u>2,434,448</u>
<i>Total Net Assets</i>	<u><u>\$30,971,081</u></u>

See accompanying notes to the basic financial statements

Grand Valley Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions		
Governmental Activities					
Instruction:					
Regular	\$6,647,347	\$524,382	\$145,441	\$0	(\$5,977,524)
Special	938,972	0	328,194	0	(610,778)
Vocational	168,023	0	0	0	(168,023)
Support Services:					
Pupil	458,891	0	3,114	0	(455,777)
Instructional Staff	450,500	0	27,194	0	(423,306)
Board of Education	17,477	0	0	0	(17,477)
Administration	1,119,912	0	5,000	0	(1,114,912)
Fiscal	300,707	0	0	27,568	(273,139)
Business	29,512	0	0	0	(29,512)
Operation and Maintenance of Plant	1,161,691	10,510	25,317	0	(1,125,864)
Pupil Transportation	1,461,098	0	0	10,192	(1,450,906)
Central	21,766	0	0	0	(21,766)
Operation of Food Services	512,999	254,346	274,568	0	15,915
Extracurricular Activities	429,819	79,301	0	0	(350,518)
Interest and Fiscal Charges	645,746	0	0	0	(645,746)
Totals	<u>\$14,364,460</u>	<u>\$868,539</u>	<u>\$808,828</u>	<u>\$37,760</u>	<u>(12,649,333)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes					3,139,904
Debt Service					1,032,209
Capital Outlay					168,686
Classroom Facilities Maintenance					55,001
Grants and Entitlements not Restricted to Specific Programs					6,690,887
Investment Earnings					535,281
Miscellaneous					115,723
Total General Revenues					<u>11,737,691</u>
Change in Net Assets					(911,642)
Net Assets Beginning of Year					<u>31,882,723</u>
Net Assets End of Year					<u><u>\$30,971,081</u></u>

See accompanying notes to the basic financial statements

Grand Valley Local School District

Balance Sheet

Governmental Funds

June 30, 2008

	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$2,830,753	\$1,481,573	\$7,199,052	\$581,400	\$12,092,778
Accounts Receivable	187	0	0	72	259
Intergovernmental Receivable	0	0	0	43,728	43,728
Interfund Receivable	51,000	0	0	0	51,000
Inventory Held for Resale	0	0	0	19,062	19,062
Materials and Supplies Inventory	79,135	0	0	2,422	81,557
Property Taxes Receivable	3,615,106	1,241,002	0	195,619	5,051,727
<i>Total Assets</i>	<u>\$6,576,181</u>	<u>\$2,722,575</u>	<u>\$7,199,052</u>	<u>\$842,303</u>	<u>\$17,340,111</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$60,170	\$0	\$14,075	\$10,094	\$84,339
Accrued Wages and Benefits	709,756	0	0	48,999	758,755
Interfund Payable	0	0	0	51,000	51,000
Matured Compensated Absences Payable	49,015				49,015
Intergovernmental Payable	360,290	0	0	13,038	373,328
Deferred Revenue	2,403,158	818,612	0	129,684	3,351,454
<i>Total Liabilities</i>	<u>3,582,389</u>	<u>818,612</u>	<u>14,075</u>	<u>252,815</u>	<u>4,667,891</u>
Fund Balances					
Reserved for Encumbrances	99,733	0	69,035	32,891	201,659
Reserved for Property Taxes	1,211,948	422,390	0	65,935	1,700,273
Unreserved, Undesignated, Report in:					
Undesignated, Reported in:					
General Fund	1,682,111	0	0	0	1,682,111
Special Revenue Funds	0	0	0	540,892	540,892
Debt Service Fund	0	1,481,573	0	0	1,481,573
Capital Projects Funds (Deficit)	0	0	7,115,942	(50,230)	7,065,712
<i>Total Fund Balances</i>	<u>2,993,792</u>	<u>1,903,963</u>	<u>7,184,977</u>	<u>589,488</u>	<u>12,672,220</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,576,181</u>	<u>\$2,722,575</u>	<u>\$7,199,052</u>	<u>\$842,303</u>	<u>\$17,340,111</u>

See accompanying notes to the basic financial statements

Grand Valley Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2008*

Total Governmental Fund Balances	\$12,672,220
 <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.	31,079,100
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. These deferrals are attributed to property taxes.	554,542
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(82,015)
Vacation Benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.	(62,585)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(11,130,184)
Compensated Absences	(681,997)
Capital Leases Payable	<u>(1,378,000)</u>
Total	<u>(13,190,181)</u>
 <i>Net Assets of Governmental Activities</i>	 <u><u>\$30,971,081</u></u>

See accompanying notes to the basic financial statements

Grand Valley Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$3,269,174	\$1,073,295	\$0	\$176,059	\$4,518,528
Intergovernmental	6,509,626	191,453	0	827,116	7,528,195
Interest	222,193	0	310,385	6,619	539,197
Tuition and Fees	524,382	0	0	0	524,382
Extracurricular Activities	0	0	0	79,192	79,192
Charges for Services	109	0	0	254,346	254,455
Rentals	10,510	0	0	0	10,510
Contributions and Donations	0	0	0	5,364	5,364
Miscellaneous	98,298	0	0	17,425	115,723
<i>Total Revenues</i>	<u>10,634,292</u>	<u>1,264,748</u>	<u>310,385</u>	<u>1,366,121</u>	<u>13,575,546</u>
Expenditures					
Current:					
Instruction:					
Regular	5,458,155	0	0	151,329	5,609,484
Special	622,247	0	0	302,580	924,827
Vocational	166,141	0	0	0	166,141
Support Services:					
Pupil	449,305	0	0	9,586	458,891
Instructional Staff	296,841	0	0	29,837	326,678
Board of Education	17,477	0	0	0	17,477
Administration	1,094,613	0	0	18,120	1,112,733
Fiscal	269,945	25,494	0	4,709	300,148
Business	29,512	0	0	0	29,512
Operation and Maintenance of Plant	1,019,525	0	0	126,842	1,146,367
Pupil Transportation	1,379,796	0	0	0	1,379,796
Central	21,734	0	0	32	21,766
Operation of Food Services	0	0	0	504,196	504,196
Extracurricular Activities	266,036	0	0	112,514	378,550
Capital Outlay	0	0	90,182	124,415	214,597
Debt Service:					
Principal Retirement	26,500	259,374	0	26,500	312,374
Interest and Fiscal Charges	32,985	511,341	0	32,985	577,311
Capital Appreciation Bonds Interest	0	210,626	0	0	210,626
<i>Total Expenditures</i>	<u>11,150,812</u>	<u>1,006,835</u>	<u>90,182</u>	<u>1,443,645</u>	<u>13,691,474</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(516,520)</u>	<u>257,913</u>	<u>220,203</u>	<u>(77,524)</u>	<u>(115,928)</u>
Other Financing Sources (Uses)					
Transfers In	0	0	0	14,000	14,000
Transfers Out	(14,000)	0	0	0	(14,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(14,000)</u>	<u>0</u>	<u>0</u>	<u>14,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(530,520)	257,913	220,203	(63,524)	(115,928)
<i>Fund Balances Beginning of Year</i>	<u>3,524,312</u>	<u>1,646,050</u>	<u>6,964,774</u>	<u>653,012</u>	<u>12,788,148</u>
<i>Fund Balances End of Year</i>	<u>\$2,993,792</u>	<u>\$1,903,963</u>	<u>\$7,184,977</u>	<u>\$589,488</u>	<u>\$12,672,220</u>

See accompanying notes to the basic financial statements

Grand Valley Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008*

Net Change in Fund Balances - Total Governmental Funds (\$115,928)

*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 outlays in the current period.

Capital Outlay	281,051	
Current Year Depreciation	<u>(1,369,251)</u>	
 Total		 (1,088,200)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues were attributed to property taxes. (122,728)

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 523,000

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.

Accrued Interest on Bonds	(4,299)	
Bond Accretion	<u>(64,136)</u>	
 Total		 (68,435)

Some expenses reported in the statement of activities, such as compensated absences and vacation benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(50,885)	
Vacation Benefits Payable	<u>11,534</u>	
 Total		 <u>(39,351)</u>

Change in Net Assets of Governmental Activities (\$911,642)

See accompanying notes to the basic financial statements

Grand Valley Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$3,230,000	\$3,357,147	\$3,372,795	\$15,648
Intergovernmental	6,508,179	6,479,425	6,509,626	30,201
Interest	255,000	219,335	220,357	1,022
Tuition and Fees	485,000	521,949	524,382	2,433
Rentals	7,500	10,461	10,510	49
Miscellaneous	62,000	97,987	98,446	459
<i>Total Revenues</i>	10,547,679	10,686,304	10,736,116	49,812
Expenditures				
Current:				
Instruction:				
Regular	5,616,316	5,671,975	5,535,941	136,034
Special	642,133	648,497	631,797	16,700
Vocational	173,469	175,188	170,967	4,221
Support Services:				
Pupil	439,022	460,062	460,062	0
Instructional Staff	319,269	322,433	314,594	7,839
Board of Education	17,835	18,012	17,518	494
Administration	1,136,011	1,130,579	1,124,836	5,743
Fiscal	288,589	287,659	284,052	3,607
Business	29,352	30,728	30,728	0
Operation and Maintenance of Plant	1,072,817	1,122,019	1,122,019	0
Pupil Transportation	1,386,994	1,365,538	1,365,538	0
Central	22,177	21,734	21,734	0
Extracurricular Activities	268,638	271,301	264,916	6,385
Debt Service:				
Principal Retirement	26,500	26,500	26,500	0
Interest and Fiscal Charges	32,985	32,985	32,985	0
<i>Total Expenditures</i>	11,472,107	11,585,210	11,404,187	181,023
<i>Excess of Revenues Under Expenditures</i>	(924,428)	(898,906)	(668,071)	230,835
Other Financing Uses				
Advances In	20,000	20,000	20,000	0
Advances Out	(51,000)	(51,000)	(51,000)	0
Transfers Out	(14,000)	(14,000)	(14,000)	0
<i>Total Other Financing Uses</i>	(45,000)	(45,000)	(45,000)	0
<i>Net Change in Fund Balance</i>	(969,428)	(943,906)	(713,071)	230,835
<i>Fund Balance Beginning of Year</i>	3,257,456	3,257,456	3,257,456	0
Prior Year Encumbrances Appropriated	134,028	134,028	134,028	0
<i>Fund Balance End of Year</i>	\$2,422,056	\$2,447,578	\$2,678,413	\$230,835

See accompanying notes to the basic financial statements

Grand Valley Local School District

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2008

	Private Purpose Trust	
	<u>Scholarships</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$11,595	<u>\$34,567</u>
Liabilities		
Due to Students	<u>0</u>	<u>\$34,567</u>
Net Assets		
Held in Trust for College Scholarships	<u>\$11,595</u>	

See accompanying notes to the basic financial statements

Grand Valley Local School District
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2008

	<u>Scholarships</u>
Additions	
Interest	\$439
Deductions	
	<u>0</u>
<i>Change in Net Assets</i>	439
<i>Net Assets Beginning of Year</i>	<u>11,156</u>
<i>Net Assets End of Year</i>	<u><u>\$11,595</u></u>
See accompanying notes to the basic financial statements	

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Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 1 - Description of the School District and Reporting Entity

Grand Valley Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's 3 instructional/support facilities staffed by 55 classified employees and 91 certified employees who provide services to 1,407 students and other community members.

Reporting Entity

A reporting entity is composed 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 School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes the agencies and departments that provide the following services: general operations, food service and student related activities of the School District.

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

The School District is associated with two jointly governed organizations, one insurance purchasing pool, two risk sharing pools and one related organization. These organizations are the Northeast Ohio Management Information Network, Ashtabula County Joint Vocational School District, Ohio School Boards Association Workers' Compensation Group Rating Program, Ashtabula County Schools Council of Governments, Schools of Ohio Risk Sharing Authority and the Grand Valley Public Library Association. These organizations are presented in Notes 17, 19, and 21 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The various funds of the School District are grouped into the categories governmental and fiduciary.

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

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

Grand Valley Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

Bond Retirement Debt Service Fund The bond retirement fund accounts for property tax revenues that are used for payment of principal and interest and fiscal charges on general obligation debt.

Classroom Facilities Capital Projects Fund This fund accounts for interest received and expended in connection with contracts entered into by the School District and the Ohio Schools Facilities Commission for the building and equipping of classroom facilities.

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

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

C. Measurement Focus

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

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

The private purpose trust fund is accounted for on a flow of economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Grand Valley Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

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

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

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2008, investments were limited to Federal Home Loan Mortgage Corporation Bonds, STAROhio, Fannie Mae Notes and Federal Farm Credit Bank Bonds. Investments are reported at fair value which is based on quoted market prices.

Grand Valley Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

STAROhio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price which is the price the investment could be sold for on June 30, 2008.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$222,193 which includes \$95,974 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

F. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies and donated and purchased food held for resale.

G. Capital Assets

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

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

All reported capital assets, except land, 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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	20-50 years
Furniture and Fixtures	5-20 years
Vehicles	8 years
Textbooks	6 years

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

I. Accrued Liabilities and Long-term Obligations

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

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

The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

J. Interfund Activity

Transfers among governmental activities are eliminated on the Statement of Activities. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

Grand Valley Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

K. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

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 enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$9,749,114, none of which is restricted by enabling legislation. Net assets restricted for other purposes include resources restricted for food service operations, instruction, support services, and extracurricular activities.

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

M. 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.

N. Estimates

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

O. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the object level within each fund and function.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original and final appropriations were passed by the Board of Education.

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

Note 3 – Change in Accounting Principles

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

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The implementation of this statement did not result in any change to the financial statements. An OPEB liability at transition was determined in accordance with this Statement for both the SERS and STRS post-employment healthcare plans in the amounts of \$33,070 and \$6,441, respectively, which are the same as the previously reported liabilities.

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

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

Note 4 - Accountability

The reducing class size special revenue fund’s deficit balance of \$2,526 resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

Grand Valley Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Investments reported at cost (budget) rather than at fair value (GAAP).
5. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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	(\$530,520)
Net Adjustment for Revenue Accruals	99,688
Advances In	20,000
Beginning Fair Value Adjustment for Investments	9,700
Ending Fair Value Adjustment for Investments	(7,564)
Net Adjustment for Expenditure Accruals	(93,471)
Advances Out	(51,000)
Encumbrances	(159,904)
Budget Basis	<u>(\$713,071)</u>

Note 6 - Deposits and Investments

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

1. United States Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$6,327,002 of the School District's bank balance of \$6,727,002 was uninsured and uncollateralized. Although the collateral securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Investments

As of June 30, 2008, the School District had the following investments. All investments are in an internal investment pool.

	Fair Value	Maturity
Federal Home Loan Mortgage Corporation Bonds	\$3,513,206	March 15, 2009
STAROhio	\$1,505,445	Average of 53.80 days
Fannie Mae Notes	100,469	June 24, 2011
Federal Farm Credit Bank Bonds	199,781	May 6, 2011
Total	\$5,318,901	

Interest Rate Risk. The School District has no investment policy that addresses the interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Federal Home Loan Mortgage Corporation Bonds, Fannie Mae Notes and the Federal Farm Credit Banks Bonds carries a rating of AAA by Standard and Poor's. The School District has no investment policy that addresses credit risk.

Concentration of Credit Risk. The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation of investments as of June 30, 2008:

Investment	Percentage of Investment
Federal Home Loan Mortgage Corporation Bonds	66.05 %
STAROhio	28.30
Fannie Mae Notes	1.89
Federal Farm Credit Bank Bonds	3.76

Note 7 – 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 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Grand Valley Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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

Tangible personal property tax revenue received during calendar 2008 (other than public utility property tax) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value listed as of December 31, 2007. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. 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 School District prior to June 30.

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

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2008 was \$1,211,948 in the general fund, \$22,164 in the classroom facilities special revenue fund, \$422,390 in the bond retirement debt service fund and \$43,771 in the permanent improvement capital project fund. The amount available as an advance at June 30, 2007, was \$1,315,569 in the general fund, \$23,818 in the classroom facilities special revenue fund, \$451,861 in the debt service fund, and \$47,847 in the permanent improvement capital project fund.

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

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

	2007 Second Half Collections		2008 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$147,209,030	88.71 %	\$151,991,940	91.18 %
Public Utility Personal	5,726,400	3.45	4,381,360	2.62
Tangible Personal Property	13,014,349	7.84	10,329,018	6.20
Total	<u>\$165,949,779</u>	<u>100.00 %</u>	<u>\$166,702,318</u>	<u>100.00 %</u>
Full Tax rate per \$1,000 of assessed valuation	\$50.01		\$50.01	

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 8 - Receivables

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

A summary of the principal items of intergovernmental receivable follows:

	<u>Amounts</u>
Title I	\$34,518
Title II-A	9,210
Total	<u><u>\$43,728</u></u>

Note 9 - Interfund Balances and Transfers

A. Interfund Balances

The general fund reported an interfund receivable of \$51,000 and the permanent improvement fund reported an interfund payable of \$51,000 at June 30, 2008. This advance was made to provide funding for fiscal year 2008. It is expected to be repaid within one year.

B. Interfund Transfers

The general fund transferred \$14,000 to the athletics and music special revenue fund to help provide funding for fiscal year 2008.

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 10 – Capital Assets

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

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
<i>Capital Assets not being Depreciated:</i>				
Land	\$845,993	\$0	\$0	\$845,993
<i>Capital Assets being Depreciated:</i>				
Land Improvements	2,252,032	106,421	0	2,358,453
Buildings and Improvements	32,428,653	7,869	0	32,436,522
Furniture and Fixtures	564,610	0	0	564,610
Vehicles	945,221	166,761	(106,361)	1,005,621
Textbooks	1,002,292	0	0	1,002,292
<i>Total Capital Assets being Depreciated</i>	<i>37,192,808</i>	<i>281,051</i>	<i>(106,361)</i>	<i>37,367,498</i>
Less: Accumulated Depreciation				
Land Improvements	(343,176)	(114,279)	0	(457,455)
Buildings and Improvements	(4,281,514)	(961,390)	0	(5,242,904)
Furniture and Fixtures	(137,176)	(45,282)	0	(182,458)
Vehicles	(847,345)	(91,900)	106,361	(832,884)
Textbooks	(262,290)	(156,400)	0	(418,690)
<i>Total Accumulated Depreciation</i>	<i>(5,871,501)</i>	<i>(1,369,251) *</i>	<i>106,361</i>	<i>(7,134,391)</i>
<i>Total Capital Assets being Depreciated, Net</i>	<i>31,321,307</i>	<i>(1,088,200)</i>	<i>0</i>	<i>30,233,107</i>
<i>Governmental Activities</i>				
<i>Capital Assets, Net</i>	<i>\$32,167,300</i>	<i>(\$1,088,200)</i>	<i>\$0</i>	<i>\$31,079,100</i>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,061,004
Support Services:	
Instructional Staff	128,554
Administration	8,690
Operation and Maintenance of Plant	7,286
Pupil Transportation	103,856
Operation of Food Services	5,977
Extracurricular Activities	53,884
Total Depreciation Expense	\$1,369,251

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 11 – Defined Benefit Pension Plans

A. School Employee Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$135,492, \$134,419 and \$131,730 respectively; 35.77 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

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

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

Grand Valley Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007 and 2006 were \$654,346, \$616,825 and \$594,529 respectively; 84.65 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$8,953 made by the School District and \$8,695 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2008, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 12 – Postemployment Benefits

A. School Employee Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$22,672.

Grand Valley Local School District

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For the Fiscal Year Ended June 30, 2008*

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

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007 and 2006 were \$61,829, \$46,409 and \$30,416 respectively; 35.77 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007 and 2006 were \$9,763, \$9,141 and \$10,485 respectively; 35.77 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007 and 2006 were \$50,334, \$47,448 and \$45,733 respectively; 84.65 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Note 13 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per year, depending upon length of service. Any vacation time which is unused as of the employee's anniversary date is expired and not available for use in a subsequent year unless approved by the superintendent. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 320 days for certified employees as well as classified employees. Maximum sick leave accumulation for individuals on administrative contracts varies depending on the number of days in the administrator's work year. For all employees, retirement severance is paid to each employee retiring from the School District at a per diem rate of the annual salary at the time of retirement. Any certified employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of the first 220 days of sick leave credited to that employee, up to 55 days and 1 severance day for each 10 accumulated sick days above 220 days. The maximum attainable is 65 days. Any classified employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of accumulated sick leave credited to that employee up to 50 days.

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

B. Life Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to permanent employees through Jefferson Pilot Financial in the amount of \$25,000 for certified employees and \$25,000 for classified employees. An additional \$100,000 is provided to the treasurer and superintendent.

C. Health Insurance Benefits

The School District provides employee medical and surgical insurance, prescription drug, dental, and vision insurance through the Ashtabula County Schools Council of Governments.

Note 14 – Long-Term Obligations

Original issue amounts and interest rates of the School District’s debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
2002 Classroom Improvement Bonds:			
Current Interest Serial Bonds	3.00% to 4.85%	\$5,925,000	2003 to 2017
Capital Appreciation Bonds	10.59% to 10.65%	780,976	2007 to 2009
Current Issue Term Bonds	5.00%	6,330,000	2019 to 2025

Changes in long-term obligations of the School District during fiscal year 2008 were as follows:

	Principal Outstanding 6/30/07	Additions	Deductions	Principal Outstanding 6/30/08	Amounts Due in One Year
General Obligation Bonds					
2002 Classroom Improvement Bonds					
Current Interest Serial Bonds	\$4,350,000	\$0	\$0	\$4,350,000	\$0
Capital Appreciation Bonds	492,955	0	259,374	233,581	233,581
Accretion on Capital Appreciation Bonds	363,093	64,136	210,626	216,603	236,419
Current Interest Term Bonds	6,330,000	0	0	6,330,000	0
Total General Obligation Bonds	11,536,048	64,136	470,000	11,130,184	470,000
Other Long-Term Obligations					
Capital Leases Payable	1,431,000	0	53,000	1,378,000	56,000
Compensated Absences	631,112	62,374	11,489	681,997	44,055
Total Governmental Activities Long-Term Liabilities	\$13,598,160	\$126,510	\$534,489	\$13,190,181	\$570,055

Compensated absences will be paid from the general fund and the title I and the food service special revenue funds.

Grand Valley Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

On March 28, 2002, the School District issued \$13,035,976 in voted general obligation bonds which included serial, term and capital appreciation bonds in the amounts of \$5,925,000, \$6,330,000 and \$780,976, respectively. The general obligation bonds were issued for the purpose of paying the local share of school construction under the State of Ohio Classroom Facilities Assistance Program. The bonds will be retired from the debt service fund.

The capital appreciation bonds contain a compounding interest component in the amount of \$629,024, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2008 through 2009. The current issue term bonds will be repaid through annual debt service repayments during fiscal years 2019 through 2025.

The maturity amount of outstanding capital appreciation bonds is \$470,000. The accretion recorded for 2008 was \$64,136, for a total outstanding bond liability of \$450,184 at June 30, 2008.

The overall debt margin of the School District as of June 30, 2008 was \$4,858,068 with an unvoted debt margin of \$154,085. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2008 are as follows:

	General Obligation Bonds					
	Term		Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	0	337,342	0	174,000	233,581	236,419
2010	0	346,741	470,000	155,200	0	0
2011	0	339,766	485,000	142,590	0	0
2012	0	337,044	505,000	124,270	0	0
2013	0	334,956	530,000	103,840	0	0
2014-2018	0	1,628,433	2,360,000	168,494	0	0
2019-2023	2,855,000	955,000	0	0	0	0
2024-2025	3,475,000	92,375	0	0	0	0
Total	\$6,330,000	\$4,371,657	\$4,350,000	\$868,394	\$233,581	\$236,419

Note 15 – Capital Lease

On August 18, 2006, the School District entered into a capitalized lease obligation for a new football field. The lease meets the criteria for a capital lease as defined by the Statement of Financial Accounting Standards No. 13 “Accounting for Lease” and have been recorded on the government-wide statements. The original amount capitalized for the capital lease and the book value as of June 30, 2008 follows:

	<u>Amounts</u>
Asset:	
Building and Improvements	\$1,526,000
Less: Accumulated Depreciation	<u>(228,900)</u>
Current Book Value	<u><u>\$1,297,100</u></u>

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2008.

	Amounts
2009	\$117,458
2010	116,962
2011	117,374
2012	117,654
2013	117,799
2014-2018	587,530
2019-2023	585,890
2024-2025	233,764
Total Minimum Lease Payments	1,994,431
Less: Amount Representing Interest	616,431
Present Value of Minimum Lease Payments	\$1,378,000

Note 16 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The School District has addressed these various types of risk by purchasing a comprehensive insurance policy through Schools of Ohio Risk Sharing Authority (SORSA), a shared risk pool.

Professional liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$3,000,000 in the aggregate. The School District carries excess liability insurance in the amount of \$2,000,000 in the aggregate.

The School District maintains fleet insurance in the amount of \$1,132,190 for physical damage and \$3,000,000 liability.

The School District maintains replacement cost insurance on buildings and contents in the amount of \$49,572,263.

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

B. Employee Medical Benefits

The School District participates in the Ashtabula County Schools Council of Governments, a shared risk pool (Note 19) to provide employee medical/surgical, prescription drug, dental and vision benefits. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. The School District's Board of Education pays the entire cost of a monthly premium for all full-time employees.

Grand Valley Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

C. Worker's Compensation

For fiscal year 2008, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService provides administrative, cost control and actuarial services to the GRP.

Note 17 - Jointly Governed Organizations

Northeast Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among thirty School districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge. The School District paid \$30,585 to NEOMIN during fiscal year 2008.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members, three superintendents from Ashtabula County School Districts, three superintendents from Trumbull County School Districts, and a treasurer from each county. The School District was not represented on the Governing Board during fiscal year 2008. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

Ashtabula County Joint Vocational School District The Ashtabula County Joint Vocational School District (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The JVS is operated under the direction of a Board consisting of representatives from some of the participating School Districts' elected boards. The degree of control exercised by the School District is limited to its representation on the Board. The Board is its own budgeting and taxing authority. The School District made no contributions for fiscal year 2008. Financial information can be obtained from MaryAnn Wayman, Treasurer at Ashtabula County Joint Vocational School District, 1565 State Route 167, Jefferson, Ohio 44047.

Note 18 - Contingencies

A. Grants

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

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

B. Litigation

The School District is not party to legal proceedings as of June 30, 2008.

Note 19 – Public Entity Risk Pools

A. Insurance Purchasing Pool

The School District participates in a group rating program for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool. The Executive Director of the OASBO, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Risk Sharing Pools

The School District has contracted with the Ashtabula County Schools Council of Governments to provide employee medical/surgical, prescription drug, dental and vision benefits. The Ashtabula County Schools Council of Governments is organized under Chapter 167 of the Ohio Revised Code and is comprised of seven Ashtabula County school districts. Rates are set by the Ashtabula County Schools Council of Governments board of directors. The School District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. Ashtabula County Schools Council of Governments is a separate and independent entity governed by its own set of by-laws and constitution. All assets and liabilities are the responsibility of the Council of Governments. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the School District. The School District is not liable nor receives a cash balance of past claims upon departure from the pool.

The School District also participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing insurance pool. The pool consists of sixty-two school districts, joint vocational schools, and educational service centers throughout Ohio who pool risk for property, crime, liability, boiler and machinery, and public official liability coverage. SORSA is governed by a board of trustees elected by members. The School District pays an annual premium to SORSA for this coverage. Reinsurance is purchased to cover claims exceeding this amount and for all claims related to equipment breakdown coverage.

Note 20 - Set Asides

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

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

	Textbooks	Capital Improvements
Set-aside reserve balance June 30, 2007	(\$637,251)	(\$13,035,975)
Current year set-aside requirement	195,291	195,291
Current year offsets	0	(224,670)
Qualifying disbursements	(150,647)	(241,273)
Totals	(\$592,607)	(\$13,306,627)
Set-aside balance carried forward to future fiscal years	(\$592,607)	(\$13,035,975)
Set-aside reserve balance June 30, 2008	\$0	\$0

The School District had qualifying disbursements that reduced the textbook and the capital acquisition set-aside amounts below zero. These extra amounts may be used to reduce the set-aside requirements in future fiscal years.

Note 21 – Related Organization

Grand Valley Public Library Association The Grand Valley Public Library Association (the Library) is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a seven member Board of Trustees appointed by each other. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Grand Valley Public Library, Jeanette Gage, Clerk/Treasurer, at 1 North School Street, Orwell, Ohio 44076.

Note 22 – Subsequent Events

OSFC Local Share Interest Transfer

Authorized Treasurer to transfer \$2,096,005 of local share interest earnings through July 31, 2008 from the classroom facilities capital projects fund to the permanent improvement capital project fund as permitted by law, but not as stated in the executed project agreement creating the necessary accounts and modification in accordance with AM Sub. HB 119 as recommended by the Superintendent.

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GRAND VALLEY LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through The Ohio Department of Education.</i>						
Food Distribution Program	N/A	10.550		\$23,772		\$23,772
<i>Nutrition Cluster:</i>						
School Breakfast Program		10.553	\$61,625		\$61,625	
National School Lunch Program		10.555	208,493		208,493	
Total – Nutrition Cluster			270,118		270,118	
Total U.S. Department of Agriculture			270,118	23,772	270,118	23,772
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through The Ohio Department of Education.</i>						
Grants to Local Educational Agencies						
Title I School Subsidy	C1-S1-2007	84.010	46,050		54,487	
	C1-S1-2008		306,501		276,131	
Subtotal – Title I School Subsidy			352,551		330,618	
Title - IV Safe and Drug Free Schools	DR-S1-2008	84.186	6,981		6,981	
Title - V Innovative Education Program Strategies	C2-S1-2008	84.298	3,114		3,114	
Title - II D Tech	TJ-S1-2008	84.318	3,372		3,372	
Title II - A Improving Teacher Quality State Grants	TR-S1-2007	84.367	8,505		14,624	
	TR-S1-2008		80,276		76,947	
Subtotal – Title II - A			88,781		91,571	
Total – U.S. Department of Education			454,799		435,656	
Totals			\$724,917	\$23,772	\$705,774	\$23,772

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

**GRAND VALLEY LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – FOOD DONATION PROGRAM

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

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Grand Valley Local School District
Ashtabula County
111 Grand Valley Avenue, West Suite A
Orwell, Ohio 44076

To The Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Grand Valley Local School District, Ashtabula County, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 3, 2009. 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. We noted a certain matters that we reported to the District's management in a separate letter dated March 3, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

March 3, 2009



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Grand Valley Local School District
Ashtabula County
111 Grand Valley Avenue, West Suite A
Orwell, Ohio 44076

To the Board of Education:

Compliance

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

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

In our opinion, Grand Valley Local School District, Ashtabula County complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

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

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

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

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

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

March 3, 2009

**GRAND VALLEY LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)()</i> (i)	Type of Financial Statement opinion	Unqualified
<i>(d)(1)</i> (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)</i> (ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)</i> (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)</i> (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)</i> (iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)</i> (v)	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)</i> (vi)	Are there any reportable findings under § .510?	No
<i>(d)(1)</i> (vii)	Major Programs (list):	Title I CFDA: 84.010
<i>(d)(1)</i> (viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)</i> (ix)	Low Risk Auditee?	Yes

**. 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

**GRAND VALLEY LOCAL SCHOOL DISTRICT
ASHTABULA 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 19, 2009**