



**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2011**



**Dave Yost • Auditor of State**



**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**TABLE OF CONTENTS**

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Assets.....	11
Statement of Activities .....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	16
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – (Budget Basis) – General Fund .....	17
Statement of Fund Net Assets – Proprietary Funds.....	19
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	20
Statement of Cash Flows – Proprietary Funds.....	21
Statement of Fiduciary Assets and Liabilities – Agency Fund.....	22
Notes to the Basic Financial Statements .....	23
Federal Awards Receipts and Expenditures Schedule.....	49
Notes to the Federal Awards Receipts and Expenditures Schedule .....	50
Independent Accountants' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	51
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program, and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	53
Schedule of Findings.....	55
Schedule of Prior Audit Findings.....	56
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	57

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Grandview Heights City School District  
Franklin County  
1587 West Third Avenue  
Columbus, Ohio 43212

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grandview Heights City School District, Franklin County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grandview Heights City School District, Franklin County, Ohio, as of June 30, 2011, and the respective changes in financial position and cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 19, during the year ended June 30, 2011, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Federal Awards Receipts and Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

January 24, 2012

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

**Financial Highlights**

The District's net assets are \$16,135,418 as of June 30, 2011. This represents an increase of \$1,248,893 over last year. The increase in net assets is due primarily to an increase in taxes receivable as a result of passing a 3.9 mill operating levy in November, 2010.

General revenues accounted for \$17,155,549 or 89.77% of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$1,953,946 or 10.23% of total revenues of \$19,109,495.

The District had \$17,230,683 in expenses related to governmental activities; only \$1,259,798 of these expenses were offset by program specific charges for services and operating grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$17,136,549 along with beginning net assets were sufficient to provide for these programs.

As of June 30, 2011 the General Fund reported a positive fund balance of \$7,762,978, which represents a 3.56% increase from 2010.

**Reporting the District as a Whole**

*The Statement of Net Assets and Statement of Activities*

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

Our analysis of the District's major funds appear on the fund financial statements beginning with the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. These provide detailed information about the most significant funds—not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's three types of funds, governmental, proprietary, and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

*Governmental Funds*

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

*Proprietary Funds*

Proprietary funds use the accrual basis of accounting, the same as on the entity-wide statements, therefore the statements will essentially match the business-type activities portion of the entity-wide statements.

*Fiduciary Funds*

The District has one agency fund for student activities. The agency fund's assets are equal to its liabilities since agency funds do not reflect revenues and expenses and all of its assets are held for others. The District's agency fund is reported in the Statement of Fiduciary Assets and Liabilities, Agency Fund. We exclude these assets and liabilities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$16,135,418 according to the Statement of Net Assets at the close of the most recent fiscal year.

The largest portions of the District's net assets (45%) are unrestricted. As such, these assets are available for future spending to meet the District's ongoing activities. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A comparative analysis of fiscal year 2011 to 2010 follows from the Statements of Net Assets:

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

	<u>Net Assets</u>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Current Assets	\$ 20,729,051	\$ 19,396,154	\$ 211,221	\$ 138,794	\$ 20,940,272	\$ 19,534,948
Capital Assets	12,165,502	12,182,121	31,775	33,948	12,197,277	12,216,069
<b>Total Assets</b>	<b>\$ 32,894,553</b>	<b>\$ 31,578,275</b>	<b>\$ 242,996</b>	<b>\$ 172,742</b>	<b>\$ 33,137,549</b>	<b>\$ 31,751,017</b>
Current Liabilities	\$ 10,487,634	\$ 9,604,819	\$ 88,946	\$ 102,600	\$ 10,576,580	\$ 9,707,419
Long-Term Liabilities	6,422,540	7,154,741	3,011	2,332	6,425,551	7,157,073
<b>Total Liabilities</b>	<b>16,910,174</b>	<b>16,759,560</b>	<b>91,957</b>	<b>104,932</b>	<b>17,002,131</b>	<b>16,864,492</b>
Net Assets:						
Invested in Capital						
Assets, Net of Dep	6,899,205	6,031,485	31,775	33,948	6,930,980	6,065,433
Restricted	1,878,226	1,636,932	-	-	1,878,226	1,636,932
Unrestricted	7,206,948	7,150,298	119,264	33,862	7,326,212	7,184,160
<b>Total Net Assets</b>	<b>\$ 15,984,379</b>	<b>\$ 14,818,715</b>	<b>\$ 151,039</b>	<b>\$ 67,810</b>	<b>\$ 16,135,418</b>	<b>\$ 14,886,525</b>

A portion of the District's net assets (12%) represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the District's ongoing activities.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

	<b>Changes in Net Assets</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Revenues						
Program Revenues						
Charges for Services	\$ 472,006	\$ 443,434	\$ 610,619	\$ 546,900	\$ 1,082,625	\$ 990,334
Operating Grants and Contributions	787,792	572,035	83,529	79,412	871,321	651,447
General Revenues					-	-
Property Taxes	12,527,637	11,943,217	-	-	12,527,637	11,943,217
Intergovernmental-Stat	4,523,586	4,508,823	-	-	4,523,586	4,508,823
Other	104,326	105,046	-	-	104,326	105,046
Total Revenues	<u>18,415,347</u>	<u>17,572,555</u>	<u>694,148</u>	<u>626,312</u>	<u>19,109,495</u>	<u>18,198,867</u>
Expenses						
Instruction	9,928,733	9,900,072	-	-	9,928,733	9,900,072
Support Services	5,818,678	6,023,162	-	-	5,818,678	6,023,162
Extracurricular Activities	885,750	828,428	-	-	885,750	828,428
Facilities Services	329,009	95,408	-	-	329,009	95,408
Interest & Fiscal Charges	268,513	311,099	-	-	268,513	311,099
Food Service	-	-	291,339	305,295	291,339	305,295
Child Care	-	-	338,580	349,300	338,580	349,300
Total Expenses	<u>17,230,683</u>	<u>17,158,169</u>	<u>629,919</u>	<u>654,595</u>	<u>17,860,602</u>	<u>17,812,764</u>
Transfers	<u>(19,000)</u>	<u>(45,000)</u>	<u>19,000</u>	<u>45,000</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>\$ 1,165,664</u>	<u>\$ 369,386</u>	<u>\$ 83,229</u>	<u>\$ 16,717</u>	<u>\$ 1,248,893</u>	<u>\$ 386,103</u>

*Governmental Activities*

Net assets of the District's governmental activities increased by \$1,165,664 and unrestricted net assets reflect a positive balance of \$7,206,948. The increase in net assets is due primarily to the increase in taxes receivable as a result of passing a 3.9 mill operating levy in November, 2010. There were no significant permanent improvement projects that occurred during 2011.

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

The District on November 14, 2006 approved the issuance of unvoted debt for \$175,000 to be used toward the furnishing of materials and performance of labor necessary to install a synthetic grass playing field at Bobcat Stadium. PNC Bank (formerly National City Bank) purchased the notes with a 4.25% interest rate. The amount of money required for the synthetic grass playing field contract in excess of the \$175,000 was provided by the Touchdown Club, an adult booster organization. Their fundraising efforts included generous donations of \$275,000 from Jack Anderson (GHHS Class of 1942) and \$50,000 from Ralph W. "Andy" Anderson (GHHS Class of 1954) after whom Anderson Field was renamed.

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

	<b>Total Cost of Services 2011</b>	<b>Net Cost of Services 2011</b>
Program Expenses		
Instruction		
Regular	\$ 7,343,868	\$ 7,131,055
Special	2,469,781	2,266,076
Vocational	115,084	114,205
Support Services		
Pupils	1,625,174	1,411,775
Instructional Staff	851,844	671,562
Board of Education	17,615	17,615
Administration	1,120,078	1,093,642
Fiscal	710,966	710,966
Business	37,004	(12,234)
Operation & Maintenance	1,390,137	1,390,137
Pupil Transportation	10,722	10,722
Central	55,138	53,151
Extracurricular	885,750	670,556
Facilities Services	329,009	173,144
Interest and Fiscal Charges	268,513	268,513
Total Expenses	<u>\$ 17,230,683</u>	<u>\$ 15,970,885</u>

Local taxes make up 68% of total revenues for governmental activities. The net services column reflecting the need for \$15,970,885 of support indicates the reliance on general revenues to support governmental activities.

*Business-Type Activities*

Business-type activities include food service and child care. These activities net assets were \$151,039 an increase of \$83,229 from prior year's total of \$67,810. The increase was primarily due to the child care operations.

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$9,629,845 which is above last year's total of \$9,023,304 according to the Balance Sheet, Governmental Funds. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2011 and 2010.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

	<b>Fund Balance June 30, 2011</b>	<b>Fund Balance June 30, 2010 As Restated</b>	<b>Increase/ Decrease</b>
General	\$ 7,762,978	\$ 7,529,579	\$ 233,399
Bond Retirement	1,339,963	1,317,299	22,664
Other Governmental	526,904	176,426	350,478
<b>Total</b>	<b>\$ 9,629,845</b>	<b>\$ 9,023,304</b>	<b>\$ 606,541</b>

*General Fund*

The District's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund.

	<b>2011 Amount</b>	<b>2010 Amount</b>	<b>Percent Change</b>
Revenues			
Taxes	\$ 11,281,123	\$ 10,635,757	6.1%
Interest Earnings	29,271	38,574	-24.1%
Intergovernmental - State	4,436,223	4,413,488	0.5%
Other Revenue	383,490	303,303	26.4%
<b>Total Revenues</b>	<b>\$ 16,130,107</b>	<b>\$ 15,391,122</b>	<b>4.8%</b>

Tax revenues are higher in 2011 due to the District passing a 3.9 mill operating levy in November, 2010. The District began collecting on the additional millage in February, 2011. The decrease in interest earnings is due to the on-going economic recession. The increase in other revenue is due to an increase in tuition revenue directly resulting from an increase in the number of students participating in the all day kindergarten program.

As the table below indicates, the largest portion of General Fund expenditures is for instruction.

	<b>2011 Amount</b>	<b>2010 Amount</b>	<b>Percent Change</b>
Expenditures by Function			
Instruction	\$ 9,535,564	\$ 9,503,506	0.3%
Support Services	5,451,096	5,503,095	-0.9%
Extracurricular	651,217	639,656	1.8%
Facilities Services	41,833	53,333	-21.6%
Capital Outlay	241,064	-	100.0%
Debt Service	175,697	90,941	93.2%
<b>Total</b>	<b>\$ 16,096,471</b>	<b>\$ 15,790,531</b>	<b>1.9%</b>

Expenditures are up \$305,940 or 2% over the prior year. The minimal increase is due to the District's on-going efforts to reduce operating costs in addition to ARRA (American Recovery and Reinvestment Act) grants received and reported within the special revenue funds. The significant increase in capital outlay and debt service expenditures are due to entering into a new capital lease agreement for laptop computers.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

*Bond Retirement Fund*

The District's Bond Retirement Fund balance increased by \$22,664 due to a slight decrease in debt service principal and interest payments. The District on November 14, 2006 approved the issuance of unvoted debt for \$175,000 to be used toward the furnishing of materials and performance of labor necessary to install a synthetic grass playing field at Bobcat Stadium. PNC Bank purchased the notes with a 4.25% interest rate. The debt will be repaid over a ten-year period from rent proceeds from cell towers located in the stadium area with the final payment due on December 1, 2016. The primary revenues of the District's Bond Retirement Fund are property taxes, calculated by the county auditor, state rollback and homestead reimbursements, and personal property tax state reimbursements. The expenses of the fund include debt principal and interest payments as well as county auditor and treasurer fees.

*Other Governmental Funds*

Other governmental funds consist primarily of special revenue, permanent improvement, and capital projects funds. These funds increased by \$350,478 in 2011 primarily due to an increase in federal funding.

**General Fund Budget Information**

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

The District did not increase its General Fund property tax revenue estimates to reflect the receipt of advances from the August, 2011 real property tax settlement in June since those advances were not needed to pay obligations during the 2011 fiscal year. The District decreased its total General Fund expenditure estimate by \$119,244 about .7% difference from the original estimate.

The District uses the five-year forecast as the original document from which to form the operating budget. After updating the forecast for changes in revenue and expenditure assumptions, the operating budget begins at the school level. Each school in the District receives a per pupil allocation augmented with resources for special education students in the specific buildings. Budgets are reviewed periodically to ensure management becomes aware of any variations during the year.

**Capital Assets**

The District has \$6,930,980 invested in capital assets net of depreciation and related debt, with \$6,899,205 attributed to governmental activities. Detailed information regarding capital asset activity is included in the notes to the basic financial statements.

**Debt**

On June 30, 2011, the District had \$5,109,989 in outstanding bonds and notes. During 2011, the District issued no additional bonds or notes. The District paid \$952,500.00 in principal on bonds and notes and \$262,348 in interest during the 2011 fiscal year. Detailed information regarding long term debt is included in the notes to the basic financial statements.

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total taxable valuation of real and personal property. As of June 30, 2011, the District's general obligation debt was below the legal limit.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

**Economic Conditions and Outlook**

The future financial stability of the District is not without challenges. Contributing to the challenge for the District is the funding received by the District from the State of Ohio. The District experienced a 1% reduction in state school foundation revenues in fiscal year 2010 over 2009 and another 4% reduction in fiscal year 2011 over 2010. In addition, as a result of Am. Sub. HB-153 the 2011-13 biennium budget, the District's five-year financial forecast anticipates a 32% reduction of tangible personal property and public utility deregulation state reimbursements in fiscal year 2012 over 2011 and another 33% reduction in fiscal year 2013 over 2012. Deregulation reimbursements are projected to be discontinued entirely beginning in fiscal year 2013.

It could potentially be worse. The American Recovery and Reinvestment Act of 2009 provided some relief to the loss in revenue associated with the State's budget reductions. While the District continues to receive a moderate amount of federal stimulus funding the amount was drastically reduced for fiscal year 2012 and will continue to decrease through 2014.

Finally, the challenges of the local economy continue to face the District. The District's largest taxpayer, Big Bear Stores, closed and left the District in January, 2004. In response to Big Bear and the loss of other personal property tax revenue, the Board of Education on February 10, 2004 approved a reorganization of the School District resulting in savings of approximately \$855,000. Since then, Nationwide Realty Investors purchased the former Big Bear property and many other adjacent properties with the intention of constructing a major redevelopment project known as Grandview Yard. In July of 2009 the District entered into a compensation agreement with the City of Grandview Heights and Nationwide Realty Investors. According to the compensation agreement, the District will receive an amount equal to 11% of all real property taxes that would have been received by all political subdivision and taxing districts on the exempt value of all the parcels of the property used for non-residential purposes and between 15% and 60% for residential units depending on the number of units and year of assessment. The District is forecasting revenue from the Grandview Yard beginning in the 2011-12 fiscal year.

The dedicated voters in the Grandview Heights City School District approved a 5.9 mill tax levy on November 2, 2010. That tax levy included 3.9 mills for general operating purposes and 2.0 mills for capital improvements, maintenance, and technology updates for a continuing period of time. Based on the District's current five-year forecast, it is expected that the passage of this levy will keep the District solvent through the 2013-14 fiscal year for general operating purposes. It is expected that the District will remain off the ballot until at least November 2013.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Tammy Rizzo, Treasurer, Grandview Heights City School District, 1587 West 3<sup>rd</sup> Avenue, Columbus, Ohio 43212.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS  
JUNE 30, 2011**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 9,438,600	\$ 171,099	\$ 9,609,699
Receivables:			
Taxes	10,749,090	-	10,749,090
Due From Other Governments	456,571	10,567	467,138
Accounts	3,808	23,285	27,093
Materials and Supplies Inventory	-	5,606	5,606
Prepaid Expenditures/Expenses	80,982	664	81,646
Capital Assets, Net of Depreciation	12,165,502	31,775	12,197,277
<i>Total Assets</i>	<u>32,894,553</u>	<u>242,996</u>	<u>33,137,549</u>
<b>Liabilities</b>			
Due to Other Governments	144,086	-	144,086
Accounts Payable	573,172	5,088	578,260
Accrued Salaries and Benefits Payable	1,596,682	66,811	1,663,493
Deferred Tax Revenue	7,828,235	-	7,828,235
Deferred Intergovernmental Revenue	345,459	-	345,459
Deferred Other Revenue	-	17,047	17,047
Long-Term Liabilities:			
Due Within One Year	968,094	3,011	971,105
Due In More Than One Year	5,454,446	-	5,454,446
<i>Total Liabilities</i>	<u>16,910,174</u>	<u>91,957</u>	<u>17,002,131</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt and Depreciation	6,899,205	31,775	6,930,980
Restricted for:			
Debt Service	1,339,963	-	1,339,963
Capital Projects	453,967	-	453,967
Special Education	5,443	-	5,443
Targeted Academic Assistance	14,927	-	14,927
Extracurricular Activities	45,115	-	45,115
Other Purposes	18,811	-	18,811
Unrestricted	7,206,948	119,264	7,326,212
<i>Total Net Assets</i>	<u>\$ 15,984,379</u>	<u>\$ 151,039</u>	<u>\$ 16,135,418</u>

See accompanying notes to the basic financial statements



**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 7,649,072	\$ 1,164,951	\$ 555,675	\$ 9,369,698
Taxes Receivable	9,589,357	757,688	402,045	10,749,090
Due From Other Governments/Others	16	-	456,555	456,571
Accounts Receivable	3,287	-	521	3,808
Prepaid Expenditures/Expenses	75,388	-	5,594	80,982
Restricted Assets:				
Cash and Cash Equivalents	68,902	-	-	68,902
<i>Total Assets</i>	<u>17,386,022</u>	<u>1,922,639</u>	<u>1,420,390</u>	<u>20,729,051</u>
<b>Liabilities</b>				
Due to Other Governments	144,086	-	-	144,086
Accounts Payable	340,798	-	232,374	573,172
Accrued Salaries and Benefits Payable	1,591,059	-	5,623	1,596,682
Deferred Tax Revenue	7,547,101	582,676	310,030	8,439,807
Deferred Intergovernmental Revenue	-	-	345,459	345,459
<i>Total Liabilities</i>	<u>9,623,044</u>	<u>582,676</u>	<u>893,486</u>	<u>11,099,206</u>
<b>Fund Balances</b>				
Nonspendable:				
Prepays	75,388	-	5,594	80,982
Restricted For:				
Debt Service	-	1,339,963	-	1,339,963
Capital Outlay	-	-	453,967	453,967
HB-412 Set Asides	68,902	-	-	68,902
Special Education	-	-	5,443	5,443
Targeted Academic Assistance	-	-	14,927	14,927
Extracurricular Activities	-	-	45,115	45,115
Other Purposes	-	-	18,811	18,811
Committed To:				
Budget Reserve	750,000	-	-	750,000
Assigned	1,022,311	-	-	1,022,311
Unassigned	5,846,377	-	(16,953)	5,829,424
<i>Total Fund Balances</i>	<u>7,762,978</u>	<u>1,339,963</u>	<u>526,904</u>	<u>9,629,845</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 17,386,022</u>	<u>\$ 1,922,639</u>	<u>\$ 1,420,390</u>	<u>\$ 20,729,051</u>

See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2011**

---

---

<b>TOTAL GOVERNMENTAL FUND BALANCES</b>	<b>\$ 9,629,845</b>
---	---------------------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	12,165,502
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds	611,572

Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:

Interest Payable	(20,180)	
Accrued Benefits Payable	(1,136,063)	
Capital Lease Obligations Due Within One Year	(76,032)	
Capital Lease Obligations Due in More Than One Year	(80,276)	
General Obligation Notes Payable Due Within One Year	(17,500)	
General Obligation Notes Payable Due in More Than One Year	(87,500)	
General Obligation Bonds Payable Due Within One Year	(750,000)	
General Obligation Bonds Payable Due in More Than One Year	<u>(4,254,989)</u>	
Total		<u>(6,422,540)</u>

<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 15,984,379</u></b>
--	-----------------------------

See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$ 11,281,123	\$ 922,495	\$ 480,478	\$ 12,684,096
Intergovernmental - State	4,436,223	110,978	65,773	4,612,974
Intergovernmental - Federal	-	-	698,404	698,404
Interest Income	29,271	-	-	29,271
Tuition and Fees	225,747	-	-	225,747
Miscellaneous Revenue	157,743	-	163,571	321,314
<i>Total Revenues</i>	<u>16,130,107</u>	<u>1,033,473</u>	<u>1,408,226</u>	<u>18,571,806</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	7,075,909	-	38,844	7,114,753
Special	2,343,936	-	133,830	2,477,766
Vocational	115,719	-	-	115,719
<b>Total Instructional Services</b>	<u>9,535,564</u>	<u>-</u>	<u>172,674</u>	<u>9,708,238</u>
Support Services:				
Pupils	1,423,788	-	214,254	1,638,042
Instructional Staff	686,302	-	181,005	867,307
Board of Education	17,615	-	-	17,615
Administration	1,094,142	-	26,542	1,120,684
Fiscal	682,671	12,774	5,746	701,191
Business	45,197	-	-	45,197
Operation and Maintenance	1,435,860	-	-	1,435,860
Pupil Transportation	10,722	-	-	10,722
Central	54,799	-	1,995	56,794
<b>Total Support Services</b>	<u>5,451,096</u>	<u>12,774</u>	<u>429,542</u>	<u>5,893,412</u>
Extracurricular Student Activities	651,217	-	163,844	815,061
Facilities Services	41,833	-	287,176	329,009
Capital Outlay	241,064	-	-	241,064
Debt Service:				
Principal Retirement	172,902	762,500	-	935,402
Interest and Fiscal Charges	2,795	257,836	4,512	265,143
<i>Total Expenditures</i>	<u>16,096,471</u>	<u>1,033,110</u>	<u>1,057,748</u>	<u>18,187,329</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>33,636</u>	<u>363</u>	<u>350,478</u>	<u>384,477</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds From Capital Lease Obligations	241,064	-	-	241,064
Operating Transfers In	-	22,301	12,839	35,140
Operating Transfers Out	(41,301)	-	(12,839)	(54,140)
<i>Total Other Financing Sources (Uses)</i>	<u>199,763</u>	<u>22,301</u>	<u>-</u>	<u>222,064</u>
<i>Net Change in Fund Balances</i>	233,399	22,664	350,478	606,541
<i>Fund Balances (Deficits) Beginning of Year (Restated)</i>	<u>7,529,579</u>	<u>1,317,299</u>	<u>176,426</u>	<u>9,023,304</u>
<i>Fund Balances (Deficits) End of Year</i>	<u>\$ 7,762,978</u>	<u>\$ 1,339,963</u>	<u>\$ 526,904</u>	<u>\$ 9,629,845</u>

See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

---

---

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 606,541</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and does not result in an expense in the Statement of Activities.	935,402
Some revenues that will not be collected for several months after the District's fiscal year ends are not considered "available" revenues and are deferred in the governmental funds. Deferred Revenues increased by this amount this year for delinquent taxes receivable.	(156,459)
Proceeds from the issuance of bonds and capital leases are reported as revenues in the governmental funds. In the Statement of Net Assets it increases liabilities.	(241,064)
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(3,370)
Some expenses reported in the Statement of Activities, such as compensated absences payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	34,493
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	<u>(9,879)</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 1,165,664</u></b>

See accompanying notes to the basic financial statements.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS - FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
GENERAL FUND**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 7,915,365	\$ 10,607,448	\$ 10,607,448	\$ -
Intergovernmental - State	4,358,983	4,436,223	4,436,223	-
Interest Income	30,000	28,025	29,271	1,246
Tuition and Fees	360,413	282,508	283,169	661
Miscellaneous	45,000	100,735	100,735	-
<b>Total Revenues</b>	<b>12,709,761</b>	<b>15,454,939</b>	<b>15,456,846</b>	<b>1,907</b>
<b>Expenditures</b>				
Instruction, Regular:				
Salaries and Wages	5,347,940	5,450,157	5,416,720	33,437
Fringe Benefits	1,422,479	1,317,110	1,284,913	32,197
Purchased Services	176,236	167,685	167,313	372
Supplies	164,638	149,433	139,747	9,686
Miscellaneous Expenditures	73,615	73,329	67,308	6,021
<b>Total Instruction, Regular</b>	<b>7,184,908</b>	<b>7,157,714</b>	<b>7,076,001</b>	<b>81,713</b>
Instruction, Special:				
Salaries and Wages	1,308,420	1,367,504	1,360,039	7,465
Fringe Benefits	390,289	365,042	349,883	15,159
Purchased Services	796,855	733,815	733,373	442
Supplies	5,807	5,553	2,307	3,246
Miscellaneous Expenses	200	-	-	-
<b>Total Instruction, Special</b>	<b>2,501,571</b>	<b>2,471,914</b>	<b>2,445,602</b>	<b>26,312</b>
Instruction, Vocational:				
Salaries and Wages	92,410	92,550	92,099	451
Fringe Benefits	24,215	24,389	23,993	396
<b>Total Instruction, Vocational</b>	<b>116,625</b>	<b>116,939</b>	<b>116,092</b>	<b>847</b>
<b>Total Instructional Services</b>	<b>9,803,104</b>	<b>9,746,567</b>	<b>9,637,695</b>	<b>108,872</b>
Support Service, Pupils:				
Salaries and Wages	891,891	992,657	984,117	8,540
Fringe Benefits	301,428	276,739	266,577	10,162
Purchased Services	382,908	380,861	373,037	7,824
Supplies	66,014	55,229	49,643	5,586
Miscellaneous Expenditures	39,331	60,835	57,821	3,014
<b>Total Support Service, Pupils</b>	<b>1,681,572</b>	<b>1,766,321</b>	<b>1,731,195</b>	<b>35,126</b>
Support Service, Instructional Staff:				
Salaries and Wages	303,218	315,175	307,074	8,101
Fringe Benefits	288,052	238,904	230,987	7,917
Purchased Services	154,374	127,100	113,405	13,695
Supplies	26,610	27,196	24,348	2,848
Miscellaneous Expenditures	19,022	19,864	19,057	807
<b>Total Support Service, Instructional Staff</b>	<b>791,276</b>	<b>728,239</b>	<b>694,871</b>	<b>33,368</b>
Support Service, Board of Education:				
Salaries and Wages	9,375	9,375	8,875	500
Fringe Benefits	1,152	1,152	983	169
Purchased Services	3,149	3,149	1,895	1,254
Miscellaneous Expenditures	7,300	7,300	5,965	1,335
<b>Total Support Service, Board of Education</b>	<b>20,976</b>	<b>20,976</b>	<b>17,718</b>	<b>3,258</b>
Support Service, Administration:				
Salaries and Wages	701,189	730,177	727,451	2,726
Fringe Benefits	267,088	272,005	263,414	8,591
Purchased Services	107,078	105,748	89,608	16,140
Supplies	36,361	36,834	34,262	2,572
Miscellaneous Expenditures	5,200	5,200	2,845	2,355
<b>Total Support Service, Administration</b>	<b>1,116,916</b>	<b>1,149,964</b>	<b>1,117,580</b>	<b>32,384</b>

**(Continued)**

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS - FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
GENERAL FUND**

<b>Support Service, Fiscal:</b>				
Salaries and Wages	366,697	360,689	357,579	3,110
Fringe Benefits	106,674	110,720	107,324	3,396
Purchased Services	13,140	14,914	14,181	733
Supplies	6,236	6,236	3,693	2,543
Miscellaneous Expenditures	218,420	211,357	204,845	6,512
<b>Total Support Service, Fiscal</b>	<b>711,167</b>	<b>703,916</b>	<b>687,622</b>	<b>16,294</b>
<b>Support Service, Business:</b>				
Purchased Services	63,830	34,431	32,214	2,217
Supplies	14,777	10,533	4,424	6,109
Miscellaneous Expenditures	10,200	19,100	13,750	5,350
<b>Total Support Service, Business</b>	<b>88,807</b>	<b>64,064</b>	<b>50,388</b>	<b>13,676</b>
<b>Support Service, Operation and Maintenance:</b>				
Salaries and Wages	530,490	544,476	542,125	2,351
Fringe Benefits	206,144	217,305	205,287	12,018
Purchased Services	624,483	616,001	593,939	22,062
Supplies	75,217	87,574	80,480	7,094
Miscellaneous Expenditures	144,721	146,573	144,353	2,220
<b>Total Support Service, Operation and Maintenance</b>	<b>1,581,055</b>	<b>1,611,929</b>	<b>1,566,184</b>	<b>45,745</b>
<b>Support Service, Pupil Transportation:</b>				
Purchased Services	22,407	20,832	17,130	3,702
<b>Total Support Service, Pupil Transportation</b>	<b>22,407</b>	<b>20,832</b>	<b>17,130</b>	<b>3,702</b>
<b>Support Service, Central:</b>				
Salaries and Wages	11,040	10,740	9,540	1,200
Fringe Benefits	1,668	1,668	1,332	336
Purchased Services	54,357	47,731	43,966	3,765
Supplies	2,000	2,000	503	1,497
<b>Total Support Service, Central</b>	<b>69,065</b>	<b>62,139</b>	<b>55,341</b>	<b>6,798</b>
<b>Total Support Service</b>	<b>6,083,241</b>	<b>6,128,380</b>	<b>5,938,029</b>	<b>190,351</b>
<b>Extracurricular Student Activities:</b>				
Salaries and Wages	431,070	419,716	419,490	226
Fringe Benefits	99,490	99,329	91,895	7,434
Purchased Services	133,447	146,990	141,919	5,071
Supplies	8,006	8,006	3,254	4,752
Miscellaneous Expenditures	20,000	-	-	-
<b>Total Extracurricular Student Activities</b>	<b>692,013</b>	<b>674,041</b>	<b>656,558</b>	<b>17,483</b>
<b>Facilities Services:</b>				
Purchased Services	45,000	45,000	42,375	2,625
Miscellaneous Expenditures	11,700	900	900	-
<b>Total Facilities Services</b>	<b>56,700</b>	<b>45,900</b>	<b>43,275</b>	<b>2,625</b>
<b>Total Expenditures</b>	<b>16,635,058</b>	<b>16,594,888</b>	<b>16,275,557</b>	<b>319,331</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,925,297)	(1,139,949)	(818,711)	321,238
<b>Other Financing Sources (Uses)</b>				
Transfers Out	67,334	41,301	41,301	-
Other Financing Uses	53,133	92	92	-
<b>Total Other Financing Sources (Uses)</b>	<b>(120,467)</b>	<b>(41,393)</b>	<b>(41,393)</b>	<b>-</b>
<i>Net Change in Fund Balance</i>	(4,045,764)	(1,181,342)	(860,104)	321,238
<i>Fund Balance Beginning of Year</i>	7,593,891	7,593,891	7,593,891	-
Prior Year Encumbrances Appropriated	527,771	527,771	527,771	-
<b>Fund Balance End of Year</b>	<b>\$ 4,075,898</b>	<b>\$ 6,940,320</b>	<b>\$ 7,261,558</b>	<b>\$ 321,238</b>

See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2011**

	Enterprise Funds		
	Food Service	Child Care Fund	Total
<b>Assets</b>			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 31,354	\$ 139,745	\$ 171,099
Due From Other Governments/Others	59	10,508	10,567
Accounts Receivable	306	22,979	23,285
Materials and Supplies Inventory	5,606	-	5,606
Prepaid Expenditures/Expenses	394	270	664
<i>Total Current Assets</i>	<u>37,719</u>	<u>173,502</u>	<u>211,221</u>
<i>Noncurrent Assets:</i>			
Capital Assets, Net of Depreciation	28,536	3,239	31,775
<i>Total Assets</i>	<u>66,255</u>	<u>176,741</u>	<u>242,996</u>
<b>Liabilities</b>			
<i>Current Liabilities:</i>			
Accounts Payable	264	4,824	5,088
Accrued Salaries and Benefits Payable	30,460	39,362	69,822
Deferred Other Revenue	-	17,047	17,047
<i>Total Liabilities</i>	<u>30,724</u>	<u>61,233</u>	<u>91,957</u>
<b>Net Assets</b>			
Invested in Capital Assets	28,536	3,239	31,775
Unrestricted	6,995	112,269	119,264
<i>Total Net Assets</i>	<u>\$ 35,531</u>	<u>\$ 115,508</u>	<u>\$ 151,039</u>

See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Enterprise Funds		
	Food Service	Child Care Fund	Total
<b>Operating Revenues</b>			
Charges for Services	\$ 192,435	\$ 411,893	\$ 604,328
Other Revenues	6,291	-	6,291
<i>Total Operating Revenues</i>	<u>198,726</u>	<u>411,893</u>	<u>610,619</u>
<b>Operating Expenses</b>			
Employee Salaries & Wages	114,084	248,317	362,401
Employee Fringe Benefits	68,561	56,308	124,869
Purchased Services	3,648	16,213	19,861
Materials and Supplies	101,543	17,036	118,579
Depreciation Expense	3,503	706	4,209
<i>Total Operating Expenses</i>	<u>291,339</u>	<u>338,580</u>	<u>629,919</u>
<i>Operating Income (Loss)</i>	<u>(92,613)</u>	<u>73,313</u>	<u>(19,300)</u>
<b>Non-Operating Revenues:</b>			
State Sources	1,660	-	1,660
Federal Sources	81,869	-	81,869
Transfers In	19,000	-	19,000
<i>Total Non-Operating Revenues</i>	<u>102,529</u>	<u>-</u>	<u>102,529</u>
<i>Change in Net Assets</i>	9,916	73,313	83,229
<i>Net Assets Beginning of Year</i>	<u>25,615</u>	<u>42,195</u>	<u>67,810</u>
<i>Net Assets End of Year</i>	<u><u>\$ 35,531</u></u>	<u><u>\$ 115,508</u></u>	<u><u>\$ 151,039</u></u>

See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Enterprise Funds		
	Food Service	Child Care Fund	Total
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash received from tuition and fees	\$ -	\$ 391,488	\$ 391,488
Cash received from sales	192,376	-	192,376
Other cash receipts	6,324	-	6,324
Cash payments for personal services	(183,946)	(308,956)	(492,902)
Cash payments for contract services	(1,272)	(14,922)	(16,194)
Cash payments for supplies and materials	(89,458)	(17,293)	(106,751)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(75,976)</u>	<u>50,317</u>	<u>(25,659)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
State Sources	1,660	-	1,660
Federal Sources	70,573	-	70,573
Transfers	19,000	-	19,000
<i>Net Cash Provided by Non-Capital Financing Activities</i>	<u>91,233</u>	<u>-</u>	<u>91,233</u>
<i>Cash flow from capital financing activities:</i>			
Purchases of Capital Assets	(2,036)	-	(2,036)
<i>Net increase in Cash and Cash Equivalents</i>	13,221	50,317	63,538
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>18,133</u>	<u>89,428</u>	<u>107,561</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 31,354</u>	<u>\$ 139,745</u>	<u>\$ 171,099</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used for) Operating Activities</b>			
Operating Income (Loss)	\$ (92,613)	\$ 73,313	\$ (19,300)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	3,503	706	4,209
Commodities expense related to noncash grant	11,469	-	11,469
(Increase) Decrease in:			
Due from other governments	(59)	(2,276)	(2,335)
Accounts receivable	33	(9,833)	(9,800)
Prepaid Expenditures/Expenses	2,376	(12)	2,364
Consumption of inventory	89,090	-	89,090
Purchase of inventory	(88,381)	-	(88,381)
Increase (Decrease) in:			
Accounts payable	(93)	1,046	953
Accrued liabilities	(1,301)	(4,331)	(5,632)
Deferred revenue	-	(8,296)	(8,296)
<i>Net Adjustments</i>	<u>16,637</u>	<u>(22,996)</u>	<u>(6,359)</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ (75,976)</u>	<u>\$ 50,317</u>	<u>\$ (25,659)</u>

See accompanying notes to the basic financial statements.

GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND  
JUNE 30, 2011

---

---

	<u>Student Activity</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 68,829
Accounts Receivable	194
Prepaid Expenditures/Expenses	<u>47</u>
<b>Total Assets</b>	<u><u>69,070</u></u>
<b>Liabilities</b>	
Due to Other Government/Others	68,173
Accounts Payable	<u>897</u>
<b>Total Liabilities</b>	<u><u>\$ 69,070</u></u>

See accompanying notes to the basic financial statements.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011**

**1. REPORTING ENTITY**

The Grandview Heights City School District (the District) was organized on May 14, 1906. A special election on May 1, 1906 was held whereby L.D. Bonebrake, C.H. Walcutt, J.E. Hussey, S.M. Orwig and D.S. Field were selected as the first members of the Board of Education. The District continues to be governed by a five-member Board of Education (the Board) elected by the citizens of Grandview Heights and Marble Cliff.

The District is an independent political subdivision of the State of Ohio. It was created by the state to carry out the constitutional requirement to provide a system of public education. The constitution is silent as to how the public schools in Ohio are to be classified or organized, thus leaving it to legislative determination. The District is organized as a city school district according to Ohio Revised Code Section 3311.02. The District consists of the territory within the corporate limits of the City of Grandview Heights and the Village of Marble Cliff encompassing approximately 1.6 square miles.

The accompanying basic 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 the organizations, activities, and functions for which the District is financially accountable. Financial Accountability is defined as the appointment of a voting majority of a component unit's board and either (i) the District's ability to impose its will over a component unit, or (ii) the possibility that the component unit will provide a financial benefit or impose a financial burden on the District. On that basis, the reporting entity of the District includes the services of the School District only. There are no component units.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Fund Accounting**

The District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category is divided into separate fund types. A summary of the District's major funds follows:

**Governmental Funds:**

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

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(a) Fund Accounting (Continued)**

**Governmental Funds:**

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

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

**Proprietary Funds:**

Proprietary funds focus on the determination of operating income, changes in net assets, financial position, and cash flows. The District's proprietary funds are enterprise funds.

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the District's major enterprise funds:

Food Service Fund – The Food Service Fund is used to account for all financial transactions related to food service operations.

Child Care Fund – The Child Care Fund is used to account for all financial transactions related to the District's child care program.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The District's agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program.

**(b) Basis of Presentation**

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities display information about the District as a whole. These statements distinguish between governmental and business-type activities of the District.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type, and for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(b) Basis of Presentation (Continued)**

Program revenues include amounts paid by the recipient of goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the Statement of Fund Net Assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations.

**(c) Basis of Accounting**

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

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

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 (see Note 11). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(c) Basis of Accounting (Continued)

Deferred Revenue – The District reports deferred revenue on its governmental funds balance sheet. Deferred revenue arises when potential revenue does not meet both the measurable and available, and for tax receipts the “intended to finance” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed and revenue is recognized.

The District also reports deferred revenue on the proprietary funds statement of net assets. The deferred revenue arises when child care fees are paid in advance for the services being provided.

Expenditures/Expenses – On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for principal and interest on general long-term debt, which is recorded when due.

(d) Cash and Investments

Monies received by the District are pooled in a central bank account with individual fund balance integrity retained throughout. In 1998, the District adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, and records all its investments at fair value, except repurchase agreements which are reported at cost.

The Grandview Heights School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2011. STAR Ohio is an investment pool managed by the State Treasurer’s Office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by Board Policy #DFA, specified the funds to receive an allocation of interest earnings. All interest revenue received amounts to \$29,271 and is credited to the General Fund during fiscal year 2011.

(e) Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis and inventories are determined by physical count.

(f) Capital Assets and Depreciation

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the government-wide Statement of Net Assets but are not reported in the fund financial statements. Capital assets utilized by proprietary funds are reported on both statement types.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(f) Capital Assets and Depreciation (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District follows the policy of not capitalizing assets with a cost of less than \$300 and a useful life of less than one year. The District does not possess any infrastructure.

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over estimated useful lives ranging from 50 years for buildings, 5 years for improvements other than buildings, and 3 to 20 years for equipment.

(g) Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. These amounts are eliminated in the government-wide statements, except for amounts due between governmental and business-type activities.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Assets, except for amounts due between governmental and business-type activities, which are presented as internal balances.

(h) Compensated Absences

The District has implemented the provisions of GASB Statement No. 16, Accounting for Compensated Absences. Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick and vacation leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The criteria for determining the vacation and sick leave liability is derived from Board policy, negotiated agreements and state laws.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the amount of accumulated sick leave of employees has been recorded as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is not recorded. For proprietary funds, the entire amount of compensated absences is recorded as an expense and liability of the fund.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(i) Accrued Liabilities and Long-term Debt

All accrued liabilities and long-term debt is reported in the government-wide financial statements as well as the proprietary fund financial statements. For governmental fund financial statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims for judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

(j) Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form, such as, inventory or prepaid items or balances that are legally required to be maintained intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

Assigned – resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted balances are available. The District's policy is to first apply assigned, committed and unassigned resources, respectively, when an expense is incurred for the purposes for which assigned, committed and/or unassigned balances are available.

The District does not have a formal minimum fund balance policy. However, the Board has committed \$750,000.00 in the General Fund as a budget reserve for which formal action must be taken in order to expend.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(k) Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of depreciation and related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

(l) Proprietary Funds and Governmental and Business Type Activities

Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the District follows guidance as applicable to proprietary funds and governmental and business type activities, and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB Pronouncements. The District does not apply FASB Statements or interpretations issued after November 30, 1989.

(m) Statements of Cash Flows

For purposes of the statement of cash flows, all cash and investments are also considered to be cash equivalents, since they are available to the proprietary funds on demand.

(n) Management Estimates

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

(o) Budgetary Data

All governmental, proprietary, and fiduciary fund types, other than agency funds, are subject to annual expenditure budgets. The Board follows the procedures outlined below in establishing the expenditures budget data reported in the basic 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 20 of each year, for the fiscal year commencing the following July 1. The Grandview Heights Board of Education normally adopts the Tax Budget at its organizational meeting in January after conducting a public budget hearing. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(o) Budgetary Data (Continued)

- (2) The County Budget Commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year.
- (3) An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. Unencumbered appropriations lapse at year-end and encumbered appropriations are carried forward as additions to appropriations in the succeeding fiscal year. The Grandview Heights Board of Education normally adopts its annual appropriation measure at its regular July meeting. The Board adopts a temporary appropriation measure to allow the District to operate until its annual appropriations are adopted. The appropriation measure may be amended or supplemented during the year as new information becomes available. Individual buildings and/or departments may transfer funds within their budgets. Supplemental appropriations are presented on a monthly basis during the year and include the transfers requested by staff and any amendments to fund unanticipated expenditures. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. Supplemental appropriations approved during the current fiscal year, in the opinion of management, had no significant effect on the financial statements of the District. Appropriations may not exceed estimated resources at the fund level and expenditures may not exceed appropriations in any fund at the object level.
- (4) The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The comparison of actual results with the budget are presented in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund 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 paid in cash (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 (GAAP basis).

(p) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Encumbrances outstanding at year end are reported as assigned in the General Fund only, since they do not constitute expenditures or liabilities.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(p) Encumbrances (Continued)

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**3. CASH AND INVESTMENTS**

The Ohio Revised Code authorizes the District to invest in United States and State of Ohio bonds, notes and other obligations; 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; bank certificates of deposit; no-load money market mutual funds consisting exclusively of obligations previously described in this paragraph and repurchase agreements secured by such obligations, provided that investments in securities herein are made only through eligible institutions; banker acceptances; commercial paper notes rated prime and issued by United States corporations; repurchase agreements secured by United States obligations; and State Treasury Asset Reserve of Ohio (STAR Ohio), which is managed by the Treasurer of the State of Ohio. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities. It is management's policy to invest in United States and State of Ohio bonds, notes and other obligations; repurchase agreements; bank certificates of deposit; and STAR Ohio.

Earnings on investments are credited to the General Fund unless otherwise required by law. It is management's policy while investing the District's public funds primarily to ensure the safety of the principal. The secondary consideration is liquidity and third is rate of return on the investment.

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

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

Public Depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**3. CASH AND INVESTMENTS (Continued)**

These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the District's name. The District complied with the provisions of these statutes.

At June 30, 2011 the carrying amount of the District's deposits was \$7,704,570 and the bank balance was \$7,826,776. Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, as of June 30, 2011 \$6,194,602 of the District's bank balance of \$7,826,776 was exposed to custodial risk as discussed below, while \$1,632,174 was covered by Federal Deposit Insurance Corporation.

**Custodial Credit Risk – Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

The District has no deposit policy for custodial risk beyond the requirements of the State statute discussed in the preceding paragraph.

As of June 30, 2011, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Credit Risk</u>	<u>Fair Value</u>
STAR Ohio	Not Applicable	AAA	<u>1,973,958</u>
Total			<u>\$1,973,958</u>

**Interest Rate Risk:** The Ohio Revised Code 135.14(D) limits interim securities to a term of five years, unless matched to a specific debt.

The District's investment policy follows the above statute for addressing interest rate risk.

**Credit Risk:** As of June 30, 2011, the District's investments in STAR Ohio were rated AAA by Standard & Poor's.

**Concentration of Credit Risk:** The District places no limit on the amount the District may invest in any one issuer for the types of investments listed above. One hundred percent of the District's investments are in STAR Ohio.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**4. DUE FROM OTHER GOVERNMENTS**

Intergovernmental receivables at June 30, 2011, consist of the following:

	<u>Governmental Activities</u>		
	<u>Due From</u>		
	<u>Federal</u>	<u>Local</u>	
	<u>Government</u>	<u>Government</u>	<u>Total</u>
General Fund	\$ -	\$ 16	\$ 16
Other Governmental Funds	\$ 456,555	\$ -	\$ 456,555
Total	\$ 456,555	\$ 16	\$ 456,571

	<u>Business-Type Activities</u>		
	<u>Due From</u>		
	<u>Federal</u>	<u>Local</u>	
	<u>Government</u>	<u>Government</u>	<u>Total</u>
Food Service	\$ -	\$ 59	\$ 59
Child Care	\$ 10,508	\$ -	\$ 10,508
Total	\$ 10,508	\$ 59	\$ 10,567

**5. INTERFUND RECEIVABLES AND PAYABLES**

There were no interfund receivables and payables as of June 30, 2011.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**6. CAPITAL ASSETS**

Summaries of changes in capital assets for the fiscal year ended June 30, 2011, follows:

<b>Activity</b>	<b><u>Governmental Activities</u></b>			<b>Balance June 30, 2011</b>
	<b>Balance</b>		<b>Disposals</b>	
	<b>July 1, 2010</b>	<b>Additions</b>		
Land	\$ 137,400	\$ -	\$ -	\$ 137,400
Buildings and Improvements	17,194,794	-	1,340	17,193,454
Furniture and Equipment	4,378,134	459,925	79,755	4,758,304
Vehicles	88,909	-	-	88,909
<b>Totals as Cost</b>	<b>21,799,237</b>	<b>459,925</b>	<b>81,095</b>	<b>22,178,067</b>
 Less Accumulated Depreciation:				
Buildings and Improvements	6,785,635	291,251	1,318	7,075,568
Furniture and Equipment	2,779,697	174,327	77,702	2,876,322
Vehicles	51,784	8,891	-	60,675
<b>Total Accum. Depr.</b>	<b>9,617,116</b>	<b>474,469</b>	<b>79,020</b>	<b>10,012,565</b>
 Capital Assets, Net	 <b>\$ 12,182,121</b>	 <b>\$ (14,544)</b>	 <b>\$ 2,075</b>	 <b>\$ 12,165,502</b>

<b>Activity</b>	<b><u>Business-Type Activities</u></b>			<b>Balance June 30, 2011</b>
	<b>Balance</b>		<b>Disposals</b>	
	<b>July 1, 2010</b>	<b>Additions</b>		
Furniture and Equipment	\$ 165,346	\$ 2,036	\$ 15,538	\$ 151,844
<b>Totals at Cost</b>	<b>165,346</b>	<b>2,036</b>	<b>15,538</b>	<b>151,844</b>
 Less Accumulated Depreciation:				
Furniture and Equipment	131,398	3,047	14,376	120,069
<b>Total Accum. Depr.</b>	<b>131,398</b>	<b>3,047</b>	<b>14,376</b>	<b>120,069</b>
 Capital Assets, Net	 <b>\$ 33,948</b>	 <b>\$ (1,011)</b>	 <b>\$ 1,162</b>	 <b>\$ 31,775</b>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**6. CAPITAL ASSETS (Continued)**

\*Depreciation Expense was charged to governmental functions as follows:

Instruction:			
Regular	\$	296,160	
Special		10,408	
Support Service:			
Pupils		24,436	
Instructional Staff		3,567	
Administration		1,992	
Fiscal		483	
Business		1,967	
Operation and Maintenance		88,310	
Central		1,025	
Food Service		791	
Extracurricular		45,330	
Total Depreciation Expense	\$	474,469	

**7. LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended June 30, 2011, follows:

	<u>Governmental Activities</u>			<u>Balance June 30, 2011</u>	<u>Amounts Due In One Year</u>
	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>		
	\$	\$	\$		
Long-Term Obligations:					
Accrued Interest	\$ 23,550	\$ 20,180	\$ 23,550	\$ 20,180	\$ 20,180
Capital Lease	88,147	241,064	172,903	156,308	76,032
Accrued Vacation and Sick	1,170,555	149,462	183,954	1,136,063	104,382
G.O. Bonds	5,749,989	-	745,000	5,004,989	750,000
G.O. Notes	122,500	-	17,500	105,000	17,500
Total	\$ 7,154,741	\$ 410,706	\$ 1,142,907	\$ 6,422,540	\$ 968,094
	<u>Business-Type Activities</u>			<u>Balance June 30, 2011</u>	<u>Amounts Due In One Year</u>
	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>		
	\$	\$	\$		
Accrued Vacation and Sick	\$ 2,332	\$ 3,011	\$ 2,332	\$ 3,011	\$ 3,011
Total	\$ 2,332	\$ 3,011	\$ 2,332	\$ 3,011	\$ 3,011

Additions and deletions of accrued sick leave are shown net since it is impracticable for the District to determine these amounts separately. District employees are granted sick leave in varying amounts. Vested personal and sick leave is the amount the District would owe in the form of severance pay to employees eligible to retire on June 30, 2011, plus vested personal and sick leave for faculty and classified staff members with over 15 years of service in the retirement system in accordance with GASB Statement 16. This would be paid out of the General, Other Governmental Funds, and Child Care Funds.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**7. LONG-TERM LIABILITIES (Continued)**

Capital Leases: The District is making installment payments on computer equipment purchased with an original value of \$241,064. This obligation provides for interest at 5.58%, with an outstanding balance of \$156,308 at June 30, 2011.

The following is a schedule of future minimum lease payments required under the capital leases and present value of the minimum lease payments as of June 30, 2011:

	<b>Year Ending June 30</b>
Fiscal Year 2012	\$ 84,755
Fiscal Year 2013	\$ 84,756
Total Principal and Interest Payments	169,511
Less Interest Payments	(\$13,203)
Present Value of Minimum Lease Payments	\$ 156,308

Voted general obligation bonds in the amount of \$10,000,000 were issued in accordance with Chapter 133 of the Ohio Revised Code on March 1, 1995 with an average annual interest rate of 5.94%. The purpose of the bond issue was to construct a new multi-purpose facility, renovate school buildings, improve school sites and implement technology improvements. The bonds were scheduled to be repaid over a 24 year period with the final payment due on December 1, 2019. The \$8,560,000 balance of these bonds were advance-refunded on November 1, 2001 with new bonds issued for \$8,559,989 at an average annual interest rate of 5.1901%. A dedicated tax estimated by the Franklin County Auditor to average 5.52 mills is being collected to repay this debt and the \$3,060,000 debt described in the following paragraph.

Voted general obligation bonds in the amount of \$3,060,000 were issued in accordance with Chapter 133 of the Ohio Revised Code on January 1, 1996 with an average annual interest rate of 5.31%. The purpose of the bond issue was to complete the construction of the new multi-purpose facility, renovate school buildings, improve school sites and implement technology improvements as described in the paragraph above. The bonds are scheduled to be repaid over a 23 year period with the final payment due on December 1, 2019. A dedicated tax estimated by the Franklin County Auditor to average 5.52 mills is being collected to repay this debt and the \$10,000,000 debt described in the preceding paragraph.

Unvoted notes were sold to PNC Bank for \$175,000 in accordance with Chapter 133.06 of the Ohio Revised Code on December 1, 2006 with an average annual interest rate of 4.25%. The purpose of the notes was for the furnishing of materials and performance of labor necessary to install a synthetic grass playing field at Bobcat Stadium. The school district has set aside the rent proceeds associated with cell tower lease contracts to pay off the remaining debt over a ten-year period; with the final payment due on December 1, 2016.

In the opinion of management, the District has complied with all bond covenants.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**7. LONG-TERM LIABILITIES (Continued)**

The annual maturities of the general obligation bonds as of June 30, 2011, and related interest payments are as follows:

**November 1, 2001 Bonds Issued to Advance-Refund  
March 1, 1995 Renovation and Construction Bonds**

<b>Fiscal Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment Due During Year</b>
June 30, 2012	605,000	130,137	735,137
June 30, 2013	80,646	637,392	718,038
June 30, 2014	63,880	624,158	688,038
June 30, 2015	50,463	607,574	658,037
June 30, 2016	510,000	105,925	615,925
June 30, 2017 to 2020	1,975,000	186,794	2,161,794
	3,284,989	2,291,980	5,576,969

**January 1, 1996 Renovation and Construction Bonds**

<b>Fiscal Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment Due During Year</b>
June 30, 2012	145,000	91,436	236,436
June 30, 2013	155,000	83,112	238,112
June 30, 2014	165,000	74,231	239,231
June 30, 2015	175,000	64,796	239,796
June 30, 2016	190,000	54,668	244,668
June 30, 2017 to 2020	890,000	102,951	992,951
	1,720,000	471,194	2,191,194

**December 1, 2006 Synthetic Grass Playing Field Notes**

<b>Fiscal Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment Due During Year</b>
June 30, 2012	17,500	4,091	21,591
June 30, 2013	17,500	3,347	20,847
June 30, 2014	17,500	2,603	20,103
June 30, 2015	17,500	1,860	19,360
June 30, 2016	17,500	1,115	18,615
June 30, 2017	17,500	372	17,872
	105,000	13,388	118,388

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**7. LONG-TERM LIABILITIES (Continued)**

<u>Fiscal Year Ended</u>	<u>Total Debt Requirements</u>		<u>Total Payment Due During Year</u>
	<u>Principal</u>	<u>Interest</u>	
June 30, 2012	767,500	225,664	993,164
June 30, 2013	253,146	723,851	976,997
June 30, 2014	246,380	700,992	947,372
June 30, 2015	242,963	674,230	917,193
June 30, 2016	717,500	161,708	879,208
June 30, 2017 to 2020	2,882,500	290,117	3,172,617
	5,109,989	2,776,562	7,886,551

The ORC 133.06 provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9% of the total value of all property in the school district as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed 0.1% of the total assessed value of property. However, school districts are permitted to incur unvoted debt up to 0.9% of the total assessed value of property for energy conservation measures in accordance with ORC 3313.372. This creates a new situation whereby the unvoted debt limitation is 1.0% of the total assessed value of property in the school district. The total valuation of the Grandview Heights School District on June 30, 2011 was \$273,414,380 according to the Franklin County Auditor's Office. Unvoted net debt at June 30, 2011 was \$105,000. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At June 30, 2011, the District's total net debt and unvoted net debt were approximately 1.87% of the total assessed value of all property within the School District. The aggregate amount of the District's unvoted debt is also subject to overlapping debt restrictions with Franklin County.

As of June 30, 2011, this entity has complied with the requirement that debt service payments on unvoted overlapping debt must not exceed in the aggregate 1% (10 mills) of the assessed property value.

**8. NOTES PAYABLE**

Note payable activity of the District for the year ended June 30, 2011 was as follows:

<u>Notes Payable</u>	<u>Interest Rate</u>	<u>Balance at June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>
Tax Anticipation Notes	4.50 - 4.75%	\$ 190,000	\$ -	\$ 190,000	\$ -

This note activity is accounted for in the District's Permanent Improvement Fund.

**9. DEFINED BENEFIT PENSION PLANS**

(a) State Teachers Retirement System

The 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 comprehensive annual financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, Ohio 43215-3371 or by calling toll-free 1-888-227-7877, or by visiting the STRS web site at [www.strsoh.org](http://www.strsoh.org).

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

(a) State Teachers Retirement System (Continued)

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. DC and Combined Plan members will transfer to the DB plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

The DB Plan benefits are established under Chapter 3307 of the Ohio Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the formula benefit the retirement allowance is based on years of credited service and final average salary, which is the average of the members' three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5% with an additional one-tenth of a percent added to the calculation for every year over 31 years until 100% of the final average salary is reached. For members with 35 or more years of Ohio contributing services, the first 30 years will be calculated at 2.5%. Under the money-purchase benefit, members' lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. The total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance. Benefits are increased annually by 3% of the original base amount.

The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. Benefits are established under Sections 3307.80 to 3307.89 of the Ohio Revised Code. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the members' designated beneficiary is entitled to receive the member's account balance.

Combined Plan offers features of the DC Plan and the DB Plan. Member contributions are allocated to investments selected by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Plan members' defined benefit is determined by multiplying 1% of the members' final average salary by the members' years of service credit. The defined benefit portion of the Combined Plan is payable to members on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

(a) State Teachers Retirement System (Continued)

For the fiscal year ended June 30, 2010 (most recent information available) members were required to contribute 10% of their annual covered salary and the District was required to contribute 14%. Member and employer contributions were established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers provided by Chapter 3307 of the Ohio Revised Code. Of the 14% contributed by the District, 13% was the portion used to fund pension obligations.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$1,152,421, \$1,235,851, and \$1,177,032 respectively; 83.6% has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. \$188,912 representing the unpaid contribution for fiscal year 2011 is recorded as a liability within the respective funds. Member and employer contributions actually made for DC and Combined Plan participants will be provided upon written request.

(b) School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free 1-800-878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with advice of the actuary, allocates the employer contribution rate among four funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the system. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81%. The remaining 2.19% of the 14% employer contribution rate is allocated to Health Care and Medicare B Funds. The District's required contributions to SERS for the fiscal years ended June 30 2011, 2010 and 2009 were \$318,120, \$300,780, and \$262,128, respectively; 48.9% has been contributed for fiscal year 2011 and 100% for fiscal year 2010 and 2009. \$162,648 representing unpaid contributions for fiscal year 2011 is recorded as a liability within the respective funds.

**10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

Ohio law authorizes STRS to offer a cost sharing, multiple-employer health care plan to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)**

Pursuant to 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care. For the fiscal years ended June 30, 2011, 2010 and 2009 the District's contributions to post-employment health care were \$84,857, \$86,172 and \$83,315 respectively; 83.6% has been contributed for 2011 and 100% for fiscal years 2010 and 2009.

SERS administers two post-employment benefit plans, the Medicare Part B Plan and the Health Care Plan as permitted by Ohio Revised Code Sections 3309.69 and 3309.375. The Medicare Part B Plan reimburses for Medicare Part B premiums paid by eligible retirees. The Health Care Plan provides health care and prescription drug plans administered by two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Retirement Board established rules for premiums paid by retirees for health care coverage and varies depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. SERS' Retirement Board reserves the right to change or discontinue any health plan or program.

The Medicare Part B premium reimbursement plan reimburses eligible retirees for the lesser of January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS' reimbursement to retirees was \$45.50. The Retirement Board, with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare Part B Fund. For fiscal year 2011 the actuarially required allocation was .76%. For the fiscal years ended June 30, 2011, 2010 and 2009 the District's contributions to Medicare Part B were \$16,880, \$15,003, and \$13,767 respectively; 48.9% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

The Health Care Plan is funded through employer contributions and was established under Internal Revenue Code 105(e). Each year, after allocation for required benefits, the Retirement Board allocates the remainder of the employers' 14% contribution. At June 30, 2011 the health care allocation was 1.43%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800.

The surcharge added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. For fiscal years ended June 30, 2011, 2010 and 2009 District contributions to the Health Care Plan, including the surcharge, were \$63,196, \$39,339, and \$105,433 respectively; 48.9% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**11. PROPERTY TAXES**

Property Taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. All property taxes are collected on behalf of the District by Franklin County. Due and collection dates for real property taxes, as established by Franklin County, were January 20, 2010 and June 20, 2010 for those taxes due during 2011. Tangible personal property taxes are due April 30 if paid annually; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20.

Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility real property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the previous year.

Assessed values are established by State law at 35% of appraised market value for Real Estate and Public Utility real property. Public utility tangible personal property is assessed at varying percentages of true value. A reappraisal of all property is required to be completed no less than every six years. A revaluation of all property is required to be completed no less than every three years. The assessed values for collection in 2011 upon which the 2010 levies were based, was as follows:

Real estate:		
Residential	\$	213,457,070
Commercial	\$	39,558,670
Industrial	\$	12,101,720
Public utility:		
Real	\$	41,690
Personal	\$	8,255,230
Total	\$	<u>273,414,380</u>

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the District's share is .5% (5.0 mills) of assessed value. Increases in the property tax rate are restricted only by voter willingness to approve such increases. The total tax rate for the District, including voted increases, was 105.05 mills in 2011 with an effective rate of 45.90 for residential property and 68.42 for commercial property.

The Franklin County Treasurer collects property taxes on behalf of all taxing districts in the county, including the District. The Franklin County Auditor periodically remits to the District its portion of the taxes collected. Property taxes may be paid on either an annual or a semiannual basis.

**12. FEDERAL AND STATE GRANTS**

The Federal and State Grants remain subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the District believes such disallowances, if any, would be immaterial.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**13. BUDGET BASIS OF ACCOUNTING**

The following adjustments are necessary to convert the results of operations and fund balances at end of year from GAAP basis to budget basis:

- (a) Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses:

GAAP basis	\$ 233,399
Increase (decrease):	
Due to revenues:	
Received in cash during fiscal year 2011, but accrued June 30, 2010	1,372,298
Accrued at June 30, 2011, but not yet received in cash	(2,045,559)
Due to expenditures:	
Paid in cash during fiscal year 2011, accrued June 30, 2010	(1,964,381)
Accrued June 30, 2011, net yet paid in cash	<u>2,000,556</u>
Budget basis	(403,687)
Encumbrances outstanding on June 30, 2011	<u>(456,417)</u>
Budget basis	<u>\$ (860,104)</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**13. BUDGET BASIS OF ACCOUNTING (Continued)**

(b) Fund balances at end of year:

	General
GAAP basis	\$ 7,762,978
Increase (decrease):	
Due to revenues:	
Received in cash during fiscal year 2011 but accrued at June 30, during fiscal year	0
Accrued at June 30, 2011, not yet received in cash	(2,045,559)
Due to expenditures:	
Paid in cash during fiscal year 2011, accrued at June 30, 2010	0
Accrued at June 30, 2011, not yet paid in cash	2,000,556
Budget basis	7,717,975
Encumbrances outstanding on June 30, 2010	(456,417)
Fund balance at end of year, unencumbered, budget basis	\$ 7,261,558

**14. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2011, the District contracted with the Ohio School Plan for general liability insurance with a \$2,000,000 single occurrence limit and a \$4,000,000 aggregate limit with a \$10,000 deductible. The District also contracted with the Hanover Insurance Group, member of Citizens Insurance Company of America, to provide property and fleet insurance requiring deductibles ranging from \$250 to \$2,500 depending on the type of property. Additionally, the District participates in the State Workers' Compensation system that provides coverage for accidents and injuries to employees while on the job. The premium is based on a rate per \$100 of salaries and is calculated as part of a state-wide group rating plan for workers' compensation insurance coverage sponsored by the Ohio School Board's Association. Finally, the District offers employee group health insurance from United Health Care, dental insurance from Delta Dental Plan, and life insurance from the American United Life Insurance Company with a portion of health insurance premiums being paid by employees. Insurance settlements have not exceeded insurance coverage for each of the past three fiscal years.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**15. JOINTLY GOVERNED ORGANIZATION AND JOINT VENTURE**

The Metropolitan Educational Council is a not for profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing board consists of a representative from each of the Franklin County districts. MEC is its own fiscal agent. The District does not have an ongoing financial interest in or ongoing financial responsibility for MEC. MEC provides computer services to the District including payroll, budgetary and student management information. The District submitted \$188,904 to MEC during the fiscal year 2011.

The Rockbridge Academy (Academy) is a joint venture consisting of a consortium of five school districts. The joint venture was formed for the purpose of providing alternative education services to at risk students. The initial capital of the Academy was raised through the receipt of a per pupil charge dependent upon the services utilized.

The Governing Board of the Academy consists of five members appointed by each member school. The District does not have an equity interest that is explicit and measurable in the joint venture, however, the District does have an ongoing financial obligation to support the Academy in meeting its financial obligations. The District did not submit any monies to the Academy during the fiscal year.

Further detailed financial information may be obtained by contacting the Upper Arlington City School District at (614) 487-5007.

**16. LITIGATION**

The District is presently not participating in any litigation and, in the opinion of management, no litigation is pending.

The District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition, construction and maintenance of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The Policy of the School District is to set aside the workers' compensation money returned to the District for budget stabilization

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.

	<u>Textbooks</u>	<u>Capital Acquisitions</u>	<u>Budget Stabilization</u>
Set-aside Balance, July 1 2010	\$ -	\$ -	\$ 68,902
Current Year Set-aside Requirement	168,710	168,710	-
Qualifying Expenditures	(303,963)	(554,062)	-
Total	<u>(135,253)</u>	<u>(385,352)</u>	<u>68,902</u>
Set-aside Balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,902</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**16. LITIGATION (Continued)**

(a) The mandatory total reserve balance for all three set-asides at the end of the fiscal year was \$68,902. Although the District had qualifying disbursements during the year that reduced the set aside amounts to below zero, the District has elected not to use these amounts to reduce the set aside requirements in future years.

**17. COMPLIANCE AND ACCOUNTABILITY**

The following funds had a deficit balance as of June 30, 2011:

Fund	Deficit Fund Balance
Special Revenue Funds:	
Race to the Top	\$ (2,600)
ARRA Part B-IDEA	(14,353)

**18. CHANGE IN ACCOUNTING PRINCIPAL/RESTATEMENT**

In February of 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) effective for the financial statement periods beginning after June 15, 2010. The District has implemented this statement for the fiscal year ending June 30, 2011.

Based on the GASB 54 definition of a Special Revenue Fund some funds were required to be reclassified from a Special Revenue Fund to a General Fund. The restatement to the General Fund and Other Governmental Funds are as follows:

General Fund Balance	
June 30, 2010	\$ 7,496,022
Reclassifications:	
Public School Support	33,557
General Fund Balance	
June 30, 2010 Restated	\$ 7,529,579

Other Governmental Fund Balance	
June 30, 2010	\$ 209,983
Reclassifications:	
Public School Support	(33,557)
Other Governmental Fund Balance	
June 30, 2010 Restated	\$ 176,426

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)**

**19. SIGNIFICANT COMMITMENT**

(a) Construction Commitments

As of June 30, 2011, the District had the following commitments with respect to the District's preschool addition and technology upgrades.

<u>Project</u>	<u>Contractor</u>	<u>Amount Remaining</u>	<u>Estimated Completion Date</u>
Preschool Addition	Elford Inc	\$ 317,277	September, 2011
Technology Upgrade	Computer Site Columbus	122,241	September, 2011
		<u>\$ 439,518</u>	

(b) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Encumbrances are reported as a component of assigned restricted or committed fund balances since they do not constitute expenditures or liabilities. Outstanding encumbrances in governmental funds as of June 30, 2011 were as follows:

<u>Fund Type</u>	<u>Encumbrances</u>
General	\$ 357,112
Other Governmental	341,150
Total	<u>\$ 698,262</u>

**THIS PAGE INTENTIONALLY LEFT BLANK**

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011  
CASH BASIS**

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Nutrition Cluster			
Non-Cash Assistance:			
National School Lunch Program	10.555	\$ 15,226	\$ 11,469
Cash Assistance:			
National School Lunch Program	10.555	<u>70,573</u>	<u>70,573</u>
Total Nutrition Cluster		<u>85,799</u>	<u>82,042</u>
Child and Adult Care Food Program	10.558	<u>2,834</u>	<u>2,834</u>
Total U.S. Department of Agriculture		<u><b>88,633</b></u>	<u><b>84,876</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	99,519	110,537
ARRA - Title I Grants to Local Education Agencies	84.389	<u>18,324</u>	<u>18,862</u>
Total Title I Cluster		<u>117,843</u>	<u>129,399</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	239,059	273,157
ARRA - Special Education - Grants to States	84.391	38,690	38,690
ARRA - Special Education	84.392	<u>7,146</u>	<u>-</u>
Total Special Education Cluster		<u>277,749</u>	<u>311,847</u>
Career and Technical Development	84.048	-	4,878
Improving Teacher Quality State Grants	84.367	37,203	37,203
Education Technology State Grants	84.318	353	353
ARRA - State Fiscal Stabilization Fund	84.394	128,768	128,768
ARRA - Race to the Top Incentive Grants	84.395	<u>11,870</u>	<u>13,894</u>
Total U.S. Department of Education		<u><b>573,786</b></u>	<u><b>626,342</b></u>
<b>U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICES</b>			
<i>Passed Through Ohio Department of Education</i>			
Learn and Serve America - Community Based Programs	94.004	<u>-</u>	<u>480</u>
Total U.S. Corporation for National and Community Services		<u>-</u>	<u>480</u>
<b>Total</b>		<u><b>\$ 662,419</b></u>	<u><b>\$ 711,698</b></u>

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Grandview Heights City School District (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



# Dave Yost • Auditor of State

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

Grandview Heights City School District  
Franklin County  
1587 West Third Avenue  
Columbus, Ohio 43212

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grandview Heights City School District, Franklin County, Ohio (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 24, 2012, wherein we noted the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

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

We did note other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 24, 2012.

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

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

**Dave Yost**  
Auditor of State

January 24, 2012



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM, AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Grandview Heights City School District  
Franklin County  
1587 West Third Avenue  
Columbus, Ohio 43212

To the Board of Education:

### Compliance

We have audited the compliance of Grandview Heights City School District, Franklin County, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Grandview Height City School District's major federal programs for the year ended June 30, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Grandview Heights City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We noted a matter involving federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated January 24, 2012.

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



**Dave Yost**  
Auditor of State

January 24, 2012

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2011**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Special Education (CFDA# 84.027 and 84.391)  ARRA – State Fiscal Stabilization Fund (CFDA # 84.394)
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-01	Financial Reporting	Yes	Corrected Finding No Longer Valid



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Grandview Heights City School District  
Franklin County  
1587 West Third Avenue  
Columbus, Ohio 43212

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Grandview Heights City School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on November 9, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

January 24, 2012

**This page intentionally left blank.**



# Dave Yost • Auditor of State

GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT

FRANKLIN COUNTY

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MARCH 8, 2012