



Dave Yost • Auditor of State

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

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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 the Grandview Heights City School District, Franklin County, Ohio (the District), as of and for the year ended June 30, 2012, 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 the Grandview Heights City School District, Franklin County, Ohio, as of June 30, 2012, and the respective changes in financial position and where applicable, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2013, 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 4, 2013

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Financial Highlights

The District's net assets are \$17,530,731 as of June 30, 2012. This represents an increase of \$1,395,313 over last year. The increase in net assets is due primarily to an increase in revenue in lieu of taxes as a result of economic development within the Grandview Yard.

General revenues accounted for \$17,449,630 or 89.78% of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$1,987,081 or 10.22% of total revenues of \$19,436,711.

The District had \$17,383,539 in expenses related to governmental activities; only \$1,345,222 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 \$17,399,630 along with beginning net assets were sufficient to provide for these programs.

As of June 30, 2012 the General Fund reported a positive fund balance of \$7,694,450, which represents a .88% decrease from 2011.

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, 2012
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 \$17,530,731 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 2012 to 2011 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, 2012
UNAUDITED
(Continued)**

	<u>Net Assets</u>					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Current Assets	\$ 20,697,633	\$ 20,729,051	\$ 249,503	\$ 211,221	\$ 20,947,136	\$ 20,940,272
Capital Assets	12,233,463	12,165,502	30,521	31,775	12,263,984	12,197,277
Total Assets	<u>\$ 32,931,096</u>	<u>\$ 32,894,553</u>	<u>\$ 280,024</u>	<u>\$ 242,996</u>	<u>\$ 33,211,120</u>	<u>\$ 33,137,549</u>
Current Liabilities	\$ 9,962,229	\$ 10,487,634	\$ 90,787	\$ 88,946	\$ 10,053,016	\$ 10,576,580
Long-Term Liabilities	5,623,175	6,422,540	4,198	3,011	5,627,373	6,425,551
Total Liabilities	15,585,404	16,910,174	94,985	91,957	15,680,389	17,002,131
Net Assets:						
Invested in Capital						
Assets, Net of Debt	7,736,930	6,899,205	30,521	31,775	7,767,451	6,930,980
Restricted	1,784,065	1,878,226	-	-	1,784,065	1,878,226
Unrestricted	7,824,697	7,206,948	154,518	119,264	7,979,215	7,326,212
Total Net Assets	<u>\$ 17,345,692</u>	<u>\$ 15,984,379</u>	<u>\$ 185,039</u>	<u>\$ 151,039</u>	<u>\$ 17,530,731</u>	<u>\$ 16,135,418</u>

A portion of the District's net assets (10%) 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, 2012
UNAUDITED
(Continued)**

	<u>Changes in Net Assets</u>					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for Services	\$ 529,976	\$ 472,006	\$ 568,607	\$ 610,619	\$ 1,098,583	\$ 1,082,625
Operating Grants, Contributions and Interest	815,246	787,792	73,252	83,529	888,498	871,321
General Revenues					-	-
Property Taxes	12,223,781	12,527,637	-	-	12,223,781	12,527,637
Revenue in Lieu of Taxes	1,078,044	-	-	-	1,078,044	-
Intergovernmental-State	4,054,806	4,523,586	-	-	4,054,806	4,523,586
Other	92,999	104,326	-	-	92,999	104,326
Total Revenues	18,794,852	18,415,347	641,859	694,148	19,436,711	19,109,495
Expenses						
Instruction	9,803,896	9,928,733	-	-	9,803,896	9,928,733
Support Services	5,646,431	5,818,678	-	-	5,646,431	5,818,678
Extracurricular Activities	870,516	885,750	-	-	870,516	885,750
Facilities Services	744,284	329,009	-	-	744,284	329,009
Interest & Fiscal Charges	318,412	268,513	-	-	318,412	268,513
Food Service	-	-	304,379	291,339	304,379	291,339
Child Care	-	-	353,480	338,580	353,480	338,580
Total Expenses	17,383,539	17,230,683	657,859	629,919	18,041,398	17,860,602
Transfers	(50,000)	(19,000)	50,000	19,000	-	-
Change in Net Assets	\$ 1,361,313	\$ 1,165,664	\$ 34,000	\$ 83,229	\$ 1,395,313	\$ 1,248,893

Governmental Activities

Net assets of the District's governmental activities increased by \$1,361,313 and unrestricted net assets reflect a positive balance of \$7,824,697. The slight increase in net assets is due primarily to the increase in revenue in lieu of taxes as a result of economic development within the Grandview Yard and a decrease in state entitlements due to the accelerated phase out of the tangible personal property tax reimbursement. In addition, the District utilized federal dollars to build a pre-school classroom addition on to Stevenson Elementary.

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, 2012
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.

	Total Cost of Services 2012	Net Cost of Services 2012
Program Expenses		
Instruction		
Regular	\$ 7,336,862	\$ 7,019,094
Special	2,350,523	2,223,091
Vocational	116,511	116,511
Support Services		
Pupils	1,591,856	1,375,316
Instructional Staff	924,713	844,489
Board of Education	17,112	17,112
Administration	1,077,490	1,047,976
Fiscal	518,647	518,647
Business	71,476	937
Operation & Maintenance	1,369,050	1,369,050
Pupil Transportation	14,281	14,281
Central	61,806	(180,897)
Extracurricular	870,516	636,811
Facilities Services	744,284	717,487
Interest and Fiscal Charges	318,412	318,412
Total Expenses	\$ 17,383,539	\$ 16,038,317

Local taxes make up 65% of total revenues for governmental activities. The net services column reflecting the need for \$16,038,317 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 \$185,039 an increase of \$34,000 from prior year's total of \$151,039. 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 \$9,447,937 which is below last year's total of \$9,629,845 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, 2012 and 2011.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

	<u>Fund Balance June 30, 2012</u>	<u>Fund Balance June 30, 2011</u>	<u>Increase/ Decrease</u>
General	\$ 7,694,450	\$ 7,762,978	\$ (68,528)
Bond Retirement	1,182,277	1,339,963	(157,686)
Permanent Improvemen	-	-	-
Other Governmental	571,210	526,904	44,306
Total	<u>\$ 9,447,937</u>	<u>\$ 9,629,845</u>	<u>\$ (181,908)</u>

General Fund

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

	<u>2012 Amount</u>	<u>2011 Amount</u>	<u>Percent Change</u>
Revenues			
Taxes	\$ 11,064,667	\$ 11,281,123	-1.9%
Revenue in Lieu of Taxes	409,091	-	100.0%
Interest Earnings	18,543	29,271	-36.7%
Intergovernmental - State	3,898,661	4,436,223	-12.1%
Other Revenue	420,391	383,490	9.6%
Total Revenues	<u>\$ 15,811,353</u>	<u>\$ 16,130,107</u>	-2.0%

In fiscal year 2012 the District began recognizing revenue in lieu of taxes as a result of economic development within the Grandview Yard. The decrease in interest earnings is due to the on-going economic recession. The decrease in intergovernmental state revenue is due to the accelerated phase out of tangible personal property tax reimbursements and utility deregulation reimbursements. The increase in other revenue is due to an increase to the all day kindergarten monthly tuition rate.

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

	<u>2012 Amount</u>	<u>2011 Amount</u>	<u>Percent Change</u>
Expenditures by Function			
Instruction	\$ 9,701,998	\$ 9,535,564	1.7%
Support Services	5,266,590	5,451,096	-3.4%
Extracurricular	674,187	651,217	3.5%
Facilities Services	43,838	41,833	4.8%
Capital Outlay	110,476	241,064	-54.2%
Debt Service	121,700	175,697	-30.7%
Total	<u>\$ 15,918,789</u>	<u>\$ 16,096,471</u>	-1.1%

Expenditures are down \$177,682 or 1% over the prior year. The minimal decrease 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 decrease in capital outlay and debt service expenditures is due to leasing more computer equipment in fiscal year 2011 than in fiscal year 2012.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

Bond Retirement Fund

The District's Bond Retirement Fund balance decreased by \$157,686 due to a decrease in required debt service principal and interest payments due in fiscal year 2013. 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 \$44,306 in 2012 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, 2012 real property tax settlement in June since those advances were not needed to pay obligations during the 2012 fiscal year. The District decreased its total General Fund expenditure estimate by \$55,307 about .3% 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 \$7,767,451 invested in capital assets net of depreciation and related debt, with \$7,736,930 attributed to governmental activities. Detailed information regarding capital asset activity is included in the notes to the basic financial statements.

Debt

On June 30, 2012, the District had \$4,342,489 in outstanding bonds and notes. During 2012, the District issued no additional bonds or notes. The District paid \$767,500.00 in principal on bonds and notes and \$225,642 in interest during the 2012 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, 2012, 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, 2012
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 received a 32% reduction in tangible personal property and public utility deregulation state reimbursements in fiscal year 2012 over 2011 and another 33% reduction is anticipated 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. 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 subdivisions 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 received its first revenue in lieu of tax payment from the City of Grandview Heights in August of 2012 and anticipates these payments to increase as the development of the Grandview Yard expands.

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 2014-15 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 3rd Avenue, Columbus, Ohio 43212.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2012**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 8,559,810	\$ 226,250	\$ 8,786,060
Receivables:			
Taxes	10,921,934	-	10,921,934
Revenue in Lieu of Taxes	1,078,044	-	1,078,044
Due From Other Governments	45,082	737	45,819
Accounts	1,785	19,025	20,810
Materials and Supplies Inventory	-	2,301	2,301
Prepaid Expenditures/Expenses	90,978	1,190	92,168
Capital Assets, Net of Depreciation	12,233,463	30,521	12,263,984
<i>Total Assets</i>	<u>32,931,096</u>	<u>280,024</u>	<u>33,211,120</u>
Liabilities			
Due to Other Governments	74,576	-	74,576
Accounts Payable	475,455	6,235	481,690
Accrued Salaries and Benefits Payable	1,549,617	59,196	1,608,813
Unearned Revenue	7,862,581	-	7,862,581
Deferred Other Revenue	-	25,356	25,356
Long-Term Liabilities:			
Due Within One Year	588,681	4,198	592,879
Due In More Than One Year	5,034,494	-	5,034,494
<i>Total Liabilities</i>	<u>15,585,404</u>	<u>94,985</u>	<u>15,680,389</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt and Depreciation	7,736,930	30,521	7,767,451
Restricted for:			
Debt Service	1,216,109	-	1,216,109
Capital Projects	539,797	-	539,797
Special Education	16,000	-	16,000
Other Purposes	12,159	-	12,159
Unrestricted	7,824,697	154,518	7,979,215
<i>Total Net Assets</i>	<u>\$ 17,345,692</u>	<u>\$ 185,039</u>	<u>\$ 17,530,731</u>

See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Instruction:						
Regular	\$ 7,336,862	\$ 175,886	\$ 141,882	\$ (7,019,094)	\$ -	\$ (7,019,094)
Special	2,350,523	23,049	104,383	(2,223,091)	-	(2,223,091)
Vocational	116,511	-	-	(116,511)	-	(116,511)
Support Services:						
Pupils	1,591,856	-	216,540	(1,375,316)	-	(1,375,316)
Instructional Staff	924,713	-	80,224	(844,489)	-	(844,489)
Board of Education	17,112	-	-	(17,112)	-	(17,112)
Administration	1,077,490	-	29,514	(1,047,976)	-	(1,047,976)
Fiscal	518,647	-	-	(518,647)	-	(518,647)
Business	71,476	70,539	-	(937)	-	(937)
Operation and Maintenance	1,369,050	-	-	(1,369,050)	-	(1,369,050)
Pupil Transportation	14,281	-	-	(14,281)	-	(14,281)
Central	61,806	-	242,703	180,897	-	180,897
Extracurricular Student Activities	870,516	233,705	-	(636,811)	-	(636,811)
Facilities Services	744,284	26,797	-	(717,487)	-	(717,487)
Debt Service Interest and Fiscal Charges	318,412	-	-	(318,412)	-	(318,412)
<i>Total Governmental Activities</i>	<u>17,383,539</u>	<u>529,976</u>	<u>815,246</u>	<u>(16,038,317)</u>	<u>-</u>	<u>(16,038,317)</u>
Business-Type Activities						
Food Service	304,379	172,095	73,252	-	(59,032)	(59,032)
Child Care	353,480	396,512	-	-	43,032	43,032
<i>Total Business-Type Activities</i>	<u>657,859</u>	<u>568,607</u>	<u>73,252</u>	<u>-</u>	<u>(16,000)</u>	<u>(16,000)</u>
Totals	<u>\$ 18,041,398</u>	<u>\$ 1,098,583</u>	<u>\$ 888,498</u>	<u>(16,038,317)</u>	<u>(16,000)</u>	<u>(16,054,317)</u>
General Revenues:						
Property Taxes Levied for:						
General Purposes						
				11,040,288	-	11,040,288
				712,474	-	712,474
				471,019	-	471,019
				1,078,044	-	1,078,044
				4,054,806	-	4,054,806
				18,543	-	18,543
				74,456	-	74,456
				(50,000)	50,000	-
<i>Total General Revenues and Transfers</i>				<u>17,399,630</u>	<u>50,000</u>	<u>17,449,630</u>
Change in Net Assets				1,361,313	34,000	1,395,313
<i>Net Assets Beginning of Year</i>				<u>15,984,379</u>	<u>151,039</u>	<u>16,135,418</u>
<i>Net Assets End of Year</i>				<u>\$ 17,345,692</u>	<u>\$ 185,039</u>	<u>\$ 17,530,731</u>

See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 6,870,808	\$ 1,030,407	\$ 589,693	\$ 8,490,908
Taxes Receivable	9,885,768	626,208	409,958	10,921,934
Revenue in Lieu of Taxes	1,078,044	-	-	1,078,044
Due From Other Governments/Others	5,202	-	39,880	45,082
Accounts Receivable	541	-	1,244	1,785
Prepaid Expenditures/Expenses	88,880	-	2,098	90,978
Restricted Assets:				
Cash and Cash Equivalents	68,902	-	-	68,902
<i>Total Assets</i>	<u>17,998,145</u>	<u>1,656,615</u>	<u>1,042,873</u>	<u>20,697,633</u>
Liabilities				
Due to Other Governments	74,576	-	-	74,576
Accounts Payable	360,425	-	115,030	475,455
Accrued Salaries and Benefits Payable	1,543,839	-	5,778	1,549,617
Deferred Tax Revenue	8,319,653	474,338	310,975	9,104,966
Deferred Intergovernmental Revenue	5,202	-	39,880	45,082
<i>Total Liabilities</i>	<u>10,303,695</u>	<u>474,338</u>	<u>471,663</u>	<u>11,249,696</u>
Fund Balances				
Nonspendable:				
Prepays	88,880	-	2,098	90,978
Restricted For:				
Debt Service	-	1,182,277	-	1,182,277
Capital Outlay	-	-	517,720	517,720
HB-412 Set Asides	68,902	-	-	68,902
Other Purposes	-	-	10,794	10,794
Committed To:				
Extracurricular Activities	-	-	63,113	63,113
Budget Reserve	750,000	-	-	750,000
Assigned	1,600,129	-	-	1,600,129
Unassigned	5,186,539	-	(22,515)	5,164,024
<i>Total Fund Balances</i>	<u>7,694,450</u>	<u>1,182,277</u>	<u>571,210</u>	<u>9,447,937</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 17,998,145</u>	<u>\$ 1,656,615</u>	<u>\$ 1,042,873</u>	<u>\$ 20,697,633</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, 2012**

TOTAL GOVERNMENTAL FUND BALANCES	\$ 9,447,937
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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	12,233,463
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Delinquent Property Tax Receivables	573,432
Revenue in Lieu of Taxes	668,953
Intergovernmental Receivables	<u>45,082</u>

Total	1,287,467
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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	(103,990)
Accrued Benefits Payable	(1,022,652)
Capital Lease Obligations Due Within One Year	(117,099)
Capital Lease Obligations Due in More Than One Year	(36,945)
General Obligation Notes Payable Due Within One Year	(17,500)
General Obligation Notes Payable Due in More Than One Year	(70,000)
General Obligation Bonds Payable Due Within One Year	(235,646)
General Obligation Bonds Payable Due in More Than One Year	<u>(4,019,343)</u>

Total	<u>(5,623,175)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 17,345,692</u>
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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, 2012**

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 11,064,667	\$ 724,264	\$ 472,990	\$ 12,261,921
Revenue in Lieu of Taxes	409,091	-	-	409,091
Intergovernmental - State	3,898,661	98,687	64,658	4,062,006
Intergovernmental - Federal	-	-	768,166	768,166
Interest Income	18,543	-	-	18,543
Tuition and Fees	253,801	-	-	253,801
Miscellaneous Revenue	166,590	-	178,839	345,429
<i>Total Revenues</i>	<u>15,811,353</u>	<u>822,951</u>	<u>1,484,653</u>	<u>18,118,957</u>
Expenditures				
Current:				
Instruction:				
Regular	7,331,572	-	141,433	7,473,005
Special	2,252,892	-	104,053	2,356,945
Vocational	117,534	-	-	117,534
Total Instructional Services	<u>9,701,998</u>	<u>-</u>	<u>245,486</u>	<u>9,947,484</u>
Support Services:				
Pupils	1,388,841	-	215,855	1,604,696
Instructional Staff	844,843	-	79,970	924,813
Board of Education	17,112	-	-	17,112
Administration	1,054,801	-	29,421	1,084,222
Fiscal	508,635	9,063	5,178	522,876
Business	70,574	-	-	70,574
Operation and Maintenance	1,307,353	-	-	1,307,353
Pupil Transportation	14,281	-	-	14,281
Central	60,150	-	3,005	63,155
Total Support Services	<u>5,266,590</u>	<u>9,063</u>	<u>333,429</u>	<u>5,609,082</u>
Extracurricular Student Activities	674,187	-	160,986	835,173
Facilities Services	43,838	-	700,446	744,284
Capital Outlay	110,476	-	-	110,476
Debt Service:				
Principal Retirement	112,740	767,500	-	880,240
Interest and Fiscal Charges	8,960	225,642	-	234,602
<i>Total Expenditures</i>	<u>15,918,789</u>	<u>1,002,205</u>	<u>1,440,347</u>	<u>18,361,341</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(107,436)</u>	<u>(179,254)</u>	<u>44,306</u>	<u>(242,384)</u>
Other Financing Sources (Uses)				
Proceeds From Capital Lease Obligations	110,476	-	-	110,476
Operating Transfers In	-	21,568	3,200	24,768
Operating Transfers Out	(71,568)	-	(3,200)	(74,768)
<i>Total Other Financing Sources (Uses)</i>	<u>38,908</u>	<u>21,568</u>	<u>-</u>	<u>60,476</u>
<i>Net Change in Fund Balances</i>	<u>(68,528)</u>	<u>(157,686)</u>	<u>44,306</u>	<u>(181,908)</u>
<i>Fund Balances (Deficits) Beginning of Year (Restated)</i>	<u>7,762,978</u>	<u>1,339,963</u>	<u>526,904</u>	<u>9,629,845</u>
<i>Fund Balances (Deficits) End of Year</i>	<u>\$ 7,694,450</u>	<u>\$ 1,182,277</u>	<u>\$ 571,210</u>	<u>\$ 9,447,937</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, 2012**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (181,908)
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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.	880,240
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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.	675,895
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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.	(110,476)
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In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(83,810)
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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.	113,411
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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>67,961</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,361,313</u>
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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 - (NON-GAAP BUDGETARY BASIS) - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$ 9,005,274	\$ 10,871,855	\$ 10,871,855	\$ -
Revenue in Lieu of Taxes	-	-	-	-
Intergovernmental - State	3,952,769	3,898,661	3,898,661	-
Interest Income	30,000	17,412	18,543	1,131
Tuition and Fees	218,904	255,276	255,276	-
Miscellaneous	552,116	167,706	167,706	-
Total Revenues	13,759,063	15,210,910	15,212,041	1,131
Expenditures				
Instruction, Regular:				
Salaries and Wages	5,679,025	5,671,371	5,647,316	24,055
Fringe Benefits	1,475,336	1,456,541	1,419,472	37,069
Purchased Services	167,661	164,804	152,473	12,331
Supplies	160,773	167,422	155,938	11,484
Miscellaneous Expenditures	74,899	70,670	66,487	4,183
Total Instruction, Regular	7,557,694	7,530,808	7,441,686	89,122
Instruction, Special:				
Salaries and Wages	1,197,545	1,475,909	1,467,840	8,069
Fringe Benefits	370,563	361,042	349,238	11,804
Purchased Services	781,658	584,557	577,765	6,792
Supplies	5,023	3,258	1,608	1,650
Miscellaneous Expenses	200	-	-	-
Total Instruction, Special	2,354,989	2,424,766	2,396,451	28,315
Instruction, Vocational:				
Salaries and Wages	93,942	94,140	93,685	455
Fringe Benefits	22,983	23,375	22,981	394
Total Instruction, Vocational	116,925	117,515	116,666	849
Total Instructional Services	10,029,608	10,073,089	9,954,803	118,286
Support Service, Pupils:				
Salaries and Wages	928,654	860,258	826,365	33,893
Fringe Benefits	299,552	282,106	255,098	27,008
Purchased Services	345,016	397,420	373,351	24,069
Supplies	53,877	59,267	55,197	4,070
Miscellaneous Expenditures	46,902	45,382	43,859	1,523
Total Support Service, Pupils	1,674,001	1,644,433	1,553,870	90,563
Support Service, Instructional Staff:				
Salaries and Wages	318,759	334,142	330,251	3,891
Fringe Benefits	368,068	391,706	386,358	5,348
Purchased Services	143,808	131,915	117,512	14,403
Supplies	21,889	27,918	27,594	324
Miscellaneous Expenditures	18,343	17,859	17,639	220
Total Support Service, Instructional Staff	870,867	903,540	879,354	24,186
Support Service, Board of Education:				
Salaries and Wages	9,375	9,375	8,125	1,250
Fringe Benefits	1,144	1,144	968	176
Purchased Services	3,100	3,100	2,375	725
Miscellaneous Expenditures	6,000	6,000	(210)	6,210
Total Support Service, Board of Education	19,619	19,619	11,258	8,361
Support Service, Administration:				
Salaries and Wages	720,407	699,151	696,985	2,166
Fringe Benefits	284,866	267,680	257,597	10,083
Purchased Services	95,709	116,722	97,526	19,196
Supplies	30,049	35,135	33,994	1,141
Miscellaneous Expenditures	5,181	8,207	7,909	298
Total Support Service, Administration	1,136,212	1,126,895	1,094,011	32,884

(Continued)

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Support Service, Fiscal:				
Salaries and Wages	227,917	228,735	227,634	1,101
Fringe Benefits	118,475	93,328	91,355	1,973
Purchased Services	15,530	15,530	12,405	3,125
Supplies	5,198	5,198	3,460	1,738
Miscellaneous Expenditures	221,863	191,843	173,677	18,166
Total Support Service, Fiscal	588,983	534,634	508,531	26,103
Support Service, Business:				
Purchased Services	30,107	24,307	21,189	3,118
Supplies	15,408	24,648	20,218	4,430
Miscellaneous Expenditures	19,121	36,895	36,698	197
Total Support Service, Business	64,636	85,850	78,105	7,745
Support Service, Operation and Maintenance:				
Salaries and Wages	536,863	549,138	537,957	11,181
Fringe Benefits	225,353	227,856	220,374	7,482
Purchased Services	664,595	605,469	558,041	47,428
Supplies	86,857	95,865	87,909	7,956
Miscellaneous Expenditures	26,036	37,039	35,417	1,622
Total Support Service, Operation and Maintenance	1,539,704	1,515,367	1,439,698	75,669
Support Service, Pupil Transportation:				
Purchased Services	22,349	17,367	14,593	2,774
Total Support Service, Pupil Transportation	22,349	17,367	14,593	2,774
Support Service, Central:				
Salaries and Wages	10,740	10,740	9,540	1,200
Fringe Benefits	1,612	2,108	1,421	687
Purchased Services	54,265	54,265	48,833	5,432
Supplies	1,550	1,550	549	1,001
Total Support Service, Central	68,167	68,663	60,343	8,320
Total Support Service	5,984,538	5,916,368	5,639,763	276,605
Extracurricular Student Activities:				
Salaries and Wages	418,725	456,506	436,741	19,765
Fringe Benefits	102,033	97,859	93,760	4,099
Purchased Services	140,865	153,461	146,524	6,937
Supplies	11,524	11,524	3,327	8,197
Total Extracurricular Student Activities	673,147	719,350	680,352	38,998
Facilities Services:				
Purchased Services	43,000	43,795	43,795	-
Miscellaneous Expenditures	25,000	384	384	-
Total Facilities Services	68,000	44,179	44,179	-
Total Expenditures	16,755,293	16,752,986	16,319,097	433,889
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,996,230)	(1,542,076)	(1,107,056)	435,020
Other Financing Sources (Uses)				
Other Financing Sources	-	172	172	-
Transfers Out	71,591	71,591	71,568	23
Other Financing Uses	53,100	100	-	100
Total Other Financing Sources (Uses)	(124,691)	(71,519)	(71,396)	123
<i>Net Change in Fund Balance</i>	(3,120,921)	(1,613,595)	(1,178,452)	435,143
<i>Fund Balance Beginning of Year</i>	7,261,558	7,261,558	7,261,558	-
Prior Year Encumbrances Appropriated	456,417	456,417	456,417	-
Fund Balance End of Year	\$ 4,597,054	\$ 6,104,380	\$ 6,539,523	\$ 435,143

See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012**

	Enterprise Funds		
	Food Service	Child Care Fund	Total
Assets			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 25,399	\$ 200,851	\$ 226,250
Due From Other Governments/Others	-	737	737
Accounts Receivable	106	18,919	19,025
Materials and Supplies Inventory	2,301	-	2,301
Prepaid Expenditures/Expenses	418	772	1,190
<i>Total Current Assets</i>	<u>28,224</u>	<u>221,279</u>	<u>249,503</u>
<i>Noncurrent Assets:</i>			
Capital Assets, Net of Depreciation	26,972	3,549	30,521
<i>Total Assets</i>	<u>55,196</u>	<u>224,828</u>	<u>280,024</u>
Liabilities			
<i>Current Liabilities:</i>			
Accounts Payable	-	6,235	6,235
Accrued Salaries and Benefits Payable	28,697	34,697	63,394
Deferred Other Revenue	-	25,356	25,356
<i>Total Liabilities</i>	<u>28,697</u>	<u>66,288</u>	<u>94,985</u>
Net Assets			
Invested in Capital Assets	26,972	3,549	30,521
Unrestricted	(473)	154,991	154,518
<i>Total Net Assets</i>	<u>\$ 26,499</u>	<u>\$ 158,540</u>	<u>\$ 185,039</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, 2012**

	Enterprise Funds		
	Food Service	Child Care Fund	Total
Operating Revenues			
Charges for Services	\$ 165,989	\$ 395,577	\$ 561,566
Other Revenues	6,106	935	7,041
<i>Total Operating Revenues</i>	<u>172,095</u>	<u>396,512</u>	<u>568,607</u>
Operating Expenses			
Employee Salaries & Wages	118,269	259,678	377,947
Employee Fringe Benefits	76,168	54,127	130,295
Purchased Services	6,835	16,325	23,160
Materials and Supplies	100,863	22,167	123,030
Other Expenses	-	698	698
Depreciation Expense	2,244	485	2,729
<i>Total Operating Expenses</i>	<u>304,379</u>	<u>353,480</u>	<u>657,859</u>
<i>Operating Income (Loss)</i>	<u>(132,284)</u>	<u>43,032</u>	<u>(89,252)</u>
Non-Operating Revenues:			
State Sources	1,911	-	1,911
Federal Sources	71,341	-	71,341
Transfers In	50,000	-	50,000
<i>Total Non-Operating Revenues</i>	<u>123,252</u>	<u>-</u>	<u>123,252</u>
<i>Change in Net Assets</i>	(9,032)	43,032	34,000
<i>Net Assets Beginning of Year</i>	<u>35,531</u>	<u>115,508</u>	<u>151,039</u>
<i>Net Assets End of Year</i>	<u>\$ 26,499</u>	<u>\$ 158,540</u>	<u>\$ 185,039</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, 2012**

	Enterprise Funds		
	Food Service	Child Care Fund	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from tuition and fees	\$ -	\$ 417,717	\$ 417,717
Cash received from sales	166,048	-	166,048
Other cash receipts	6,306	935	7,241
Cash payments for personal services	(196,200)	(318,470)	(514,670)
Cash payments for contract services	(6,859)	(17,076)	(23,935)
Cash payments for supplies and materials	(88,669)	(20,507)	(109,176)
Cash payments for other expenses	-	(698)	(698)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(119,374)</u>	<u>61,901</u>	<u>(57,473)</u>
Cash Flows from Noncapital Financing Activities			
State Sources	1,911	-	1,911
Federal Sources	62,188	-	62,188
Transfers	50,000	-	50,000
<i>Net Cash Provided by Non-Capital Financing Activities</i>	<u>114,099</u>	<u>-</u>	<u>114,099</u>
<i>Cash flow from capital financing activities:</i>			
Purchases of Capital Assets	<u>(680)</u>	<u>(795)</u>	<u>(1,475)</u>
<i>Net increase in Cash and Cash Equivalents</i>	(5,955)	61,106	55,151
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>31,354</u>	<u>139,745</u>	<u>171,099</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 25,399</u>	<u>\$ 200,851</u>	<u>\$ 226,250</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used for) Operating Activities			
Operating Income (Loss)	\$ (132,284)	\$ 43,032	\$ (89,252)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	2,244	485	2,729
Commodities expense related to noncash grant	12,255	-	12,255
(Increase) Decrease in:			
Due from other governments	59	9,771	9,830
Accounts receivable	200	4,060	4,260
Prepaid Expenditures/Expenses	(24)	(502)	(526)
Consumption of inventory	88,233	-	88,233
Purchase of inventory	(88,030)	-	(88,030)
Increase (Decrease) in:			
Accounts payable	(264)	1,411	1,147
Accrued liabilities	(1,763)	(4,665)	(6,428)
Deferred revenue	-	8,309	8,309
<i>Net Adjustments</i>	<u>12,910</u>	<u>18,869</u>	<u>31,779</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ (119,374)</u>	<u>\$ 61,901</u>	<u>\$ (57,473)</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, 2012

	<u>Student Activity</u>
Assets	
Cash and Cash Equivalents	\$ 67,909
Prepaid Expenditures/Expenses	<u>124</u>
Total Assets	<u><u>68,033</u></u>
Liabilities	
Due to Other Government/Others	<u>68,033</u>
Total Liabilities	<u><u>\$ 68,033</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, 2012**

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:

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Fund Accounting (Continued)

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

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

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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Presentation (Continued)

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. 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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of Accounting (Continued)

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 10). 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.

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 2012. 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, 2012.

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 \$18,543 and is credited to the General Fund during fiscal year 2012.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Compensated Absences (Continued)

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.

(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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fund Balance (Continued)

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.

(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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.
- (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);

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Budgetary Data (Continued)

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.

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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

3. CASH AND INVESTMENTS (Continued)

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. 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, 2012 the carrying amount of the District's deposits was \$8,109,585 and the bank balance was \$8,335,055. Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, as of June 30, 2012 \$5,597,719 of the District's bank balance of \$8,335,055 was exposed to custodial risk as discussed below, while \$2,737,336 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, 2012, 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>744,384</u>
Total			<u>\$ 744,384</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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

3. CASH AND INVESTMENTS (Continued)

Credit Risk: As of June 30, 2012, the District's investments in STAR Ohio were rated AAAm 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.

4. DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables at June 30, 2012, 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	\$ -	\$ 5,202	\$ 5,202
Other Governmental Funds	\$ 39,880	\$ -	\$ 39,880
Total	<u>\$ 39,880</u>	<u>\$ 5,202</u>	<u>\$ 45,082</u>

	<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	\$ -	\$ -	\$ -
Child Care	\$ 737	\$ -	\$ 737
Total	<u>\$ 737</u>	<u>\$ -</u>	<u>\$ 737</u>

5. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables and payables as of June 30, 2012.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

6. CAPITAL ASSETS

Summaries of changes in capital assets for the fiscal year ended June 30, 2012, follows:

Activity	<u>Governmental Activities</u>			Balance June 30, 2012
	Balance July 1, 2011	Additions	Disposals	
	Land	\$ 137,400	\$ -	
Buildings and Improvements	17,193,454	360,838	-	17,554,292
Furniture and Equipment	4,758,304	499,971	268,974	4,989,301
Vehicles	88,909	-	-	88,909
Totals as Cost	22,178,067	860,809	268,974	22,769,902
Less Accumulated Depreciation:				
Buildings and Improvements	7,075,568	297,192	-	7,372,760
Furniture and Equipment	2,876,322	223,043	3,816	3,095,549
Vehicles	60,675	7,455	-	68,130
Total Accum. Depr.	10,012,565	527,690	3,816	10,536,439
Capital Assets, Net	\$ 12,165,502	\$ 333,119	\$ 265,158	\$ 12,233,463

Activity	<u>Business-Type Activities</u>			Balance June 30, 2012
	Balance July 1, 2011	Additions	Disposals	
Furniture and Equipment	\$ 151,844	\$ 1,475	\$ 805	\$ 152,514
Totals at Cost	151,844	1,475	805	152,514
Less Accumulated Depreciation:				
Furniture and Equipment	120,069	2,729	805	121,993
Total Accum. Depr.	120,069	2,729	805	121,993
Capital Assets, Net	\$ 31,775	\$ (1,254)	\$ -	\$ 30,521

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

6. CAPITAL ASSETS (Continued)

*Depreciation Expense was charged to governmental functions as follows:

Instruction:			
	Regular	\$	302,423
	Special		8,690
Support Service:			
	Pupils		70,113
	Instructional Staff		4,544
	Administration		1,351
	Fiscal		695
	Business		2,854
	Operation and Maintenance		89,944
	Central		2,411
	Food Service		791
	Extracurricular		43,874
	Total Depreciation Expense	<u>\$</u>	<u>527,690</u>

7. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2012, follows:

	<u>Governmental Activities</u>					
	Balance			Balance		Amounts Due
	July 1, 2011	Additions	Deletions	June 30, 2012	In One Year	
Long-Term Obligations:						
Accrued Interest	\$ 20,180	\$ 103,990	\$ 20,180	\$ 103,990	\$	103,990
Capital Lease	156,308	110,476	112,740	154,044		117,099
Accrued Vacation and Sick	1,136,063	142,790	256,201	1,022,652		114,446
G.O. Bonds	5,004,989	-	750,000	4,254,989		235,646
G.O. Notes	105,000	-	17,500	87,500		17,500
Total	<u>\$ 6,422,540</u>	<u>\$ 357,256</u>	<u>\$ 1,156,621</u>	<u>\$ 5,623,175</u>	<u>\$</u>	<u>588,681</u>

	<u>Business-Type Activities</u>					
	Balance			Balance		Amounts Due
	July 1, 2011	Additions	Deletions	June 30, 2012	In One Year	
Accrued Vacation and Sick	\$ 3,011	\$ 4,198	\$ 3,011	\$ 4,198	\$	4,198
Total	<u>\$ 3,011</u>	<u>\$ 4,198</u>	<u>\$ 3,011</u>	<u>\$ 4,198</u>	<u>\$</u>	<u>4,198</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

7. LONG-TERM LIABILITIES (Continued)

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, 2012, 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.

Capital Leases: The District is making installment payments on computer equipment purchased with original values of \$241,064 and \$110,476. This obligation provides for interest rates at 5.58% and 4.10%, with an outstanding balance of \$154,044 at June 30, 2012.

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, 2012:

	Year Ending June 30
Fiscal Year 2013	\$ 121,700
Fiscal Year 2014	\$ 36,945
Total Principal and Interest Payments	158,645
Less Interest Payments	(\$4,601)
Present Value of Minimum Lease Payments	\$ 154,044

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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

7. LONG-TERM LIABILITIES (Continued)

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

The annual maturities of the general obligation bonds as of June 30, 2012, and related interest payments are as follows:

November 1, 2001 Bonds Issued to Advance-Refund

March 1, 1995 Renovation and Construction Bonds

Fiscal Year Ended	Principal	Interest	Total Payment Due During Year
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	500,000	81,937	581,937
June 30, 2018 to 2020	1,475,000	104,856	1,579,856
	2,679,989	2,161,842	4,841,831

January 1, 1996 Renovation and Construction Bonds

Fiscal Year Ended	Principal	Interest	Total Payment Due During Year
June 30, 2013	155,000	83,111	238,111
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	200,000	43,845	243,845
June 30, 2018 to 2020	690,000	59,108	749,108
	1,575,000	379,759	1,954,759

December 1, 2006 Synthetic Grass Playing Field Notes

Fiscal Year Ended	Principal	Interest	Total Payment Due During Year
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
	87,500	9,297	96,797

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

7. LONG-TERM LIABILITIES (Continued)

	<u>Total Debt Requirements</u>		Total Payment Due During Year
<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>During Year</u>
June 30, 2013	253,146	723,850	976,996
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	717,500	126,154	843,654
June 30, 2018 to 2020	2,165,000	163,964	2,328,964
	<u>4,342,489</u>	<u>2,550,898</u>	<u>6,893,387</u>

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, 2012 was \$292,893,300 according to the Franklin County Auditor's Office. Unvoted net debt at June 30, 2012 was \$87,500. 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, 2012, the District's total net debt and unvoted net debt were approximately 1.48% 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, 2012, 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. 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 financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, Ohio 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

(a) State Teachers Retirement System (Continued)

A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2012 plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010 were \$1,188,304, \$1,152,421, and \$1,235,851 respectively; 82.9 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

(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 can be obtained on SERS' website at 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 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 the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2012, the allocation to pension and death benefits is 12.70%.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

(b) School Employees Retirement System (Continued)

The remaining 1.30% of the 14% employer contribution rate is allocated to Health Care and Medicare B Funds. The School District's contributions to SERS for the fiscal years ended June 30 2012, 2011, and 2010 were \$276,096, \$318,120, and \$300,780, respectively; 58.9% has been contributed for fiscal year 2012 and 100% for fiscal year 2011 and 2010.

9. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a monthly premium. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011 (latest information available), STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$83,900, \$84,857, and \$86,172 respectively; 82.9% has been contributed for 2012 and 100% for fiscal years 2011 and 2010.

The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income. SERS's reimbursement to retirees was \$45.50. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

State statute permits SERS to offer health care benefits to eligible retirees and beneficiaries and to fund them through employer contributions. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund and Medicare B Fund.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

9. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, .55 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined 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 surcharge. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care fund.

The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$32,658, \$35,984, and \$31,642 respectively; 58.9% has been contributed for fiscal year 2012 and 100% for fiscal years 2011 and 2010. The unfunded portion has been recorded as a liability and will be paid in fiscal year 2013.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2012, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$2,071, \$2,418, and \$2,286 respectively; 58.9% has been contributed for fiscal year 2012 and 100% for fiscal years 2011 and 2010.

10. 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, 2011 and June 20, 2011 for those taxes due during 2012. 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 2012 upon which the 2011 levies were based, was as follows:

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

10. PROPERTY TAXES (Continued)

Real estate:	
Residential	\$ 226,770,020
Commercial	\$ 46,480,940
Industrial	\$ 11,119,470
Public utility:	
Real	\$ 44,250
Personal	\$ 8,478,620
Total	<u>\$ 292,893,300</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 104.15 mills in 2012 with an effective rate of 42.92 for residential property and 63.93 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.

11. 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.

12. 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:

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

12. BUDGET BASIS OF ACCOUNTING (Continued)

	General
GAAP basis	\$ (68,528)
Increase (decrease):	
Due to revenues:	
Received in cash during fiscal year 2012, but accrued June 30, 2011	2,045,559
Accrued at June 30, 2012, but not yet received in cash	(2,644,700)
Due to expenditures:	
Paid in cash during fiscal year 2012, accrued June 30, 2011	(2,000,556)
Accrued at June 30, 2012, not yet paid in cash	1,889,960
Budget basis	(778,265)
Encumbrances outstanding on June 30, 2012	(400,187)
Budget basis	\$ (1,178,452)

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

12. BUDGET BASIS OF ACCOUNTING (Continued)

(b) Fund balances at end of year:

	General
GAAP basis	\$ 7,694,450
Increase (decrease):	
Due to revenues:	
Received in cash during fiscal year 2012 but accrued at June 30, 2011	0
Accrued at June 30, 2012, not yet received in cash	(2,644,700)
Due to expenditures:	
Paid in cash during fiscal year 2012, accrued at June 30, 2011	0
Accrued at June 30, 2012, not yet paid in cash	1,889,960
Budget basis	6,939,710
Encumbrances outstanding on June 30, 2012	(400,187)
Fund balance at end of year, unencumbered, budget basis	\$ 6,539,523

13. 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 2012, 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 Aetna, 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, 2012
(Continued)**

14. 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 \$174,048 to MEC during the fiscal year 2012.

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.

15. LITIGATION

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

16. STUDENT ATTENDANCE DATA

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

17. SET-ASIDE CALCULATION AND FUND RESERVES

The District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for 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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

17. SET-ASIDE CALCULATION AND FUND RESERVES (Continued)

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

	<u>Capital Acquisitions</u>	<u>Budget Stabilization</u>
Set-aside Balance, July 1 2011	\$ -	\$ 68,902
Current Year Set-aside Requirement	186,848	-
Qualifying Expenditures	(339,950)	-
Total	<u>(153,102)</u>	<u>68,902</u>
Set-aside Balance, June 30, 2012	<u>\$ -</u>	<u>\$ 68,902</u>

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

18. COMPLIANCE AND ACCOUNTABILITY

The following funds had a deficit balance as of June 30, 2012:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Special Revenue Funds:	
Race to the Top	\$ (979)
Part B-IDEA	(20,847)
Technology Title II-D	(689)

19. SIGNIFICANT COMMITMENTS

(a) Construction Commitments

As of June 30, 2012, the District had the following commitments with respect to building maintenance and security system upgrades.

<u>Project</u>	<u>Contractor</u>	<u>Amount Remaining</u>	<u>Estimated Completion Date</u>
Security System Update	State Security LLC	\$ 14,084	September, 2012
Refurbish Gym Floor	Cincinnati Floor Co. Inc.	20,000	August, 2012
Roof Replacement	Design-Build Solutions Inc.	162,111	September, 2012
Chiller Replacement	Speer Mechanical Inc.	88,637	August, 2012
		<u>\$ 284,832</u>	

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

19. SIGNIFICANT COMMITMENTS (Continued)

(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, 2012 were as follows:

<u>Fund Type</u>	<u>Encumbrances</u>
General	\$ 400,187
Other Governmental	340,308
Total	<u>\$ 740,495</u>

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**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012
CASH BASIS**

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE Passed Through Ohio Department of Education			
Nutrition Cluster			
Non-Cash Assistance:			
National School Lunch Program	10.555	\$ 12,255	\$ 12,255
Cash Assistance:			
National School Lunch Program	10.555	<u>62,188</u>	<u>62,188</u>
Total Nutrition Cluster		<u>74,443</u>	<u>74,443</u>
Child and Adult Care Food Program	10.558	<u>4,050</u>	<u>4,050</u>
Total U.S. Department of Agriculture		<u>78,493</u>	<u>78,493</u>
U.S. DEPARTMENT OF EDUCATION Passed Through Ohio Department of Education			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	110,813	110,813
ARRA - Title I Grants to Local Education Agencies	84.389	<u>43,980</u>	<u>43,442</u>
Total Title I Cluster		<u>154,793</u>	<u>154,255</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	312,518	306,795
ARRA - Special Education - Grants to States	84.391	245,002	245,002
ARRA - Special Education	84.392	<u>-</u>	<u>7,146</u>
Total Special Education Cluster		<u>557,520</u>	<u>558,943</u>
Education Jobs Program	84.410	88,269	88,269
Career and Technical Development	84.048	6,690	1,649
Improving Teacher Quality State Grants	84.367	33,461	33,461
Safe and Drug-Free Schools and Communities State Grants	84.186	995	1,209
ARRA - Race to the Top Incentive Grants	84.395	<u>37,536</u>	<u>34,765</u>
Total U.S. Department of Education		<u>879,264</u>	<u>872,551</u>
U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICES Passed Through Ohio Department of Education			
Learn and Serve America - Community Based Programs	94.004	<u>-</u>	<u>235</u>
Total U.S. Corporation for National and Community Services		<u>-</u>	<u>235</u>
Total		<u>\$ 957,757</u>	<u>\$ 951,279</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, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Grandview Heights City School District, Franklin County, Ohio (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 the Grandview Heights City School District, Franklin County, Ohio (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 4, 2013. 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 opinions 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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District'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*.

Grandview Heights City School District
Franklin County
Independent Accountants' Report on Internal Control
Over Financial Reporting and Compliance and Other
Matters Required by *Government Auditing Standards*
Page 2

We noted a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 4, 2013.

We intend this report solely for the information and use of management, the audit committee, the 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 4, 2013



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE 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 the 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 the District's major federal program for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine 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*. These 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 these 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 these 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 its major federal program for the year ended June 30, 2012.

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 intend this report solely for the information and use of the audit committee, management, the Board of Education, others within the District, 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". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

January 4, 2013

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	ARRA/Special Education Cluster – CFDA # 84.027, #84.391, #84.392
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**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

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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
FEBRUARY 28, 2013