



**Auditor of State  
Betty Montgomery**



**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Grand Valley Local School District  
Ashtabula County  
7527 State Route 45 North  
Orwell, Ohio 44076

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Grand Valley Local School District, Ashtabula County, (the "District") as of and for the year ended June 30, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Grand Valley Local School District, Ashtabula County, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds 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 January 21, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

**Betty Montgomery**  
Auditor of State

January 21, 2004

**Grand Valley Local School District  
Ashtabula County  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2003**

	Governmental Fund Types			Proprietary	Fiduciary	Account Groups		Totals	
	Special	Debt	Capital	Fund Types	Trust and	General	General	2003	
	General	Revenue	Service	Project	Enterprise	Agency	Fixed Assets	Long Term Debt	(Memorandum) (Only)
<b>Assets and Other Debits:</b>									
Equity in Pooled Cash and Investments	\$ 2,804,702	246,328	504,548	21,007,495	119,871	109,847	0	0	\$ 24,792,791
Restricted Assets	91,072	0	0	0	0	0	0	0	91,072
Taxes Receivable	3,082,829	68,247	1,082,900	120,654	0	0	0	0	4,354,630
Intergovernmental Receivables	20,492	38,557	0	0	27,768	0	0	0	86,817
Accounts Receivable	368	126	0	67,098	0	136	0	0	67,728
Supplies Inventory	56,725	0	0	0	2,966	0	0	0	59,691
Inventory for Resale	0	0	0	0	12,577	0	0	0	12,577
Property, Plant & Equipment	0	0	0	0	198,579	0	7,241,418	0	7,439,997
Accumulated Depreciation, where applicable	0	0	0	0	(123,763)	0	0	0	(123,763)
Amount Available in Debt Service	0	0	0	0	0	0	0	885,313	885,313
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	0	12,558,230	12,558,230
<b>Total Assets and Other Debits</b>	<b>\$ 6,056,188</b>	<b>353,258</b>	<b>1,587,448</b>	<b>21,195,247</b>	<b>237,998</b>	<b>109,983</b>	<b>7,241,418</b>	<b>13,443,543</b>	<b>\$ 50,225,083</b>

(Continued)

**Grand Valley Local School District**  
**Ashtabula County**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups, Continued**  
**June 30, 2003**

	Governmental Fund Types				Proprietary	Fiduciary	Account Groups		Totals
	General	Special	Debt	Capital	Fund Types	Fund Types	General	General	2003
		Revenue	Service	Project	Enterprise	Trust and Agency	Fixed Assets	Long Term Debt	(Memorandum Only)
<b>Liabilities:</b>									
Intergovernmental Payable	\$ 131,372	8,912	0	0	8,630	0	0	65,250	\$ 214,164
Accounts Payable	109,938	22,399	0	1,098	116	1,212	0	0	134,763
Contracts Payable	0	0	0	1,187,507	0	0	0	0	1,187,507
Accrued Salaries and Benefits	735,031	59,320	0	0	16,489	0	0	0	810,840
Deferred Revenue	2,061,862	48,194	702,135	80,728	6,344	0	0	0	2,899,263
Due to Others	0	0	0	0	0	34,888	0	0	34,888
General Obligation Bonds Payable	0	0	0	0	0	0	0	12,818,476	12,818,476
Capital Leases Payable	0	0	0	0	0	0	0	10,605	10,605
Compensated Absences Payable	32,804	0	0	0	8,452	0	0	529,212	570,468
Retirement Incentive	0	0	0	0	0	0	0	20,000	20,000
<b>Total Liabilities</b>	<b>3,071,007</b>	<b>138,825</b>	<b>702,135</b>	<b>1,269,333</b>	<b>40,031</b>	<b>36,100</b>	<b>0</b>	<b>13,443,543</b>	<b>18,700,974</b>
<b>Fund Equity and Other Credits:</b>									
Investment in General Fixed Assets	0	0	0	0	0	0	7,241,418	0	7,241,418
Contributed Capital	0	0	0	0	97,445	0	0	0	97,445
Retained Earnings-Reserved	0	0	0	0	0	10,000	0	0	10,000
Retained Earnings	0	0	0	0	100,522	614	0	0	101,136
<b>Fund Balances:</b>									
Reserved for Budget Stabilization	89,901	0	0	0	0	0	0	0	89,901
Reserved for Textbooks	1,171	0	0	0	0	0	0	0	1,171
Reserved for Inventory	56,725	0	0	0	0	0	0	0	56,725
Reserved for Encumbrances	3,129	2,758	0	1,429,362	0	0	0	0	1,435,249
Reserved for Future Appropriation	1,020,967	20,053	380,765	39,925	0	0	0	0	1,461,710
Unreserved Fund Balance	1,813,288	191,622	504,548	18,456,627	0	63,269	0	0	21,029,354
<b>Total Fund Equity</b>	<b>2,985,181</b>	<b>214,433</b>	<b>885,313</b>	<b>19,925,914</b>	<b>0</b>	<b>63,269</b>	<b>0</b>	<b>0</b>	<b>24,074,110</b>
<b>Total Fund Balances/Retained Earnings and Other Credits</b>	<b>2,985,181</b>	<b>214,433</b>	<b>885,313</b>	<b>19,925,914</b>	<b>197,967</b>	<b>73,883</b>	<b>7,241,418</b>	<b>0</b>	<b>31,524,109</b>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$ 6,056,188</b>	<b>353,258</b>	<b>1,587,448</b>	<b>21,195,247</b>	<b>237,998</b>	<b>109,983</b>	<b>7,241,418</b>	<b>13,443,543</b>	<b>\$ 50,225,083</b>

See Accompanying Notes to the General Purpose Financial Statements



**Grand Valley Local School District  
Ashtabula County  
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance  
All Governmental Fund Types and Expendable Trust Funds  
Year Ended June 30, 2003**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum) (Only)
	General	Special Revenue	Debt Service	Capital Project	Expendable Trust	
<b>REVENUE:</b>						
Taxes	\$ 3,117,795	56,976	1,056,275	121,710	0	\$ 4,352,756
Tuition	210,433	0	0	0	0	210,433
Earnings on Investments	65,420	0	0	562,855	1,215	629,490
Extracurricular Activities	0	125,928	0	0	0	125,928
Classroom Materials and Fees	29,591	0	0	0	0	29,591
Miscellaneous	31,986	11,732	0	0	14,116	57,834
Revenue from Intermediate Sources						
Unrestricted Grants-in-Aid	0	0	0	0	5,130	5,130
Restricted Grants-in-Aid	0	4,400	0	0	0	4,400
Revenue from State Sources						
Unrestricted Grants-in-Aid	5,535,865	5,864	102,892	14,507	0	5,659,128
Restricted Grants-in-Aid	401,244	104,461	0	7,309,497	0	7,815,202
Revenue from Federal Sources						
Unrestricted Grants-in-Aid	15,199	313,123	0	0	0	328,322
Restricted Grants-in-Aid	0	142,292	0	0	0	142,292
<b>Total Revenue</b>	<b>9,407,533</b>	<b>764,776</b>	<b>1,159,167</b>	<b>8,008,569</b>	<b>20,461</b>	<b>19,360,506</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
<b>Instruction</b>						
Regular	3,948,044	144,702	0	4,688	8,032	4,105,466
Special	339,509	342,260	0	0	0	681,769
Vocational	134,087	0	0	0	0	134,087
Other	394,679	0	0	0	0	394,679
<b>Supporting Services</b>						
Pupils	197,631	9,104	0	711	2,162	209,608
Instructional Staff	352,936	69,696	0	0	0	422,632
Board of Education	14,817	0	0	0	0	14,817
Administration	892,967	5,657	0	0	0	898,624
Fiscal Services	220,867	2,862	19,891	2,458	0	246,078
Business Services	18,059	0	0	0	0	18,059
Operation & Maintenance-Plant	827,351	4,107	0	0	0	831,458
Pupil Transportation	990,330	0	0	0	0	990,330
Central Services	17,631	0	0	0	0	17,631
<b>Extracurricular Activities</b>						
Academic & Subject Oriented	39,753	23,373	0	0	0	63,126
Sports Oriented	120,661	47,775	0	0	0	168,436
Co-Curricular Activities	0	66,528	0	0	0	66,528
<b>Capital Outlay</b>						
Site Acquisition & Improvements	223,716	0	0	23,322	0	247,038
Architecture & Engineering	0	0	0	1,111,491	0	1,111,491
Educ. Spec. Development	0	0	0	3,047	0	3,047
Building Acquisition & Construction	0	0	0	757,552	0	757,552
Building Improvement	0	0	0	1,335	0	1,335
Other Acquisition & Construction	0	0	0	1,990	0	1,990
<b>Debt Service</b>						
Repayment of Debt	0	0	995,516	0	0	995,516
<b>Total Expenditures</b>	<b>8,733,038</b>	<b>716,064</b>	<b>1,015,407</b>	<b>1,906,594</b>	<b>10,194</b>	<b>12,381,297</b>
<b>Excess (Deficiency) of Revenues</b>						
Over (Under) Expenditures	674,495	48,712	143,760	6,101,975	10,267	6,979,209
<b>Other Financing Sources and Uses:</b>						
<b>Other Financing Sources</b>						
Transfers-In	0	57,224	0	0	0	57,224
<b>Other Financing Uses</b>						
Transfers-Out	(8,000)	(49,224)	0	0	0	(57,224)
<b>Net Other Financing Sources and Uses</b>	<b>(8,000)</b>	<b>8,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditure</b>						
Disbursement and Other Uses	666,495	56,712	143,760	6,101,975	10,267	6,979,209
Increase in Inventory	12,509	0	0	0	0	12,509
<b>Beginning Fund Balance, as restated</b>	<b>2,306,177</b>	<b>157,721</b>	<b>741,553</b>	<b>13,823,939</b>	<b>53,002</b>	<b>17,082,392</b>
<b>Ending Fund Balance</b>	<b>\$ 2,985,181</b>	<b>214,433</b>	<b>885,313</b>	<b>19,925,914</b>	<b>63,269</b>	<b>\$ 24,074,110</b>

See Accompanying Notes to the General Purpose Financial Statements

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**Grand Valley Local School District  
Ashtabula County  
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual (Non-GAAP Basis)  
All Governmental Fund Types and Expendable Trust Funds  
Year Ended June 30, 2003**

	General Fund			Special Revenue Funds		
	Revised		Variance	Revised		Variance
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 2,958,010	2,958,010	0	56,020	56,020	\$ 0
Tuition	209,245	209,245	0	0	0	0
Earnings on Investment	61,292	65,525	4,233	0	0	0
Extracurricular Activities	0	0	0	125,961	125,961	0
Classroom Materials & Fees	29,737	29,737	0	0	0	0
Miscellaneous	32,076	32,076	0	11,772	11,772	0
Local Unrestricted Grants-in-Aid	0	0	0	0	0	0
Local Restricted Grants-in-Aid	0	0	0	4,400	4,400	0
State Unrestricted Grants-in-Aid	5,518,330	5,518,280	(50)	6,133	6,133	0
State Restricted Grants-in-Aid	401,244	401,244	0	104,461	104,461	0
Federal Unrestricted Grants-in-Aid	14,162	14,162	0	281,601	281,601	0
Federal Restricted Grants-in-Aid	0	0	0	139,359	139,359	0
<b>Total Revenue</b>	<b>9,224,096</b>	<b>9,228,279</b>	<b>4,183</b>	<b>729,707</b>	<b>729,707</b>	<b>0</b>
<b>Expenditures:</b>						
Regular Instruction	4,098,340	3,957,146	141,194	165,959	152,917	13,042
Special Instruction	373,496	357,433	16,063	371,463	335,625	35,838
Vocational Instruction	138,658	134,027	4,631	0	0	0
Other Instruction	406,200	394,679	11,521	0	0	0
Support Services-Pupils	217,195	196,904	20,291	10,169	9,100	1,069
Support Services-Instructional Staff	416,069	355,332	60,737	69,696	69,696	0
Support Services-Board of Education	15,775	14,913	862	0	0	0
Support Services-Administration	966,496	899,196	67,300	6,345	5,674	671
Fiscal Services	235,269	219,201	16,068	4,506	2,863	1,643
Support Services-Business	19,059	19,055	4	0	0	0
Operation & Maintenance-Plant	897,396	847,718	49,678	4,107	4,107	0
Support Services-Transportation	1,072,448	1,010,052	62,396	0	0	0
Support Services-Central	18,500	17,631	869	0	0	0
Academic & Subject Oriented	41,025	39,763	1,262	35,874	23,373	12,501
Sports Oriented	126,250	119,840	6,410	52,968	48,716	4,252
Co-Curricular Activities	0	0	0	113,882	69,032	44,850
Site Acquisition	223,800	223,716	84	0	0	0
Site Improvement	0	0	0	0	0	0
Building Acquisition & Construction	0	0	0	0	0	0
Building Improvement	0	0	0	0	0	0
Other Fac. Acq. & Construction	0	0	0	0	0	0
Repayment of Debt	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>9,265,976</b>	<b>8,806,606</b>	<b>459,370</b>	<b>834,969</b>	<b>721,103</b>	<b>113,866</b>
Excess of Revenue Over (Under) Expenditures	(41,880)	421,673	463,553	(105,262)	8,604	113,866
<b>Other Financing Sources (Uses):</b>						
Premium & Accrued Interest	0	0	0	0	0	0
Transfers-In	0	0	0	57,224	57,224	0
Refund of Prior Years Expenditures	31,519	31,519	0	0	0	0
Transfers-Out	(8,000)	(8,000)	0	(49,224)	(49,224)	0
<b>Total Other Sources (Uses)</b>	<b>23,519</b>	<b>23,519</b>	<b>0</b>	<b>8,000</b>	<b>8,000</b>	<b>0</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(18,361)	445,192	463,553	(97,262)	16,604	113,866
Beginning Fund (Deficit) Balance	2,185,838	2,185,838	--	192,454	192,454	--
Prior Year Carry Over Encumbrances	148,530	148,530	--	11,481	11,481	--
<b>Ending Fund (Deficit) Balance</b>	<b>\$ 2,316,007</b>	<b>2,779,560</b>	<b>463,553</b>	<b>106,673</b>	<b>220,539</b>	<b>\$ 113,866</b>

(Continued)

**Grand Valley Local School District  
Ashtabula County  
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual (Non-GAAP Basis)  
All Governmental Fund Types and Expendable Trust Funds - Continued  
Year Ended June 30, 2003**

	Debt Service Fund			Capital Project Fund		
	Revised		Variance	Revised		Variance
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 981,068	981,068	0	120,612	120,612	\$ 0
Tuition	0	0	0	0	0	0
Earnings on Investment	0	0	0	527,596	537,005	9,409
Extracurricular Activities	0	0	0	0	0	0
Classroom Materials & Fees	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Local Unrestricted Grants-in-Aid	0	0	0	0	0	0
Local Restricted Grants-in-Aid	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	102,913	102,913	0	14,539	14,539	0
State Restricted Grants-in-Aid	0	0	0	4,609,497	7,309,497	2,700,000
Federal Unrestricted Grants-in-Aid	0	0	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
<b>Total Revenue</b>	<b>1,083,981</b>	<b>1,083,981</b>	<b>0</b>	<b>5,272,244</b>	<b>7,981,653</b>	<b>2,709,409</b>
<b>Expenditures:</b>						
Regular Instruction	0	0	0	9,482	9,482	0
Special Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	0	0	0
Other Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	1,308	1,308	0
Support Services-Instructional Staff	0	0	0	0	0	0
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Fiscal Services	25,300	19,892	5,408	3,400	2,458	942
Support Services-Business	0	0	0	0	0	0
Operation & Maintenance-Plant	0	0	0	0	0	0
Support Services-Transportation	0	0	0	0	0	0
Support Services-Central	0	0	0	0	0	0
Academic & Subject Oriented	0	0	0	0	0	0
Sports Oriented	0	0	0	0	0	0
Co-Curricular Activities	0	0	0	0	0	0
Site Acquisition	0	0	0	0	0	0
Site Improvement	0	0	0	321,402	60,799	260,603
Building Acquisition & Construction	0	0	0	3,408,306	3,364,630	43,676
Building Improvement	0	0	0	205,192	51,526	153,666
Other Fac. Acq. & Construction	0	0	0	10,000	1,990	8,010
Repayment of Debt	1,001,552	995,516	6,036	0	0	0
<b>Total Expenditures</b>	<b>1,026,852</b>	<b>1,015,408</b>	<b>11,444</b>	<b>3,959,090</b>	<b>3,492,193</b>	<b>466,897</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>57,129</b>	<b>68,573</b>	<b>11,444</b>	<b>1,313,154</b>	<b>4,489,460</b>	<b>3,176,306</b>
<b>Other Financing Sources (Uses):</b>						
Premium & Accrued Interest	3,301	3,301	0	0	0	0
Transfers-In	0	0	0	0	0	0
Refund of Prior Years Expenditures	0	0	0	0	0	0
Transfers-Out	0	0	0	0	0	0
<b>Total Other Sources (Uses)</b>	<b>3,301</b>	<b>3,301</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>60,430</b>	<b>71,874</b>	<b>11,444</b>	<b>1,313,154</b>	<b>4,489,460</b>	<b>3,176,306</b>
Beginning Fund (Deficit) Balance	432,674	432,674	--	13,900,516	13,900,516	--
Prior Year Carry Over Encumbrances	0	0	--	70,763	70,763	--
<b>Ending Fund (Deficit) Balance</b>	<b>\$ 493,104</b>	<b>\$ 504,548</b>	<b>11,444</b>	<b>15,284,433</b>	<b>18,460,739</b>	<b>\$ 3,176,306</b>

(Continued)

**Grand Valley Local School District**  
**Ashtabula County**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Expendable Trust Funds - Continued**  
**Year Ended June 30, 2003**

	Expendable Trust Fund			Totals (Memorandum Only)		
	Revised		Variance	Revised		Variance
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 0	0	0	4,115,710	4,115,710	\$ 0
Tuition	0	0	0	209,245	209,245	0
Earnings on Investment	1,182	1,245	63	590,070	603,775	13,705
Extracurricular Activities	0	0	0	125,961	125,961	0
Classroom Materials & Fees	0	0	0	29,737	29,737	0
Miscellaneous	14,116	14,116	0	57,964	57,964	0
Local Unrestricted Grants-in-Aid	5,130	5,130	0	5,130	5,130	0
Local Restricted Grants-in-Aid	0	0	0	4,400	4,400	0
State Unrestricted Grants-in-Aid	0	0	0	5,641,915	5,641,865	(50)
Federal Unrestricted Grants-in-Aid	0	0	0	5,115,202	7,815,202	2,700,000
Federal Unrestricted Grants-in-Aid	0	0	0	295,763	295,763	0
Federal Restricted Grants-in-Aid	0	0	0	139,359	139,359	0
<b>Total Revenue</b>	<b>20,428</b>	<b>20,491</b>	<b>63</b>	<b>16,330,456</b>	<b>19,044,111</b>	<b>2,713,655</b>
<b>Expenditures:</b>						
Regular Instruction	8,529	7,831	698	4,282,310	4,127,376	154,934
Special Instruction	0	0	0	744,959	693,058	51,901
Vocational Instruction	0	0	0	138,658	134,027	4,631
Other Instruction	0	0	0	406,200	394,679	11,521
Support Services-Pupils	2,162	2,162	0	230,834	209,474	21,360
Support Services-Instructional Staff	0	0	0	485,765	425,028	60,737
Support Services-Board of Education	0	0	0	15,775	14,913	862
Support Services-Administration	0	0	0	972,841	904,870	67,971
Fiscal Services	0	0	0	268,475	244,414	24,061
Support Services-Business	0	0	0	19,059	19,055	4
Operation & Maintenance-Plant	0	0	0	901,503	851,825	49,678
Support Services-Transportation	0	0	0	1,072,448	1,010,052	62,396
Support Services-Central	0	0	0	18,500	17,631	869
Academic & Subject Oriented	0	0	0	76,899	63,136	13,763
Sports Oriented	0	0	0	179,218	168,556	10,662
Co-Curricular Activities	0	0	0	113,882	69,032	44,850
Site Acquisition	0	0	0	223,800	223,716	84
Site Improvement	0	0	0	321,402	60,799	260,603
Building Acquisition & Construction	0	0	0	3,408,306	3,364,630	43,676
Building Improvement	0	0	0	205,192	51,526	153,666
Other Fac. Acq. & Construction	0	0	0	10,000	1,990	8,010
Repayment of Debt	0	0	0	1,001,552	995,516	6,036
<b>Total Expenditures</b>	<b>10,691</b>	<b>9,993</b>	<b>698</b>	<b>15,097,578</b>	<b>14,045,303</b>	<b>1,052,275</b>
<b>Excess of Revenue Over</b>						
<b>(Under) Expenditures</b>	<b>9,737</b>	<b>10,498</b>	<b>761</b>	<b>1,232,878</b>	<b>4,998,808</b>	<b>3,765,930</b>
<b>Other Financing Sources (Uses):</b>						
Premium & Accrued Interest	0	0	0	3,301	3,301	0
Transfers-In	0	0	0	57,224	57,224	0
Refund of Prior Years Expenditures	0	0	0	31,519	31,519	0
Transfers-Out	0	0	0	(57,224)	(57,224)	0
<b>Total Other Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34,820</b>	<b>34,820</b>	<b>0</b>
<b>Excess of Revenues &amp; Other Financing</b>						
<b>Sources Over (Under) Expenditures</b>						
<b>and Other Financing Uses</b>	<b>9,737</b>	<b>10,498</b>	<b>761</b>	<b>1,267,698</b>	<b>5,033,628</b>	<b>3,765,930</b>
Beginning Fund (Deficit) Balance	52,986	52,986	--	16,764,468	16,764,468	--
Prior Year Carry Over Encumbrances	0	0	--	230,774	230,774	--
<b>Ending Fund (Deficit) Balance</b>	<b>\$ 62,723</b>	<b>\$ 63,484</b>	<b>761</b>	<b>18,262,940</b>	<b>22,028,870</b>	<b>\$ 3,765,930</b>

See Accompanying Notes to the General Purpose Financial Statements.

**Grand Valley Local School District  
Ashtabula County**

**Combined Statement of Revenues, Expenses, and Changes in Retained Earnings  
All Proprietary Fund Types and Non-Expendable Trust Funds  
Year Ended June 30, 2003**

	Proprietary Fund Types		Fiduciary Fund Types	
	Enterprise Funds	Non-Expendable Trust Funds	Totals (Memorandum (Only))	
<b>Operating Revenues:</b>				
Food Service	\$ 218,231	0	\$ 218,231	
Total Operating Revenue	218,231	0	218,231	
<b>Operating Expenses:</b>				
Personal Services - Salary	123,445	0	123,445	
Employee Benefits	97,317	0	97,317	
Purchased Services	2,775	0	2,775	
Supplies and Materials	225,143	0	225,143	
Other Objects	675	250	925	
Depreciation	6,369	0	6,369	
Total Operating Expenses	455,724	250	455,974	
Operating Loss	(237,493)	(250)	(237,743)	
<b>Non-Operating Revenues:</b>				
Earnings On Investments	1,539	172	1,711	
State Unrestricted Grants-In-Aid	4,953	0	4,953	
State Restricted Grants-in-Aid	6,486	0	6,486	
Federal Restricted Grants-In-Aid	192,654	0	192,654	
Federal Commodities	44,778	0	44,778	
Total Non-Operating Revenues	250,410	172	250,582	
<b>Non-Operating Expenses:</b>				
Loss on Disposal of Assets	3,471	0	3,471	
Total Non-Operating Expenses	3,471	0	3,471	
Net Income (Loss)	9,446	(78)	9,368	
Beginning Retained Earnings, as restated	91,076	10,692	101,768	
Retained Earnings at End of Year	\$ 100,522	10,614	\$ 111,136	

See Accompanying Notes to the General Purpose Financial Statements.

**Grand Valley Local School District**  
**Ashtabula County**  
**Combined Statement of Changes in Cash Flows**  
**All Proprietary Fund Types and Non-Expendable Trust Funds**  
**Year Ended June 30, 2003**

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum) (Only)
	Enterprise Funds	Non-Expendable Trust Fund	Non-Expendable Trust Fund	Totals (Memorandum) (Only)	
Cash Flows from Operating Activities					
Operating Loss	\$ (237,493)		(250)		\$ (237,743)
Adjustment to Reconcile Operating Gain (Loss)					
To Net Cash used in Operating Activities:					
Depreciation	6,369		0		6,369
Net (Increase) Decrease in Assets:					
Accounts Receivable	72		0		72
Due from Other Governments	(4,677)		0		(4,677)
Inventory	(1,396)		0		(1,396)
Net Increases (Decreases) in Liabilities:					
Accounts Payable	68		0		68
Due to Other Governments	177		0		177
Accrued Wages and Benefits	4,917		0		4,917
Compensated Absences	1,058		0		1,058
Total Adjustments	<u>6,588</u>		<u>0</u>		<u>6,588</u>
Net Cash Used in Operating Activities	(230,905)		(250)		(231,155)
Cash Flows from Investing Activities:					
Earnings on Investments	1,539		172		1,711
Cash Flows from Noncapital Activities:					
Operating Grants from State Sources	11,439		0		11,439
Operating Grants from Federal Sources	192,654		0		192,654
Commodities from Federal Sources	<u>38,707</u>		<u>0</u>		<u>38,707</u>
Net Cash Provided by Noncapital Financing Sources	244,339		172		244,511
Cash Flows from Capital Activities:					
Acquisition of Capital Assets	<u>(4,331)</u>		<u>0</u>		<u>(4,331)</u>
Net Cash Provided by Capital Financing Sources					
Net Decrease in Cash & Cash Equivalents	9,103		(78)		9,025
Cash and Cash Equivalents at Beginning of Year, as restated	<u>110,768</u>		<u>10,692</u>		<u>121,460</u>
Cash and Cash Equivalents at End of Year	<u>\$ 119,871</u>		<u>10,614</u>		<u>\$ 130,485</u>

See Accompanying Notes to General Purpose Financial Statements.

Federal donated commodities in the amount of \$38,707 were recorded as revenue in the food service enterprise fund.

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**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2003**

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**Note 1. Summary of Significant Accounting Policies**

The financial statements of the Grand Valley Local School District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 2002, was 1472. The District employed 88 certified employees and 54 non-certificated employees. The District is supervised by the Ashtabula County Educational Service Center, a separate entity.

The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisition and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the District is financially accountable. This report includes all activities considered by management to be part of the District by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2003**

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**Note 1. Summary of Significant Accounting Policies (continued)**

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the District over which the District is financially accountable.

**B. Fund Accounting**

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental Fund Types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during the period.

General Fund - This fund 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 District for any purpose provided it is expended or transferred according to the bylaws of the District and the laws of the State of Ohio.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Project Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital assets or facilities (other than those financed by proprietary and trust funds).

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2003**

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**Note 1. Summary of Significant Accounting Policies (continued)**

Proprietary Fund Types

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following is a proprietary fund types:

Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The following are the fiduciary fund types:

Expendable Trust Funds - These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Nonexpendable Trust Funds - These funds account for trust principal which may not be expended. Only interest earned on the principal may be used for trust operations. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

Agency Funds - These funds are purely custodial and thus do not involve measurement of results of operations.

Account Groups

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not affect expendable available financial resources. The following are the account groups:

General Fixed Assets Account Group - This account group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary funds.

General Long-Term Debt Account Group - This account group is used to account for all of the District's long-term obligations other than those accounted for in the Proprietary Funds.

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2003**

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**Note 1. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus/Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e. net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e. expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements as well as relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds.

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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year. The available period for the District is sixty days after fiscal year end.

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

In applying the susceptible to the accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, interest, tuition, student fees, rentals and grants.

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2003**

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**Note 1. Summary of Significant Accounting Policies (continued)**

The District reports deferred revenues on its combined balance sheet that arise when revenue does not meet both the measurable and available criteria recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2003 that are intended to finance fiscal year 2004 operations, and delinquent property taxes, whose availability is indeterminable have been recorded as deferred revenue.

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 the governmental funds.

The proprietary fund type and nonexpendable trust funds utilize the full accrual basis of accounting for reporting purposes. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as non-operating revenue.

**D. Budget and Budgetary Accounting**

All governmental and proprietary fund types are subject to annual expenditure budgets. The Board follows the procedures outlined below in establishing the expenditure budget data reported in the general purpose financial statements:

- 1) A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20th of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January.
- 2) The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. During the month of July, this certificate is amended to include any unencumbered balances from the preceding fiscal year.
- 3) An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Board of Education usually adopts temporary appropriations at its regular board meeting in June. The Annual Appropriation Resolution is usually adopted at the September regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the object level.

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2003**

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**Note 1. Summary of Significant Accounting Policies (continued)**

- 4) The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types" and Expendable Trust Funds in accordance with the budget basis of accounting.

The major differences between the budgetary basis of accounting and GAAP are that:

- a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- b) Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
- c) Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis); and
- d) For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP).

Encumbrances - As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

**E. Cash and Investments**

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the combined balance sheet. During the fiscal year all investments were limited to federal agency securities, certificates of deposit, and repurchase agreements. Investments are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during the fiscal year amounted to \$65,420.

For the District, all investment earnings accrue to the General Fund, Capital Projects Fund, Expendable Trust Fund, Non-expendable Trust Fund, and Lunchroom Fund as authorized by board resolution. Interest income earned in fiscal year 2003 totaled \$631,201.

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2003**

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**Note 1. Summary of Significant Accounting Policies (continued)**

**F. Taxes Receivable**

The financial statements reflect taxes receivable as of June 30, 2003. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available." "Available" means then due, or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 2003 and accordingly have been recorded as deferred revenue in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred revenue until they are determined to be uncollectible.

**G. Inventories**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed. Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation. Inventories of proprietary funds consist of donated food, purchased food, and general supplies, and are expended when used.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2003, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

**I. Fixed Assets**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method over an estimated useful life of the assets.

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2003**

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**Note 1. Summary of Significant Accounting Policies (continued)**

**J. Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables." At June 30, 2003, the District had neither "Due to/from other Funds" nor "Interfund Receivables/Payables."

**K. Advances to Other Funds**

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation. At June 30, 2003 the District had no long-term interfund loans.

**L. Compensated Absences**

The District accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments. All employees with ten or more years of service were included in the calculation of the long-term compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1.) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee; and 2.) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For governmental funds, the District records a liability for accumulated unused vacation and sick leave when earned. The current portion of these unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt account group. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.



**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2003**

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**Note 1. Summary of Significant Accounting Policies (continued)**

**M. Contributed Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. The assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expended and closed to unreserved retained earnings at year end. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. At June 30, 2003, the District had \$97,445 in contributed capital.

**N. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**O. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**P. Fund Balance Reserves**

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for supplies inventory, encumbrances, future appropriations, textbooks and budget stabilization. The reserve for future appropriation represents the amount of the property taxes available for advance and recognized as revenue. The District is prohibited by law from appropriating the advance, since it was not received, for the current fiscal year. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purposes of those funds.

**Q. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. A fund balance reserve has also been established.

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**Note 1. Summary of Significant Accounting Policies (continued)**

**R. 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.

**S. Memorandum Only - Total Columns**

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Note 2. Budgetary Basis of Accounting**

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

**Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
Governmental Fund Type and Expendable Trust Fund**

	General Fund	Special Revenue	Debt Service	Capital Project	Expendable Trust
GAAP Basis	\$ 666,495	56,712	143,760	6,101,975	\$ 10,267
Increase (Decrease):					
Due to Revenues:					
Net Adjustments to Revenue Accruals	(179,254)	(35,069)	(75,186)	(26,916)	30
Due to Expenditures:					
Net Adjustments to Expenditure Accruals	(73,568)	(5,039)	(1)	(1,585,599)	201
Due to Other Sources/Uses	31,519	0	3,301	0	0
Budget Basis	<u>\$ 445,192</u>	<u>16,604</u>	<u>71,874</u>	<u>4,489,460</u>	<u>\$ 10,498</u>

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**Note 3. Cash and Investments**

State statutes classify monies held by the District into three categories. Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 of Education has identified as not required for use within the current period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Protection of school district deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Monies held by the District which are not considered active are classified as interim. Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
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**Note 3. Cash and Investments (continued)**

6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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

**Cash on Hand:** At fiscal year end, the District had \$50 in undeposited cash on hand which is included on the balance sheet of the District as part of the "Equity in Pooled Cash and Investments."

**Deposits:** At year end, the carrying amount of the District's deposits was \$70,249 and the bank balance was \$129,621, of which \$29,621 was in Certificates of Deposit. All of the bank balance was covered by the Federal Deposit Insurance Corporation.

**Investments:** GASB Statement No. 3, entitled *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* requires the District's investments to be categorized to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which are held by the counter party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the District's name.

	Category			Carrying Value	Fair Value
	1	2	3		
Victory Federal Money Market Mutual Fund	\$ 0	0	1,355,259	1,355,259	\$ 1,355,259
Sky Bank Money Market Savings	0	0	9,923,251	9,923,251	9,923,251
Aim Mutual Fund	0	0	535,054	535,054	535,054
Federal Agency Securities	0	0	13,000,000	13,000,000	13,063,083
Total Investments			<u>\$24,813,564</u>	<u>\$ 24,813,564</u>	<u>\$24,876,647</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9 entitled *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**Note 3. Cash and Investments (continued)**

A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments	
GASB Statement No. 9	\$ 24,883,863	\$ 0	
Investments:			
SkyBank Money Market Savings Fund	(9,923,251)	9,923,251	
Aim Mutual Fund	(535,054)	535,054	
Federal Agency Securities	(13,000,000)	13,000,000	
Victory Federal Money Market Mutual Fund	(1,355,259)	1,355,259	
Cash on Hand	(50)	0	
GASB Statement No. 3	\$ 70,249	\$ 24,813,564	

**Note 4. Property Tax**

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Ashtabula County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the District was completed in 2002; an update will be done in 2005. The next revaluation is scheduled for 2008.

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 usually due February 14, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers may be paid annually or semi-annually, the first payment is due April 30, with the remainder payable by September 28.

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**Note 4. Property Tax (continued)**

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Ashtabula County Treasurer collects property tax on behalf of the District. The Ashtabula County Auditor remits the collected taxes to the District. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, are reflected as a reservation of fund balance. The District is prohibited by law from appropriating the property taxes recognized as revenue in accordance with Ohio Revised Code Section 5705.35 since an advance of tax revenue was not received by the end of the fiscal year.

The full tax rate at the fiscal year ended June 30, 2003 for operations was \$40.66 per \$1,000 of assessed valuation and for permanent improvements, \$1.55 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the fiscal year 2003 taxes were collected were as follows:

Real Property-Commercial/Industrial	\$ 10,052,520
Real Property-Residential/Agricultural	111,343,780
Personal Property-General	14,510,390
Personal Property-Public Utilities	<u>6,362,550</u>
Total Assessed Value	<u><u>\$ 142,269,240</u></u>

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2003**

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**Note 5. Receivables**

Receivables at June 30, 2003 consisted of taxes, accounts (miscellaneous), and intergovernmental grants and entitlements. 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 guarantee of Federal funds.

A summary of the principal items of Intergovernmental Receivables follows:

General Fund:	
Tuition	\$ 1,187
CAFS Reimbursement	1,036
Foundation Adj.	18,269
Total General Fund	<u>20,492</u>
Special Revenue Fund:	
Title I Grant	35,549
Title II Grant	3,008
Total Special Revenue Fund	<u>38,557</u>
Proprietary Funds:	
Federal Lunchroom Reimbursements	27,768
Total Proprietary Fund	<u>27,768</u>
Grand Total	<u>\$ 86,817</u>

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
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FOR THE YEAR ENDING JUNE 30, 2003**

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**Note 6. Fixed Assets**

The following is a summary of the Proprietary Fund property, plant and equipment at June 30, 2003:

Enterprise Fund	June 30, 2003
Furniture and Equipment	\$ 198,579
Less Accumulated Depreciation	(123,763)
Net Fixed Assets	\$ 74,816

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2003:

	General Fixed Assets June 30, 2002	Additions	Deletions	General Fixed Assets June 30, 2003
Land and Improvements	\$ 535,353	320,000	0	\$ 855,353
Buildings	2,641,256	0	0	2,641,256
Improvements other than Buildings	665,637	13,205	0	678,842
Furniture and Equipment	1,931,375	78,749	46,614	1,963,510
Vehicles	1,134,238	13,300	45,081	1,102,457
Total General Fixed Assets	\$ 6,907,859	425,254	91,695	\$ 7,241,418

There was no significant construction in progress at June 30, 2003.



**GRAND VALLEY LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**Note 7. Defined Benefit Pension Plans**

**A. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$169,368, \$157,536 and \$174,360, respectively; 46 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. \$99,048 representing the unpaid contribution for fiscal year 2003, including the surcharge, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

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

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**B. State Teachers Retirement System (Continued)**

or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 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 the fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were \$574,152, \$564,384, and \$538,488 respectively; 83 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$3,407 made by the School District and \$3,018 made by the plan members.

**Note 8. Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. Effective July 1, 2000, the STRS Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund, a decrease of 3.5 percent for fiscal year 2003. For the District, this amount equaled \$41,011 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
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**Note 8. Postemployment Benefits (Continue)**

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002 (the latest information available), employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent for fiscal year 2002. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$14,500. For the District, the amount to fund health care benefits, including surcharge, during the 2003 fiscal year equaled \$117,677.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2002, (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants receiving health care benefits.

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
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**Note 9. Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (260 days) are eligible for vacation time. The superintendent and treasurer are generally granted twenty days of vacation per year.

Classified employees earn five to twenty-five days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment in accordance with state law.

The classified personnel accumulate vacation based on the following schedule:

<u>Years Service</u>	<u>Vacation</u>
< 6 months -1	1 week
1 - 4	2 weeks
5 -11	3 weeks
12 -19	4 weeks
20-beyond	5 weeks

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for certified employees is 320 days and for classified employees, 290 days.

For all employees, retirement severance is paid to each employee retiring from the 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 every 10 accumulated sick days above 220 days. Maximum attainable days for severance pay 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  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**Note 10. Risk Management**

A. General Risk

The 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 District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

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

The District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss.

The District maintains replacement cost insurance on buildings and contents in the amount of \$24,164,334.

B. Workers' Compensation

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

The intent of the GRP is to achieve the benefit of a reduced premium for the 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund."

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

C. Health Insurance

In July, 1987, the District joined the Ashtabula County Schools Council of Governments Employees Insurance Consortium to form a council of governments to insure its medical claims. The consortium currently includes seven member school districts. The insurance plan operates as a full indemnity program.

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2003**

**Note 11. Long-Term Debt**

A summary of changes in long-term obligations for the year ended June 30, 2003, are as follows:

	Balance				Balance
	July 1, 2002	Additions	Deletions		June 30, 2003
Intergovernmental Payable	\$ 54,959	65,250	54,959	\$	65,250
Bonds Payable	13,114,725	0	296,249		12,818,476
Leases Payable	23,942	0	13,337		10,605
Retirement Incentive	60,000	20,000	60,000		20,000
Compensated Absences Payable	469,327	529,212	469,327		529,212
	<u>\$ 13,722,953</u>	<u>614,462</u>	<u>893,872</u>	<u>\$</u>	<u>13,443,543</u>

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9.0% of the total value of all property in the District as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed .01% of the total assessed value of property. The District has no unvoted debt, the District's unvoted debt limit is \$119,461. The voted debt limit at June 30, 2003 is \$10,751,516.

**General Obligation Bonds**

Library Construction Bonds, Series 1988: The District issued Library Construction Bonds in October, 1988 in the amount of \$225,000 at an annual rate of 7.25 percent for 20 years. The outstanding obligation for these bonds at June 30, 2003, is \$67,500.

The annual maturities of the Library Construction Bonds as of June 30, 2003, and related interest payments are as follows:

	Principal	Interest	Payment
FY 2004	\$ 11,250	4,485	\$ 15,735
FY 2005	11,250	3,670	14,920
FY 2006	11,250	2,854	14,104
FY 2007 and thereafter	33,750	3,369	37,119
	<u>\$ 67,500</u>	<u>14,378</u>	<u>\$ 81,878</u>

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
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**Note 11. Long-Term Debt (continued)**

Classroom Facilities Improvement Bonds, Series 2002:

The District issued Classroom Facilities Improvement Bonds for the purpose of paying the local share of school construction under the State of Ohio Classroom Facilities Assistance Program on March 28, 2002. The bonds, in the amount of \$13,035,975 will be repaid over 22 years at an average interest rate of 4.90 percent. The final maturity of the bonds will be December, 2024.

The annual maturities of the Classroom Facilities Improvement Bonds as of June 30, 2003, and related interest payments are as follows:

	Principal	Interest	Payment
FY 2004	\$ 405,000	543,966	\$ 948,966
FY 2005	430,000	531,441	961,441
FY 2006	455,000	518,166	973,166
FY 2007 and thereafter	11,460,975	6,891,758	18,352,733
	<u>\$ 12,750,975</u>	<u>8,485,331</u>	<u>\$ 21,236,306</u>

**Capital Leases**

The District is making installment payments on four copiers and a van. This equipment has been capitalized in the general fixed assets account group. This obligation has an outstanding balance of \$10,605 at June 30, 2003.

Payment schedule for the installment purchase obligations as of June 30, 2003:

	Principal	Interest	Payment
FY 2004	\$ 8,352	484	\$ 8,836
FY 2005	2,253	112	2,365
	<u>\$ 10,605</u>	<u>596</u>	<u>\$ 11,201</u>

**Operating Lease**

The District has entered into an operating lease for the rental of two copiers. The annual payment for the lease is \$12,120.

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2003**

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**Note 12. Jointly Governed Organizations**

NORTHEAST OHIO MANAGEMENT INFORMATION NETWORK- (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 District contributed \$22,065 to NEOMIN for fiscal year 2003.

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 districts, and two treasurers, one from each county. The District was not represented on the Governing Board during fiscal year 2003. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of a complete set of separate financial statements, write to the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio, 44481.

NORTHEAST OHIO SPECIAL EDUCATION REGIONAL RESOURCE CENTER- (NEOSERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

NEOSERRC is governed by a governing board of 39 members made up of representatives from 35 superintendents of the participating districts, one non-public school, one county board of mental retardation and two parents whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, 100 DeBartolo Place, Youngstown, Ohio, 44512.

ASHTABULA COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

The District is a member of the Ashtabula County Joint Vocational School District. The Ashtabula County Joint Vocational School District has a seven-member board of education and is funded by levying millage and state and federal support. The District has no board representation.

The District has no ongoing financial interest or financial responsibility to the Ashtabula County Joint Vocational School District.

ASHTABULA COUNTY SCHOOLS COUNCIL of GOVERNMENTS

The District's Superintendent is a member of the governing board of the Ashtabula County Schools Council of Governments, a separate entity formed for the purpose of purchasing health insurance. The District has no ongoing financial interest or financial responsibility to the Council of Governments other than via participation by purchasing health insurance.



**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2003**

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**Note 12. Jointly Governed Organizations (Continued)**

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 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 District for operational subsidies. Although the 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, Majorie Sharp, Clerk/Treasurer, at 1 North School Street, Orwell, Ohio 44076.

**Note 13. Contingencies**

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the 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 District at June 30, 2003.

B. Litigation

The District is a defendant in a legal proceeding pertaining to matters which are incidental to performing routine governmental and other functions. Based on the status of this legal proceeding, it is the opinion of management that the ultimate resolution of such will not have a material effect on the District's financial statements.

**Note 14. School Funding Decision**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...".

The District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2003**

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**Note 15. Ohio Schools Council**

The District participates in the Council's electricity purchase program which was implemented during fiscal year 1999. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

Energy Acquisition Corp., a non-profit corporation with a self-appointing board, issued \$119,140,000 in debt to purchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corp.

**Note 16. Fund Deficits**

Fund balances at June 30, 2003, included the following individual fund deficit:

SchoolNet Prof. Development Grant	\$	(2)
Title II-A Grant	\$	(322)

These fund deficits resulted from adjustments for accrued liabilities. The general fund is liable for any deficits in the funds and provides operating transfers when cash is required, not when accruals occur.

**Note 17. Statutory Reserves**

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

Effective April 10, 2001, the District is no longer required to maintain a budget stabilization reserve. However, restrictions have been placed on the disposition of any balances remaining in the previously required budget reserve.

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

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2003**

**Note 17. Statutory Reserves (Continued)**

During the fiscal year ended June 30, 2003, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Set-Aside Cash Balance as of June 30, 2002	\$ 0	\$ 0	\$ 89,901	\$ 89,901
Current Year Set-Aside	180,308	180,308	0	360,616
Current Offset Credits	(179,137)	(180,308)	0	(359,445)
Qualifying Disbursements		0	0	0
<b>Total</b>	<b><u>\$ 1,171</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 89,901</u></b>	<b><u>\$ 91,072</u></b>
Cash Balance Carried Forward to FY 2004	<u>\$ 1,171</u>	<u>\$ 0</u>	<u>\$ 89,901</u>	<u>\$ 91,072</u>
Amount Restricted for Budget Stabilization				<u>\$ 89,901</u>
Amount Restricted for Textbooks				<u>\$ 1,171</u>
Total Restricted Assets				<u>\$ 91,072</u>

**Note 18. Restatement of Fund Balances**

For Fiscal Year 2002, the District incorrectly recorded accrued interest of \$69,212 in the Capital Projects Fund. Therefore, a restatement of the June 30, 2002 fund balance has been made reducing the fund balance to \$13,823,939 from \$13,893,151.

Additionally, for Fiscal Year 2002, the District incorrectly classified two Expendable Trust Funds as Non-Expendable Trust funds the error overstates the Non-Expendable Trust by \$31,405 and under state the Expendable Trust by the same amount. Therefore, a restatement of the June 30, 2002 fund balance has been made reducing the Non-Expendable Trust Fund Balance from \$42,097 to \$10,692 and increasing the Expendable Trust Fund Balance from \$21,597 to \$53,002.

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**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through The Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
Food Distribution Program	N/A	10.550	-	\$38,707	-	\$38,707
School Breakfast Program	05-PU-2002 05-PU-2003	10.553	\$10,672 32,347	- -	\$10,672 32,347	- -
<b>Subtotal -- School Breakfast Program</b>			<u>43,019</u>	-	<u>43,019</u>	-
National School Lunch Program	LL-P4 2002 LL-P4 2003	10.555	- 36,339	- -	- 36,339	- -
<b>Subtotal -- School National School Lunch Program</b>			<u>108,619</u>	-	<u>108,619</u>	-
<b>Total U.S. Department of Agriculture – Nutrition Cluster</b>			<u>187,977</u>	<u>38,707</u>	<u>187,977</u>	<u>38,707</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>Passed Through The Ohio Department of Mental Retardation and Disabilities</i>						
<i>Medicaid Cluster:</i>						
Medical Assistance Program -- CAFS	FY 2002	93.778	14,162	-	14,162	-
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through The Ohio Department of Education:</i>						
<i>Grants to Local Educational Agencies</i>						
Title I School Subsidy	C1-S1-2002 C1-S1-2003	84.010	28,261 301,798	- -	48,346 289,903	- -
<b>Total – Title I School Subsidy</b>			<u>330,059</u>	-	<u>338,249</u>	-
Drug Free Education – Subsidy	DR-S1-2003	84.186	9,289	-	9,289	-
Assistive Technology	AT-S3-2002	84.224	5,157	-	5,157	-
Continous Improvement Program Goals 2000	N/A	84.276	-	-	2,678	-
Eisenhower Professional Development Grant	MS-S1-2002	84.281	75	-	1,305	-
Innovative Education Program Strategies	CS-S1-2003	84.298	7,927	-	3,848	-
Technology Literacy Challenge Fund Grants	TJ-S1-2003	84.318	9,071	-	6,708	-
Title VI - R Class Size Reduction Subsidy	CS-S1-2002	84.340	-	-	8,244	-
Improving Teacher Quality State Grants	TR-S1-2003	84.367	90,111	-	84,161	-
<b>Total – U.S. Department of Education</b>			<u>451,689</u>	-	<u>459,639</u>	-
<b>U.S. Office of Library Services</b>						
<i>Passed Through The Ohio Library Board:</i>						
<b>Library Services and Technology Act</b>	-	45.310	<u>17,728</u>	-	<u>17,728</u>	-
<b>Totals</b>			<u>\$671,556</u>	<u>\$38,707</u>	<u>\$679,506</u>	<u>\$38,707</u>

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

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B- FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2003, had no significant food commodities in inventory.

**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.



**Auditor of State  
Betty Montgomery**

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Grand Valley Local School District  
Ashtabula County  
7527 State Route 45 North  
Orwell, Ohio 44076

To The Board of Education:

We have audited the financial statements of Grand Valley Local School District, Ashtabula County; (the "District") as of and for the year ended June 30, 2003, and have issued our report thereon dated January 21, 2004. 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.

**Compliance**

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

**Internal Control Over Financial Reporting**

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

Grand Valley Local School District  
Ashtabula County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

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

**Betty Montgomery**  
Auditor of State

January 21, 2004





## Auditor of State Betty Montgomery

### REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Grand Valley Local School District  
Ashtabula County  
7527 State Route 45 North  
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 are applicable to each of its major federal programs for the year ended June 30, 2003. District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003.

#### Internal Control Over Compliance

The management of District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs.

In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

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

**Betty Montgomery**  
Auditor of State

January 21, 2004

**GRAND VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
JUNE 30, 2003**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster CFDA #'s 10.550, 10.553 and 10.555
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: > All others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

Finding Number	None
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**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

Finding Number	None
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**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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 9, 2004**