

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2014**



**Dave Yost • Auditor of State**



**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grandview Heights City School District, Franklin County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Grandview Heights City School District, Franklin County, Ohio, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 15, 2014

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)

The management's discussion and analysis of Grandview Heights City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, the notes to the basic financial statements and basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2014 are as follows:

- In total, net position decreased \$1,148,816. Net position of governmental activities decreased \$1,158,014, which represents a 6.93% decrease from 2013. Business-type activities net position increased \$9,198 from 2013.
- General revenues accounted for \$16,712,462 in revenue or 89.16% of governmental activities revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for \$2,032,795 or 10.84% of governmental activities revenues.
- The District had \$19,863,271 in expenses related to governmental activities; only \$2,032,795 of these expenses was offset by program specific charges for services, operating grants or contributions resulting in a net cost of \$17,830,476 for the District. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$16,712,462 were not adequate to provide for these programs.
- The District's major governmental fund is the General Fund. The General Fund had \$16,013,812 in revenues and \$17,035,786 in expenditures and other financing uses. During fiscal 2014, the General Fund's fund balance decreased \$1,021,974 from a balance of \$7,570,968 to \$6,548,994.
- The business-type activities net position which include the child care and food service enterprise operations increased \$9,198 on \$744,100 in expenses and \$713,298 in revenues. The business-type activities food service operations also received \$40,000 in transfers in from governmental activities in fiscal year 2014.

**Using this Annual Financial Report**

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the General Fund is by far the most significant fund, and the only governmental fund reported as a major fund.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
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**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current fund's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant and extracurricular activities.

Business-type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's child care and food service operations are reported as business-type activities.

The District's Statement of Net Position and Statement of Activities can be found on pages 14-16 of this report.

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

*Fund Financial Statements*

The analysis of the District's major governmental funds and the analysis of the District's major and nonmajor enterprise funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the General Fund.

*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 all 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 fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

*Proprietary Funds*



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Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The basic proprietary fund financial statements can be found on pages 22-24 of this report.

**Reporting the District's Fiduciary Responsibilities**

The District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in a separate statement of assets and liabilities on page 25. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 26-53.

**The District as a Whole**

The Statement of Net Position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for 2014 and 2013.

**Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b><u>Assets</u></b>						
Current and other assets	\$ 19,442,983	\$ 20,721,587	\$ 316,619	\$ 276,798	\$ 19,759,602	\$ 20,998,385
Capital assets, net	<u>11,623,133</u>	<u>12,147,057</u>	<u>28,756</u>	<u>29,784</u>	<u>11,651,889</u>	<u>12,176,841</u>
Total assets	<u>31,066,116</u>	<u>32,868,644</u>	<u>345,375</u>	<u>306,582</u>	<u>31,411,491</u>	<u>33,175,226</u>
<b><u>Liabilities</u></b>						
Current liabilities	2,188,244	2,109,203	111,100	82,929	2,299,344	2,192,132
Long-term liabilities	<u>5,054,588</u>	<u>5,356,723</u>	<u>8,656</u>	<u>7,232</u>	<u>5,063,244</u>	<u>5,363,955</u>
Total liabilities	<u>7,242,832</u>	<u>7,465,926</u>	<u>119,756</u>	<u>90,161</u>	<u>7,362,588</u>	<u>7,556,087</u>
<b><u>Deferred inflows</u></b>	<u>8,265,648</u>	<u>8,687,068</u>	-	-	<u>8,265,648</u>	<u>8,687,068</u>
<b><u>Net position</u></b>						
Net investment in capital assets	7,743,673	7,882,680	28,756	29,784	7,772,429	7,912,464
Restricted	1,691,596	1,662,266	-	-	1,691,596	1,662,266
Unrestricted	<u>6,122,367</u>	<u>7,170,704</u>	<u>196,863</u>	<u>186,637</u>	<u>6,319,230</u>	<u>7,357,341</u>
Total net position	<u>\$ 15,557,636</u>	<u>\$ 16,715,650</u>	<u>\$ 225,619</u>	<u>\$ 216,421</u>	<u>\$ 15,783,255</u>	<u>\$ 16,932,071</u>

Current and other assets decreased primarily due to a decrease in equity in pooled cash and cash equivalents of \$4,183,222 offset partially by an increase in property taxes receivable of \$2,524,939 and intergovernmental receivables of \$689,056. The intergovernmental receivables increased due to the District's receipt of Straight A Grant funding in fiscal year 2014. Capital assets for 2014 decreased 4.31% from the prior year as additions of \$402,444 were less than depreciation expense of \$924,426 and disposals net of \$1,942. Long-term liabilities decreased primarily due to the payment of principal on general obligation bonds and capital leases of \$384,917 in fiscal year 2014.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets exceeded liabilities plus deferred inflows of resources by \$15,783,255. Of this total, \$1,691,596 is

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
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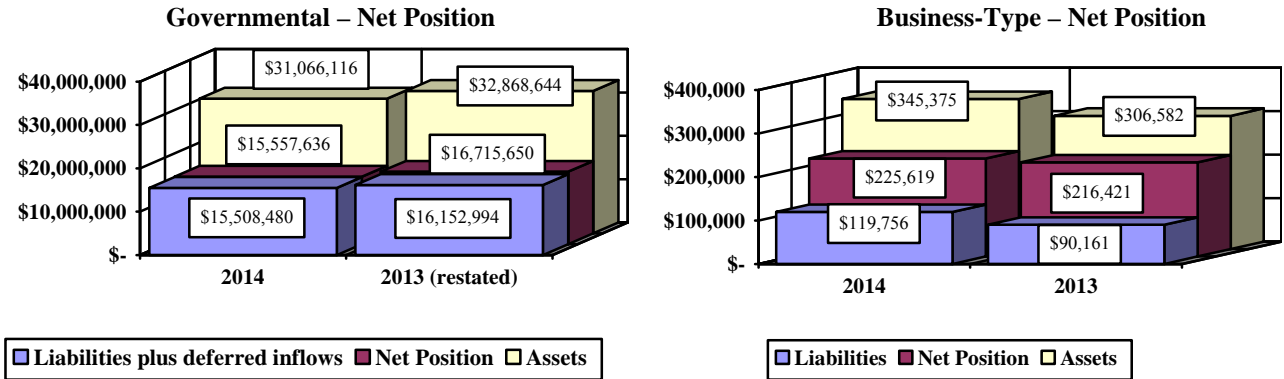
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)

restricted in use.

At year-end, capital assets represented 37.09% of total assets. Capital assets include land, buildings and improvements, furniture and equipment and vehicles. The net investment in capital assets at June 30, 2014, was \$7,772,429. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$1,691,596, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$6,319,230. Of the unrestricted net position, \$6,122,367 is reported in the governmental activities and \$196,863 is reported in the business type activities.

The graphs below show the assets, liabilities plus deferred inflows and net position of the governmental activities and business-type activities at June 30, 2014 and 2013.



The table below shows the changes in net position for fiscal year 2014 and 2013.

**Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 551,175	\$ 493,715	\$ 643,246	\$ 566,034	\$ 1,194,421	\$ 1,059,749
Operating grants and contributions	1,481,620	774,029	70,052	75,967	1,551,672	849,996
General revenues:						
Property taxes	12,573,443	11,234,588	-	-	12,573,443	11,234,588
Payments in lieu of taxes	380,981	764,347	-	-	380,981	764,347
Grants and entitlements	3,676,448	3,558,422	-	-	3,676,448	3,558,422
Investment earnings	14,689	15,408	-	-	14,689	15,408
Other	66,901	139,847	-	-	66,901	139,847
<b>Total revenues</b>	<b>18,745,257</b>	<b>16,980,356</b>	<b>713,298</b>	<b>642,001</b>	<b>19,458,555</b>	<b>17,622,357</b>

(Continued)

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
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	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Expenses</b>						
Program expenses:						
Instruction:						
Regular	8,800,139	7,388,023	-	-	8,800,139	7,388,023
Special	2,426,035	2,054,254	-	-	2,426,035	2,054,254
Vocational	151,634	117,836	-	-	151,634	117,836
Other	4,070	-	-	-	4,070	-
Support services:						
Pupil	1,281,432	1,885,000	-	-	1,281,432	1,885,000
Instructional staff	1,471,863	909,907	-	-	1,471,863	909,907
Board of education	341,110	18,962	-	-	341,110	18,962
Administration	1,099,895	1,129,030	-	-	1,099,895	1,129,030
Fiscal	626,595	571,841	-	-	626,595	571,841
Business	339,764	124,783	-	-	339,764	124,783
Operations and maintenance	1,576,722	1,167,046	-	-	1,576,722	1,167,046
Pupil transportation	24,234	9,853	-	-	24,234	9,853
Central	81,656	62,767	-	-	81,656	62,767
Operation of non-instructional services	3,702	-	-	-	3,702	-
Extracurricular activities	930,019	899,471	-	-	930,019	899,471
Facilities services	-	496,176	-	-	-	496,176
Interest and fiscal charges	704,401	725,449	-	-	704,401	725,449
Food service operations	-	-	317,895	292,646	317,895	292,646
Child care	-	-	426,205	367,973	426,205	367,973
Total expenses	19,863,271	17,560,398	744,100	660,619	20,607,371	18,221,017
Transfers	(40,000)	(50,000)	40,000	50,000	-	-
Changes in net position	(1,158,014)	(630,042)	9,198	31,382	(1,148,816)	(598,660)
Net position at beginning of year	16,715,650	17,345,692	216,421	185,039	16,932,071	17,530,731
Net position at end of year	\$ 15,557,636	\$ 16,715,650	\$ 225,619	\$ 216,421	\$ 15,783,255	\$ 16,932,071

**Governmental Activities**

For fiscal year 2014, the net position of the District's governmental activities decreased \$1,158,014. Total governmental expenses of \$19,863,271 were offset by program revenues of \$2,032,795 and general revenues of \$16,712,462. Program revenues supported 10.23% of the total governmental expenses. Program revenues increased \$765,051 or 60.35% due to increased grants funding for specific programs in fiscal year 2014 primarily from the receipt of the State of Ohio Straight A grant in fiscal year 2014.

General revenues increased \$999,850 primarily due an increase in property tax revenues. The increase in property tax revenues was due to the timing of tax advances received from Franklin County at the end of fiscal year 2013 which effected the tax revenues reported for fiscal years 2013 and 2014.

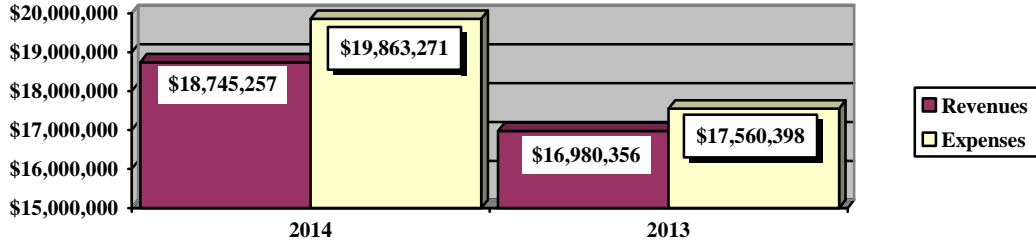
Governmental activities expenses increased \$2,302,873, or 13.11% from the prior year. Regular and special instruction expenses increased \$1,783,897, from fiscal year 2013 primarily due to increased cost related to the education of students.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2014 and 2013.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
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**Governmental Activities - Revenues and Expenses**



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2014 and 2013. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

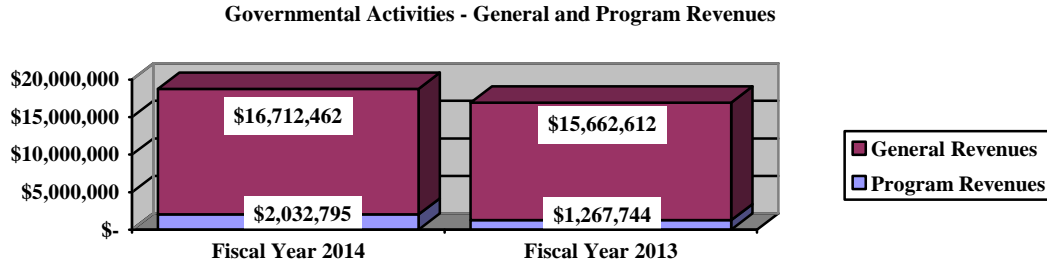
	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>
Program expenses:				
Instruction:				
Regular	\$ 8,800,139	\$ 8,087,524	\$ 7,388,023	\$ 7,134,050
Special	2,426,035	2,133,917	2,054,254	1,847,951
Vocational	151,634	150,439	117,836	116,386
Other	4,070	4,070	-	-
Support services:				
Pupil	1,281,432	1,126,800	1,885,000	1,670,165
Instructional staff	1,471,863	1,327,448	909,907	882,226
Board of education	341,110	(3,295)	18,962	18,962
Administration	1,099,895	1,061,553	1,129,030	1,096,303
Fiscal	626,595	626,595	571,841	571,841
Business	339,764	236,774	124,783	(163,657)
Operations and maintenance	1,576,722	1,491,777	1,167,046	1,167,046
Pupil transportation	24,234	9,834	9,853	9,853
Central	81,656	81,656	62,767	62,767
Operation of non-instructional services	3,702	3,702	-	-
Extracurricular activities	930,019	787,281	899,471	687,559
Facilities services	-	-	496,176	465,753
Interest and fiscal charges	704,401	704,401	725,449	725,449
<b>Total expenses</b>	<b>\$ 19,863,271</b>	<b>\$ 17,830,476</b>	<b>\$ 17,560,398</b>	<b>\$ 16,292,654</b>

The dependence upon tax revenues during fiscal year 2014 for governmental activities is apparent, as 91.16% of 2014 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 89.77%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, are the primary support for District students.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The graph below presents the District's governmental activities revenue for fiscal years 2014 and 2013.



**Business-type Activities**

Business-type activities include food service operations and the child care program. These programs had revenues of \$713,298, transfers in of \$40,000 and expenses of \$744,100 for fiscal year 2014. Management reviews these programs to develop policies to allow these services to become self-supporting.

The District's largest business-type activity is child care operations. Child care operations had \$456,120 in charges for services and sales, \$753 in operating grants and contributions and had total expenses of \$426,205. Child care revenues were sufficient to support child care expenses by \$30,668.

**The District's Funds**

**Governmental Funds**

The District's governmental funds (as presented on the Balance Sheet on page 16) reported a combined fund balance of \$8,049,878, which is less than last year's fund total of \$9,243,278.

The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

	<u>Fund Balance</u> <u>June 30, 2014</u>	<u>Fund Balance</u> <u>June 30, 2013</u>	<u>Change</u>
General	\$ 6,548,994	\$ 7,570,968	\$ (1,021,974)
Other governmental	<u>1,500,884</u>	<u>1,672,310</u>	<u>(171,426)</u>
Total	<u>\$ 8,049,878</u>	<u>\$ 9,243,278</u>	<u>\$ (1,193,400)</u>

**General Fund**

The District's General Fund balance decreased \$1,021,974, which is primarily due to an increase in expenditures from the prior year. The increase in expenditures is mainly due to an increase in instruction expenses, resulting from the regular course of business of teachers getting step increases. The table that follows assists in illustrating the financial activities and fund balance of the General Fund.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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	2014 <u>Amount</u>	2013 <u>Amount</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>				
Property taxes and payment in lieu of taxes	\$ 11,870,192	\$ 11,425,376	\$ 444,816	3.89 %
Intergovernmental	3,620,118	3,501,719	118,399	3.38 %
Investment earnings	14,689	15,408	(719)	(4.67) %
Tuition and fees	270,802	261,485	9,317	3.56 %
Other revenues	<u>238,011</u>	<u>463,912</u>	<u>(225,901)</u>	(48.69) %

Property tax revenue increased \$444,816 primarily due to the timing of a tax advances received from Franklin County at the end of fiscal year 2013 which effected fiscal year 2013 and 2014 reported revenues. Intergovernmental revenues increased due to increased Foundation funding from the State of Ohio. Other revenues decreased \$225,901 or 48.69% from fiscal year 2013 primarily due to a decrease in miscellaneous revenues such as refunds, reimbursements and monies from other local sources.

The table that follows assists in illustrating the expenditures of the General Fund.

	2014 <u>Amount</u>	2013 <u>Amount</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 10,093,638	\$ 9,138,924	\$ 954,714	10.45 %
Support services	5,965,684	5,646,316	319,368	5.66 %
Extracurricular activities	765,077	712,946	52,131	7.31 %
Facilities acquisition and construction	3,062	45,551	(42,489)	(93.28) %
Capital outlay	-	193,203	(193,203)	(100.00) %
Debt service	<u>146,837</u>	<u>176,815</u>	<u>(29,978)</u>	(16.95) %
Total	<u>\$ 16,974,298</u>	<u>\$ 15,913,755</u>	<u>\$ 1,060,543</u>	6.66 %

In total, expenditures increased 6.66% from 2013. Instruction expenditures increased due to increased costs for regular instruction and increased costs for the education of students with special needs. In addition, the increase is in part due to newly required Uniform School Accounting System (USAS) reclassifications of certain support services expenditures to either regular instruction expenditures or special education instruction expenditures as appropriate. Support service expenditures increased due to increased operations and maintenance expenditures related to renovations being performed at District facilities. Capital outlay expenditures decreased as the District entered into a capital lease in 2013. All other expenditures remained consistent by dollar amount with fiscal year 2013.

***Nonmajor Governmental Funds***

The nonmajor governmental funds had \$2,569,045 in revenues and other financing sources and \$2,740,471 in expenditures. During fiscal 2014, the nonmajor governmental fund's fund balance decreased \$171,426 from \$1,672,310 to \$1,500,884.

***Enterprise Funds***

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)

The District's enterprise funds reported operating revenues of \$643,246, operating expenses of \$744,100 and nonoperating revenues of \$70,052 and a transfer in of \$40,000. Net position of the enterprise funds increased \$9,198 from \$216,421 to \$225,619. The Child Care Fund reported both a positive operating income and change in net position of \$47,941 and \$48,694, respectively. The Food Service Fund (a nonmajor enterprise fund) reported an operating loss and change in net position of (\$148,795) and (\$39,496), respectively.

**General Fund Budgeting Highlights**

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

For the General Fund, the final budgeted revenue was \$13,559,112. The original budgeted revenue was \$13,559,112. Actual revenue and other financing sources was \$13,314,563. The difference between the final budgeted revenues and the actual revenues and other financing sources was \$244,549 due mainly to property tax revenue being less than expected.

Total actual expenditures and other financing uses on the budget basis (cash outlays plus encumbrances) were \$16,555,257. This amount was \$640,568 less than the final budgeted amounts due mainly to instruction and support services expenses being less than expected. The final budgeted expenditures and other financing uses were increased \$428,247 from the original budgeted amounts to account for increased employee salary and wage expenses. Overall, fund balance on the budget basis decreased \$3,240,694 from the prior year.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2014, the District had \$11,651,889 invested in land, buildings and improvements, furniture and equipment and vehicles. Of this total, \$11,623,133 was reported in governmental activities and \$28,756 was reported in business-type activities. The following table shows fiscal 2014 balances compared to 2013:

**Capital Assets at June 30 (Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 137,400	\$ 137,400	\$ -	\$ -	\$ 137,400	\$ 137,400
Buildings and improvements	9,695,506	9,883,141	-	-	9,695,506	9,883,141
Furniture and equipment	1,777,892	2,109,959	28,756	29,784	1,806,648	2,139,743
Vehicles	12,335	16,557	-	-	12,335	16,557
<b>Total</b>	<b>\$ 11,623,133</b>	<b>\$ 12,147,057</b>	<b>\$ 28,756</b>	<b>\$ 29,784</b>	<b>\$ 11,651,889</b>	<b>\$ 12,176,841</b>

Overall capital assets, net of accumulated depreciation, decreased \$524,952 from fiscal year 2013 to fiscal year 2014. Capital outlays of \$402,444 were less than depreciation expense of \$924,426 and disposals of \$1,942 during the year. See Note 7 to the basic financial statements for more detail on the District's capital assets.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)

***Debt Administration***

At June 30, 2014, the District has \$3,879,460 in long-term debt outstanding. Of this total, \$314,460 is due within one year and \$3,565,000 is due within greater than one year. The following table summarizes outstanding long-term debt:

**Outstanding Debt, at Year End**

	Governmental Activities 2014	Governmental Activities 2013
<b>Long Term Debt:</b>		
General obligation bonds	\$ 3,740,000	\$ 3,905,000
Capital appreciation bonds	50,463	114,343
General obligation notes	-	70,000
Energy conservation note payable	<u>88,997</u>	<u>175,034</u>
Total	<u>\$ 3,879,460</u>	<u>\$ 4,264,377</u>

Payments of principal and interest on the general obligation bonds and note are made from the Debt Service Fund. See Note 8 to the basic financial statements for more detail on the District's long-term obligations.

**Current Financial Related Activities**

*Grandview Yard*

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, which included two components of funding to be paid from this project to the District from the City. First, the District is guaranteed a "hold-harmless" amount, representing compensation for lost tax revenue as a result of decreased property values from demolition done during the initial phase of the project. Secondly, 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.

Since 2010, the District has received a total of \$2,223,000 for payment in lieu of taxes from the City of Grandview Heights. Of this total amount received, approximately 1,786,000 is hold-harmless funding, representing no increase in overall revenue to the District. The remaining \$437,000 represents increased funding to the District over the four-year period since the project began. The overall increased revenue to the District is projected at approximately \$250,000 per year over the next five years.

*State & Local Funding*

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. 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 fiscal year 2013 over 2012. Deregulation reimbursements discontinued entirely beginning in fiscal year 2013.



**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

Also contributing to the District's financial challenges is the continued effect of House Bill 920, state law which prevents inflationary growth on voted tax levies.

The voters in the Grandview Heights City School District generously approved a 5.9 mill tax levy on November 4, 2014. 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 2018-19 fiscal year for general operating purposes. It is expected that the District will remain off the ballot until at least November 2018.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information contact: Beth Collier, Treasurer, at Grandview Heights City School District, 1587 West 3<sup>rd</sup> Avenue, Columbus, Ohio 43212.

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**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2014

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 4,831,848	\$ 287,851	\$ 5,119,699
Receivables:			
Property taxes . . . . .	13,080,497	-	13,080,497
Payment in lieu of taxes . . . . .	749,943	-	749,943
Accounts . . . . .	6,075	26,515	32,590
Intergovernmental . . . . .	755,211	753	755,964
Prepayments . . . . .	19,409	-	19,409
Materials and supplies inventory. . . . .	-	1,500	1,500
Capital assets:			
Nondepreciable capital assets . . . . .	137,400	-	137,400
Depreciable capital assets, net. . . . .	11,485,733	28,756	11,514,489
Capital assets, net . . . . .	11,623,133	28,756	11,651,889
Total assets. . . . .	31,066,116	345,375	31,411,491
<b>Liabilities:</b>			
Accounts payable. . . . .	305,183	6,216	311,399
Accrued wages and benefits payable . . . . .	1,472,797	43,465	1,516,262
Pension obligation payable. . . . .	242,000	44,354	286,354
Intergovernmental payable . . . . .	71,034	2,004	73,038
Accrued interest payable . . . . .	97,230	-	97,230
Unearned revenue . . . . .	-	15,061	15,061
Long-term liabilities:			
Due within one year. . . . .	588,453	778	589,231
Due in more than one year. . . . .	4,466,135	7,878	4,474,013
Total liabilities . . . . .	7,242,832	119,756	7,362,588
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year. . . . .	7,515,705	-	7,515,705
Payments in lieu of taxes levied for the next fiscal year. . . . .	749,943	-	749,943
Total deferred inflows of resources . . . . .	8,265,648	-	8,265,648
<b>Net position:</b>			
Net investment in capital assets . . . . .	7,743,673	28,756	7,772,429
Restricted for:			
Capital projects . . . . .	506,117	-	506,117
Debt service. . . . .	842,256	-	842,256
State funded programs. . . . .	248,951	-	248,951
Federally funded programs . . . . .	94,272	-	94,272
Unrestricted . . . . .	6,122,367	196,863	6,319,230
Total net position. . . . .	\$ 15,557,636	\$ 225,619	\$ 15,783,255

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental activities:</b>			
Instruction:			
Regular . . . . .	\$ 8,800,139	\$ 265,320	\$ 447,295
Special . . . . .	2,426,035	5,482	286,636
Vocational . . . . .	151,634	-	1,195
Other . . . . .	4,070	-	-
Support services:			
Pupil . . . . .	1,281,432	-	154,632
Instructional staff . . . . .	1,471,863	-	144,415
Board of education . . . . .	341,110	-	344,405
Administration . . . . .	1,099,895	-	38,342
Fiscal . . . . .	626,595	-	-
Business . . . . .	339,764	102,990	-
Operations and maintenance . . . . .	1,576,722	35,145	49,800
Pupil transportation . . . . .	24,234	-	14,400
Central . . . . .	81,656	-	-
Operation of non-instructional services . . . . .	3,702	-	-
Extracurricular activities . . . . .	930,019	142,238	500
Interest and fiscal charges . . . . .	704,401	-	-
Total governmental activities . . . . .	19,863,271	551,175	1,481,620
<b>Business-type activities:</b>			
Food service . . . . .	317,895	169,100	69,299
Child care . . . . .	426,205	474,146	753
Total business-type activities . . . . .	744,100	643,246	70,052
Totals . . . . .	\$ 20,607,371	\$ 1,194,421	\$ 1,551,672

**General revenues:**

Property taxes levied for:
General purposes . . . . .
Debt service . . . . .
Capital outlay . . . . .
Payments in lieu of taxes . . . . .
Grants and entitlements not restricted to specific programs . . . . .
Investment earnings . . . . .
Miscellaneous . . . . .
Total general revenues . . . . .
Transfers . . . . .
Total general revenues and transfers . . . . .
Change in net position . . . . .
<b>Net position at beginning of year . . . . .</b>
<b>Net position at end of year . . . . .</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue  
and Changes in Net Position**

<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>
\$	(8,087,524)	\$	-	\$ (8,087,524)
	(2,133,917)		-	(2,133,917)
	(150,439)		-	(150,439)
	(4,070)		-	(4,070)
	(1,126,800)		-	(1,126,800)
	(1,327,448)		-	(1,327,448)
	3,295		-	3,295
	(1,061,553)		-	(1,061,553)
	(626,595)		-	(626,595)
	(236,774)		-	(236,774)
	(1,491,777)		-	(1,491,777)
	(9,834)		-	(9,834)
	(81,656)		-	(81,656)
	(3,702)		-	(3,702)
	(787,281)		-	(787,281)
	(704,401)		-	(704,401)
	(17,830,476)		-	(17,830,476)
	-		(79,496)	(79,496)
	-		48,694	48,694
	-		(30,802)	(30,802)
	(17,830,476)		(30,802)	(17,861,278)
	11,324,405		-	11,324,405
	769,378		-	769,378
	479,660		-	479,660
	380,981		-	380,981
	3,676,448		-	3,676,448
	14,689		-	14,689
	66,901		-	66,901
	16,712,462		-	16,712,462
	(40,000)		40,000	-
	16,672,462		40,000	16,712,462
	(1,158,014)		9,198	(1,148,816)
	16,715,650		216,421	16,932,071
\$	15,557,636	\$	225,619	\$ 15,783,255

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 3,743,127	\$ 1,088,721	\$ 4,831,848
Receivables:			
Property taxes . . . . .	11,774,493	1,306,004	13,080,497
Payment in lieu of taxes . . . . .	749,943	-	749,943
Accounts . . . . .	3,845	2,230	6,075
Interfund loans . . . . .	321,582	-	321,582
Intergovernmental . . . . .	26,870	728,341	755,211
Prepayments . . . . .	19,409	-	19,409
Total assets . . . . .	<u>\$ 16,639,269</u>	<u>\$ 3,125,296</u>	<u>\$ 19,764,565</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 152,756	\$ 152,427	\$ 305,183
Accrued wages and benefits payable . . . . .	1,472,797	-	1,472,797
Compensated absences payable . . . . .	170,517	-	170,517
Interfund loans payable . . . . .	-	321,582	321,582
Intergovernmental payable . . . . .	68,594	2,440	71,034
Pension obligation payable . . . . .	241,030	970	242,000
Total liabilities . . . . .	<u>2,105,694</u>	<u>477,419</u>	<u>2,583,113</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year . . . . .	6,768,240	747,465	7,515,705
Payments in lieu of taxes levied for the next fiscal year . . . . .	749,943	-	749,943
Delinquent property tax revenue not available . . . . .	449,573	50,796	500,369
Intergovernmental revenue not available . . . . .	-	348,732	348,732
Miscellaneous revenue not available . . . . .	16,825	-	16,825
Total deferred inflows of resources . . . . .	<u>7,984,581</u>	<u>1,146,993</u>	<u>9,131,574</u>
<b>Fund balances:</b>			
Nonspendable:			
Prepays . . . . .	19,409	-	19,409
Restricted:			
Debt service . . . . .	-	939,486	939,486
Capital improvements . . . . .	-	506,117	506,117
Special education . . . . .	-	23,114	23,114
Committed:			
Extracurricular . . . . .	-	60,819	60,819
Assigned:			
Student instruction . . . . .	84,963	-	84,963
Student and staff support . . . . .	209,396	-	209,396
Extracurricular activities . . . . .	4,559	-	4,559
School supplies . . . . .	46,534	-	46,534
Subsequent year appropriation . . . . .	1,870,860	-	1,870,860
Unassigned (deficit) . . . . .	4,313,273	(28,652)	4,284,621
Total fund balances . . . . .	<u>6,548,994</u>	<u>1,500,884</u>	<u>8,049,878</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 16,639,269</u>	<u>\$ 3,125,296</u>	<u>\$ 19,764,565</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2014

<b>Total governmental fund balances</b>		\$	8,049,878
<i>Amounts reported for governmental activities on the Statement of Net Position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			11,623,133
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Delinquent property taxes receivable	\$	500,369	
Intergovernmental receivable		365,557	
Total		<u>865,926</u>	865,926
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(97,230)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(3,790,463)	
Capital lease obligations		(88,997)	
Compensated absences		(1,004,611)	
Total		<u>(4,884,071)</u>	(4,884,071)
<b>Net position of governmental activities</b>		<u>\$</u>	<u>15,557,636</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 11,284,232	\$ 1,245,428	\$ 12,529,660
Payment in lieu of taxes . . . . .	585,960	-	585,960
Tuition . . . . .	184,223	-	184,223
Earnings on investments . . . . .	14,689	-	14,689
Extracurricular . . . . .	-	142,238	142,238
Classroom materials and fees . . . . .	86,579	-	86,579
Rental income . . . . .	35,145	-	35,145
Contributions and donations . . . . .	49,800	500	50,300
Other local revenues . . . . .	153,066	5,758	158,824
Intergovernmental - state . . . . .	3,605,334	778,705	4,384,039
Intergovernmental - federal . . . . .	14,784	374,928	389,712
Total revenues . . . . .	<u>16,013,812</u>	<u>2,547,557</u>	<u>18,561,369</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	7,674,401	332,027	8,006,428
Special . . . . .	2,254,164	160,229	2,414,393
Vocational . . . . .	161,003	-	161,003
Other . . . . .	4,070	-	4,070
Support services:			
Pupil . . . . .	1,148,968	141,116	1,290,084
Instructional staff . . . . .	1,343,024	107,666	1,450,690
Board of education . . . . .	93,609	247,501	341,110
Administration . . . . .	1,072,769	31,531	1,104,300
Fiscal . . . . .	607,589	19,436	627,025
Business . . . . .	299,437	-	299,437
Operations and maintenance . . . . .	1,312,434	-	1,312,434
Pupil transportation . . . . .	9,834	14,400	24,234
Central . . . . .	78,020	-	78,020
Operation of non-instructional services . . . . .	-	1,489	1,489
Extracurricular activities . . . . .	765,077	153,915	918,992
Facilities acquisition and construction . . . . .	3,062	584,905	587,967
Debt service:			
Principal retirement . . . . .	138,537	246,380	384,917
Interest and fiscal charges . . . . .	8,300	699,876	708,176
Total expenditures . . . . .	<u>16,974,298</u>	<u>2,740,471</u>	<u>19,714,769</u>
Deficiency of revenues under expenditures . . . . .	<u>(960,486)</u>	<u>(192,914)</u>	<u>(1,153,400)</u>
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	-	21,488	21,488
Transfers (out) . . . . .	<u>(61,488)</u>	<u>-</u>	<u>(61,488)</u>
Total other financing sources (uses) . . . . .	<u>(61,488)</u>	<u>21,488</u>	<u>(40,000)</u>
Net change in fund balances . . . . .	(1,021,974)	(171,426)	(1,193,400)
<b>Fund balances at beginning of year . . . . .</b>	<u>7,570,968</u>	<u>1,672,310</u>	<u>9,243,278</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 6,548,994</u>	<u>\$ 1,500,884</u>	<u>\$ 8,049,878</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

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, 2014

<b>Net change in fund balances - total governmental funds</b>	\$	(1,193,400)
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
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.		
Capital asset additions	\$ 402,444	
Current year depreciation	(924,426)	
Total		(521,982)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(1,942)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	43,783	
Payments in lieu of taxes	(204,979)	
Other local revenue	16,825	
Intergovernmental	328,259	
Total		183,888
Repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Position. Principal payments during the year were:		
Bonds	228,880	
Notes	70,000	
Capital leases	86,037	
Total		384,917
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		3,775
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(13,270)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>(1,158,014)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 9,020,530	\$ 9,020,530	\$ 8,586,732	\$ (433,798)
Payment in lieu of taxes. . . . .	629,020	629,020	687,082	58,062
Tuition. . . . .	166,064	166,064	185,347	19,283
Earnings on investments . . . . .	17,000	17,000	13,699	(3,301)
Classroom materials and fees . . . . .	50,000	50,000	51,282	1,282
Rental income . . . . .	31,000	31,000	32,752	1,752
Contributions and donations . . . . .	-	-	49,800	49,800
Other local revenues . . . . .	45,000	45,000	36,435	(8,565)
Intergovernmental - state . . . . .	3,583,698	3,583,698	3,595,289	11,591
Intergovernmental - federal . . . . .	16,800	16,800	14,784	(2,016)
<b>Total revenues . . . . .</b>	<u>13,559,112</u>	<u>13,559,112</u>	<u>13,253,202</u>	<u>(305,910)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	7,397,567	7,655,513	7,462,182	193,331
Special. . . . .	2,174,255	2,233,120	2,253,715	(20,595)
Vocational. . . . .	121,705	123,363	119,650	3,713
Other. . . . .	9,119	9,170	3,801	5,369
Support services:				
Pupil. . . . .	1,244,576	1,238,260	1,221,681	16,579
Instructional staff . . . . .	1,347,099	1,396,426	1,299,817	96,609
Board of education . . . . .	78,916	80,284	79,564	720
Administration. . . . .	1,150,254	1,170,182	1,129,542	40,640
Fiscal . . . . .	593,025	619,998	600,790	19,208
Operations and maintenance. . . . .	1,626,885	1,617,475	1,434,981	182,494
Pupil transportation . . . . .	21,637	21,490	14,554	6,936
Central. . . . .	163,813	164,958	78,045	86,913
Extracurricular activities. . . . .	745,843	759,492	728,327	31,165
Facilities acquisition and construction . . . .	6	1,025	1,100	(75)
Debt service:				
Principal . . . . .	264	1,175	52,500	(51,325)
Interest and fiscal charges. . . . .	11	51	2,279	(2,228)
<b>Total expenditures . . . . .</b>	<u>16,674,975</u>	<u>17,091,981</u>	<u>16,482,528</u>	<u>609,453</u>
 Excess (deficiency) of revenues over (under) expenditures. . . . .	 <u>(3,115,863)</u>	 <u>(3,532,869)</u>	 <u>(3,229,326)</u>	 <u>303,543</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	-	-	61,361	61,361
Transfers (out). . . . .	(92,603)	(92,603)	(61,488)	31,115
Advances (out) . . . . .	-	(11,241)	(11,241)	-
<b>Total other financing sources (uses) . . . . .</b>	<u>(92,603)</u>	<u>(103,844)</u>	<u>(11,368)</u>	<u>92,476</u>
 Net change in fund balance . . . . .	 (3,208,466)	 (3,636,713)	 (3,240,694)	 396,019
<b>Fund balance at beginning of year (restated) .</b>	<b>6,836,241</b>	<b>6,836,241</b>	<b>6,836,241</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . .</b>	<b>391,095</b>	<b>391,095</b>	<b>391,095</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<u><b>\$ 4,018,870</b></u>	<u><b>\$ 3,590,623</b></u>	<u><b>\$ 3,986,642</b></u>	<u><b>\$ 396,019</b></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014

	<b>Child Care Fund</b>	<b>Nonmajor Enterprise Fund</b>	<b>Total Business-Type Activities - Enterprise Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 285,897	\$ 1,954	\$ 287,851
Receivables:			
Accounts . . . . .	26,364	151	26,515
Intergovernmental. . . . .	753	-	753
Materials and supplies inventory. . . . .	-	1,500	1,500
Total current assets . . . . .	<u>313,014</u>	<u>3,605</u>	<u>316,619</u>
Noncurrent assets:			
Depreciable capital assets, net . . . . .	4,999	23,757	28,756
Total assets. . . . .	<u>318,013</u>	<u>27,362</u>	<u>345,375</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	6,216	-	6,216
Accrued wages and benefits . . . . .	20,398	23,067	43,465
Compensated absences. . . . .	778	-	778
Pension obligation payable. . . . .	31,326	13,028	44,354
Intergovernmental payable . . . . .	1,286	718	2,004
Unearned revenue . . . . .	8,338	6,723	15,061
Total current liabilities . . . . .	<u>68,342</u>	<u>43,536</u>	<u>111,878</u>
Long-term liabilities:			
Compensated absences payable. . . . .	-	7,878	7,878
Total liabilities . . . . .	<u>68,342</u>	<u>51,414</u>	<u>119,756</u>
<b>Net position:</b>			
Investment in capital assets . . . . .	4,999	23,757	28,756
Unrestricted (deficit) . . . . .	244,672	(47,809)	196,863
Total net position (deficit) . . . . .	<u>\$ 249,671</u>	<u>\$ (24,052)</u>	<u>\$ 225,619</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<b>Child Care Fund</b>	<b>Nonmajor Enterprise Fund</b>	<b>Total Business-Type Activities - Enterprise Funds</b>
<b>Operating revenues:</b>			
Charges for services. . . . .	\$ 473,150	\$ 168,703	\$ 641,853
Other . . . . .	996	397	1,393
Total operating revenues . . . . .	<u>474,146</u>	<u>169,100</u>	<u>643,246</u>
<b>Operating expenses:</b>			
Personal services. . . . .	387,008	213,573	600,581
Purchased services. . . . .	15,910	4,790	20,700
Materials and supplies . . . . .	22,853	96,633	119,486
Depreciation . . . . .	434	2,899	3,333
Total operating expenses. . . . .	<u>426,205</u>	<u>317,895</u>	<u>744,100</u>
Operating income (loss) . . . . .	<u>47,941</u>	<u>(148,795)</u>	<u>(100,854)</u>
<b>Nonoperating revenues:</b>			
Grants and subsidies. . . . .	753	57,143	57,896
Federal donated commodities . . . . .	-	12,156	12,156
Total nonoperating revenues. . . . .	<u>753</u>	<u>69,299</u>	<u>70,052</u>
Income (loss) before transfers . . . . .	48,694	(79,496)	(30,802)
Transfer in . . . . .	-	40,000	40,000
Change in net position . . . . .	<u>48,694</u>	<u>(39,496)</u>	<u>9,198</u>
<b>Net position at beginning of year. . . . .</b>	<u>200,977</u>	<u>15,444</u>	<u>216,421</u>
<b>Net position (deficit) at end of year . . . .</b>	<u>\$ 249,671</u>	<u>\$ (24,052)</u>	<u>\$ 225,619</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<b>Child Care Fund</b>	<b>Nonmajor Enterprise Fund</b>	<b>Total Business-Type Activities - Enterprise Funds</b>
<b>Cash flows from operating activities:</b>			
Cash received from charges for services. . . . .	\$ 448,190	\$ 166,945	\$ 615,135
Cash received from other operations . . . . .	996	433	1,429
Cash payments for personal services. . . . .	(358,791)	(201,838)	(560,629)
Cash payments for contractual services . . . . .	(13,884)	(2,955)	(16,839)
Cash payments for materials and supplies . . . . .	(23,081)	(79,656)	(102,737)
Net cash provided by (used in) operating activities . . . . .	53,430	(117,071)	(63,641)
<b>Cash flows from noncapital financing activities:</b>			
Cash received from grants and subsidies. . . . .	-	57,143	57,143
Cash received from transfers in . . . . .	-	40,000	40,000
Net cash provided by noncapital financing activities. . . . .	-	97,143	97,143
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets . . . . .	(1,996)	(309)	(2,305)
Net cash used in capital and related financing activities. . . . .	(1,996)	(309)	(2,305)
Net increase (decrease) in cash and cash cash equivalents . . . . .	51,434	(20,237)	31,197
<b>Cash and cash equivalents at beginning of year . . .</b>	<b>234,463</b>	<b>22,191</b>	<b>256,654</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 285,897</b>	<b>\$ 1,954</b>	<b>\$ 287,851</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss) . . . . .	\$ 47,941	\$ (148,795)	\$ (100,854)
Adjustments:			
Depreciation. . . . .	434	2,899	3,333
Federal donated commodities . . . . .	-	12,156	12,156
Changes in assets and liabilities:			
Decrease in materials and supplies inventory . . . . .	-	5,055	5,055
(Increase) in accounts receivable. . . . .	(15,097)	(14)	(15,111)
Decrease in prepayments . . . . .	329	1,856	2,185
Increase (decrease) in accounts payable . . . . .	1,763	(255)	1,508
(Decrease) in accrued wages and benefits . . . . .	(5,467)	(2,657)	(8,124)
Increase in intergovernmental payable. . . . .	1,286	718	2,004
Increase in compensated absences payable. . . . .	778	646	1,424
Increase in pension obligation payable. . . . .	31,326	13,028	44,354
(Decrease) in unearned revenue . . . . .	(9,863)	(1,708)	(11,571)
Net cash provided by (used in) operating activities. . . . .	\$ 53,430	\$ (117,071)	\$ (63,641)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2014

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . .	\$ 78,074
Total assets. . . . .	<u>\$ 78,074</u>
<b>Liabilities:</b>	
Intergovernmental payable . . . . .	\$ 489
Due to students. . . . .	77,585
Total liabilities . . . . .	<u>\$ 78,074</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 1 - DESCRIPTION OF THE DISTRICT**

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.

**NOTE 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. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**A. Reporting Entity - (Continued)**

The following organizations are described due to their relationship to the District.

*JOINTLY GOVERNED ORGANIZATION*

The Metropolitan Educational Council (MEC)

MEC 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 \$51,308 to MEC during the fiscal year 2014.

*JOINT VENTURE WITHOUT EQUITY INTEREST*

The Rockbridge Academy (the "Academy")

The Academy is a joint venture consisting of a consortium of five school districts. The Academy 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 Academy; however, the District does have an ongoing financial obligation to support the Academy in meeting its financial obligations. The District submitted \$7,000 to the Rockbridge Academy during fiscal year 2014. Further detailed financial information may be obtained by contacting the Educational Service Center of Central Ohio at (614) 445-3750.

*INSURANCE POOL*

Ohio School Plan (the "Plan")

The District participates in the Plan, an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. See Note 12.A. for detailed information about the plan.

**B. Fund Accounting**

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



**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**B. Fund Accounting - (Continued)**

*GOVERNMENTAL FUNDS*

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

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.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) financial resources that are restricted, committed, or assigned for the repayment of long-term obligation principal and interest and (c) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

*PROPRIETARY FUNDS*

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

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

The other enterprise fund of the District is used to account for food service operations.

*FIDUCIARY FUNDS*

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. Basis of Presentation**

Government-Wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities and for the business-type 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 charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

**D. Measurement Focus**

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. Measurement Focus - (Continued)**

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary fund activities.

**E. Basis of Accounting**

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

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). 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, payment in lieu of taxes, tuition, grants, and student fees.

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Payment in lieu of taxes and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows on the governmental fund financial statements.

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**E. Basis of Accounting - (Continued)**

*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.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2014, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). 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's price which is the price the investment could be sold for on June 30, 2014.

Under existing Ohio statutes, interest earnings are allotted to the General Fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2014 amounted to \$14,689 which includes \$2,975 assigned from other District funds.

For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year-end is provided in Note 4.

**G. Inventory**

Within the basic financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories of the General Fund were not significant at year-end. Inventories of the Food Service enterprise fund consist of donated and purchased food and supplies.

**H. Prepaid Expenditures/Expenses**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the financial statements using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

On the fund financial statements, reported prepayments are equally offset by nonspendable fund balance in the governmental funds, which indicates that they do not constitute available spendable resources even though they are a component of net position.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**I. Capital Assets and Depreciation**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

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 maintains a capitalization threshold of \$300. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>	Business-Type Activities <u>Estimated Lives</u>
Buildings and Improvements	5 - 50 Years	N/A
Furniture and Equipment	3 - 20 Years	3 - 20 Years
Vehicles	10 Years	N/A

**J. 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 nonoperating revenues/expenses in proprietary funds.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**K. Interfund Balances**

On fund financial statements, receivables and payables resulting from (1) short-term interfund loans and (2) amounts loaned from one fund to another fund to cover a deficit cash balance at year-end are classified as interfund loan receivables and payables. These interfund balances between governmental funds are eliminated for reporting on the Statement of Net Position.

**L. 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 is attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick and vacation leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with 15 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16. 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.

**M. Accrued Liabilities and Long-term Debt**

All accrued liabilities and long-term debt are 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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**N. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**O. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**O. Fund Balance - (Continued)**

*Unassigned* - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**P. Budget Stabilization Arrangement**

The District has established a budget stabilization reserve. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Expenditures out of the budget stabilization reserve can only be made to offset future budget deficits. At June 30, 2014, the balance in the budget stabilization reserve was \$750,000. This amount is included in unassigned fund balance of the General Fund and in unrestricted net position on the Statement of Net Position.

**Q. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges for services for the Child Care Fund and the Food Service Fund (a nonmajor enterprise fund). Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting these definitions are classified as nonoperating.

**R. Budgetary Data**

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate in effect when the final appropriations were passed.



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**R. Budgetary Data - (Continued)**

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

**S. 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.

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2014.

**U. Estimates**

The preparation of financial statements in conformity with GAAP 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.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2014, the District has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances/Net Position**

Fund balances/net position at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Straight A grant	\$ 20,873
Miscellaneous state grants	1
Vocational education	28
Title I	5,297
Improving teacher quality	2,453
 <u>Nonmajor enterprise fund</u>	
Food service	24,052

The General Fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. Except for the Straight A Grant Fund, the deficit fund balances resulted from adjustments for accrued liabilities. The Straight A Grant Fund reported a negative cash balance at June 30, 2014 of \$310,341. For reporting purposes, an interfund loan has been reported from the General Fund to cover the negative cash balance (see Note 17.A). The individual fund deficits of the nonmajor governmental funds above are reported as unassigned fund balance on the governmental funds balance sheet.

**C. Budgetary Restatement**

The District has restated the June 30, 2013 fund balance as previously reported on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) for the General Fund to report only the District’s legally adopted General Fund. The adjustment had the following effect on fund balance as previously reported.

	<u>General Fund</u>
Budgetary fund balance	\$ 6,962,468
Removal of funds budgeted separately	<u>(126,227)</u>
Restated budgetary fund balance	<u>\$ 6,836,241</u>

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Inactive deposits are public deposits that 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 or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

**A. Cash on Hand**

At June 30, 2014, the District had \$2,430 in undeposited cash on hand which is included on the financial statements as part of "Equity in pooled cash and cash equivalents".

**B. Deposits with Financial Institutions**

At June 30, 2014, the carrying amount of all District deposits was \$5,051,539. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$2,799,583 of the District's bank balance of \$5,592,687 was exposed to custodial risk as discussed below, while \$2,793,104 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. 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 credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**C. Investments**

As of June 30, 2014, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>
		<u>6 months or less</u>
STAR Ohio	<u>\$ 143,804</u>	<u>\$ 143,804</u>

The weighted average maturity of the investment is one day.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments - (Continued)**

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAm money market rating. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2014:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	<u>\$ 143,804</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the Statement of Net Position as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,051,539
Investments	143,804
Cash on hand	<u>2,430</u>
Total	<u>\$ 5,197,773</u>
 <u>Cash and investments per Statement of Net Position</u>	
Governmental activities	\$ 4,831,848
Business-type activities	287,851
Agency funds	<u>78,074</u>
Total	<u>\$ 5,197,773</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 5 - RECEIVABLES**

Receivables at June 30, 2014 consisted of property taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds.

A summary of the principal items of receivables reported on the Statement of Net Position follows:

	Governmental activities	Business-type activities
Property taxes	\$ 13,080,497	\$ -
Intergovernmental	755,211	753
Accounts	6,075	26,515
Payments in lieu of taxes	749,943	-
Total	\$ 14,591,726	\$ 27,268

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 6 - PROPERTY TAXES - (Continued)**

The District receives property taxes from Franklin County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$4,529,063 in the General Fund, \$310,671 in the Debt Service Fund (a nonmajor governmental fund) and \$194,059 in the Permanent Improvement Fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2013 was \$1,773,804 in the General Fund, \$128,498 in the Debt Service Fund (a nonmajor governmental fund) and \$79,803 in the Permanent Improvement Fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 274,905,320	97.05	\$ 273,346,610	96.94
Public utility personal	<u>8,366,270</u>	<u>2.95</u>	<u>8,617,680</u>	<u>3.06</u>
Total	<u>\$ 283,271,590</u>	<u>100.00</u>	<u>\$ 281,964,290</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 104.30		\$ 104.30	

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Balance</u> <u>06/30/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/14</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 137,400	\$ -	\$ -	\$ 137,400
Total capital assets, not being depreciated	<u>137,400</u>	<u>-</u>	<u>-</u>	<u>137,400</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	17,554,292	112,825	-	17,667,117
Furniture and equipment	5,446,676	289,619	(35,672)	5,700,623
Vehicles	<u>88,909</u>	<u>-</u>	<u>-</u>	<u>88,909</u>
Total capital assets, being depreciated	<u>23,089,877</u>	<u>402,444</u>	<u>(35,672)</u>	<u>23,456,649</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(7,671,151)	(300,460)	-	(7,971,611)
Furniture and equipment	(3,336,717)	(619,744)	33,730	(3,922,731)
Vehicles	<u>(72,352)</u>	<u>(4,222)</u>	<u>-</u>	<u>(76,574)</u>
Total accumulated depreciation	<u>(11,080,220)</u>	<u>(924,426)</u>	<u>33,730</u>	<u>(11,970,916)</u>
Governmental activities capital assets, net	<u>\$ 12,147,057</u>	<u>\$ (521,982)</u>	<u>\$ (1,942)</u>	<u>\$ 11,623,133</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 637,353
Special	3,660

Support services:

Pupil	83,371
Instructional staff	3,767
Administration	4,059
Fiscal	1,263
Business	40,167
Operations and maintenance	103,822
Central	3,636
Operation of non-instructional	2,213
Extracurricular activities	<u>41,115</u>

Total depreciation expense \$ 924,426



**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 7 - CAPITAL ASSETS - (Continued)**

	<u>Balance</u> <u>06/30/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/14</u>
<b>Business-Type activities:</b>				
<i>Capital assets, being depreciated:</i>				
Furniture and equipment	154,764	2,305	(2,321)	154,748
Total capital assets, being depreciated	<u>154,764</u>	<u>2,305</u>	<u>(2,321)</u>	<u>154,748</u>
<i>Less: accumulated depreciation:</i>				
Furniture and equipment	(124,980)	(3,333)	2,321	(125,992)
Total accumulated depreciation	<u>(124,980)</u>	<u>(3,333)</u>	<u>2,321</u>	<u>(125,992)</u>
Business-Type activities capital assets, net	<u>\$ 29,784</u>	<u>\$ (1,028)</u>	<u>\$ -</u>	<u>\$ 28,756</u>

Depreciation expense was charged to business-type functions as follows:

Food Service	\$ 2,899
Child Care	434
Total depreciation expense	<u>\$ 3,333</u>

**NOTE 8 - LONG-TERM OBLIGATIONS**

The balance of the District's long-term obligations has been restated at July 1, 2013 to remove accrued interest payable from the schedule. Accrued interest payable is reported as a liability separate from long-term obligations on the financial statements. During the fiscal year 2014, the following changes occurred in governmental activities long-term obligations:

	<u>Restated</u> <u>Balance</u> <u>07/01/13</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>06/30/14</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
<b><u>Governmental activities:</u></b>					
Series 2001 refunding bonds:					
Current interest	\$ 2,485,000	\$ -	\$ -	\$ 2,485,000	\$ -
Capital appreciation	114,343	-	(63,880)	50,463	50,463
Series 1996 construction bonds:					
Current interest	1,420,000	-	(165,000)	1,255,000	175,000
General obligation notes	70,000	-	(70,000)	-	-
Capital lease obligations	175,034	-	(86,037)	88,997	88,997
Compensated absences	991,341	492,087	(308,300)	1,175,128	273,993
Total governmental activities	<u>\$ 5,255,718</u>	<u>\$ 492,087</u>	<u>\$ (693,217)</u>	<u>\$ 5,054,588</u>	<u>\$ 588,453</u>
<b><u>Business-type activities:</u></b>					
Compensated absences	<u>\$ 7,232</u>	<u>\$ 1,424</u>	<u>\$ -</u>	<u>\$ 8,656</u>	<u>\$ 778</u>
Total business-type activities	<u>\$ 7,232</u>	<u>\$ 1,424</u>	<u>\$ -</u>	<u>\$ 8,656</u>	<u>\$ 778</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

All general obligation bonds will be paid from property taxes in the Debt Service Fund (a nonmajor governmental fund).

Compensated absences in the governmental activities will be paid from the General Fund and compensated absences in the business-type activities will be paid from the Child Care Fund and the Food Service Fund (a nonmajor enterprise fund).

The capital lease obligations will be paid from the General Fund. See Note 9 for more detail.

Series 2001 Refunding Bonds

On November 1, 2001, the District issued \$8,559,989 of general obligation bonds. The bond issue included serial, term and capital appreciation bonds in the amounts of \$5,880,000, \$2,485,000 and \$194,989, respectively. The bonds advance refunded \$8,560,000 of outstanding 1995 School Facilities Construction and Improvement Bonds. The bonds were issued for a 24 year period with final maturity at December 1, 2019.

The term bonds were issued at \$2,485,000. The term bonds that mature on December 1, 2019 are subject to mandatory sinking fund redemption on December 1, 2015 and on each December 1 thereafter at 100 percent of the principal amount thereof, plus accrued interest, to the date of redemption according to the following schedule:

Year	Principal Amount to be Redeemed
2015	\$ 510,000
2016	500,000
2017	495,000
2018	490,000

The serial bonds were issued at \$5,880,000 and matured on December 1, 2011. The capital appreciation bonds, issued at \$194,989, are not subject to prior redemption. The fiscal year 2014 accretion amount was \$13,735. The capital appreciation bonds will mature December 1, 2014 in the amount of \$540,000.

The above amounts of refunded bonds are defeased and are not reported in the accompanying basic financial statements.

At June 30, 2014, \$3,010,000 of the refunded bonds were outstanding.

Series 1996 Construction Bonds

Voted general obligation bonds in the amount of \$3,060,000 were issued in accordance with Chapter 133 of the ORC 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 multipurpose facility, renovate school buildings, improve school sites and implement technology improvements. 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 series 2001 refunding bonds described above.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

General Obligation Notes Payable

Unvoted notes were sold to PNC Bank for \$175,000 in accordance with Chapter 133.06 of the ORC 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 District has set aside the rent proceeds associated with cell tower lease contracts to repay the notes. The District retired the notes in full during fiscal year 2014 from the General Fund and the Debt Service Fund (a nonmajor governmental fund).

Future Debt Service Requirements

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2014, are as follows:

Fiscal Year Ending	General Obligation Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 175,000	\$ 182,833	\$ 50,463	\$ 489,537	\$ 225,463	\$ 672,370
2016	700,000	160,593	-	-	700,000	160,593
2017	700,000	125,782	-	-	700,000	125,782
2018	710,000	90,635	-	-	710,000	90,635
2019	720,000	54,893	-	-	720,000	54,893
2020	735,000	18,436	-	-	735,000	18,436
Total	<u>\$ 3,740,000</u>	<u>\$ 633,172</u>	<u>\$ 50,463</u>	<u>\$ 489,537</u>	<u>\$ 3,790,463</u>	<u>\$ 1,122,709</u>

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2014, are a voted debt margin of \$22,525,809 (including available funds of \$939,486) and an unvoted debt margin of \$281,964.

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE**

In prior fiscal years, the District entered into capital lease agreements for the acquisition of computer equipment. These leases meet the criteria of a capital lease as defined by GASB which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by the leases have been capitalized in the amount of \$544,743, which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2014 was \$336,419 leaving a current book value of \$208,324.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)**

A corresponding liability was recorded in the Statement of Net Position. Principal payments in the 2014 fiscal year totaled \$86,037. This amount is reflected as debt service principal retirement in the General Fund and as a reduction to the long-term liabilities reported on the Statement of Net Position.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2014.

	<u>Governmental Activities</u>
Fiscal year ending June 30, 2015	\$ 92,059
Less: amount representing interest	<u>(3,062)</u>
Present value of minimum lease payments	<u><u>\$ 88,997</u></u>

**NOTE 10 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 10 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the General Fund is as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ (3,240,694)
Net adjustment for revenue accruals	2,622,323
Net adjustment for expenditure accruals	(558,343)
Net adjustment for other sources/uses	(50,120)
Funds budgeted elsewhere	(186,326)
Adjustment for encumbrances	<u>391,186</u>
GAAP basis	<u>\$ (1,021,974)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a GAAP basis. This includes the Uniform School Supplies Fund and the Public School Support Fund.

**NOTE 11 - SET-ASIDES**

The District is required by State law to annually set-aside certain General Fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	176,628
Current year offsets	<u>(176,628)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 12 - RISK MANAGEMENT**

**A. Property and Liability**

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 2014, the District contracted with the Ohio School Plan (the "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 Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member Board consisting of superintendents, treasurers, and a member of the Harcum-Schuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206. The Plan has over 300 school districts insured. 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. Insurance settlements have not exceeded insurance coverage for each of the past three fiscal years and there has been no significant reduction in coverage from the prior year.

**B. Workers' Compensation**

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.

**C. Employee Health Insurance**

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.

**NOTE 13 - CONTINGENCIES**

**A. Grants**

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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2014, if applicable, cannot be determined at this time.

**B. Litigation**

The District was party to legal proceedings that were settled in July 2014. There was no financial statement impact.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 14 - PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$293,209, \$315,936 and \$276,096, respectively; 84.54 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**B. State Teachers Retirement System of Ohio**

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

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 14 - PENSION PLANS - (Continued)**

**B. State Teachers Retirement System of Ohio - (Continued)**

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

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The 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 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,119,813, \$1,121,496 and \$1,188,304, respectively; 87.51 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$67,603 made by the District and \$53,116 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 one member of the Board of Education has elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. 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 monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".



**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

**A. School Employees Retirement System - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$41,378, \$38,749 and \$32,658, respectively; 84.54 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$17,011, \$2,338 and \$2,071, respectively; 84.54 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**B. State Teachers Retirement System of Ohio**

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$86,139, \$81,789 and \$83,900, respectively; 87.51 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 16 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 263,584
Nonmajor governmental	<u>491,191</u>
 Total	 <u><u>\$ 754,775</u></u>

**NOTE 17 - INTERFUND TRANSACTIONS**

A. Interfund loans receivable/payable consisted of the following at June 30, 2014, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental	<u>\$ 321,582</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

B. Interfund transfers for the fiscal year ended June 30, 2014, consisted of the following, as reported on the fund statements:

<u>Transfers from General Fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 21,488
Nonmajor enterprise funds	<u>40,000</u>
Total	<u><u>\$ 61,488</u></u>

Interfund transfers represent the use of unrestricted revenues collected in the General Fund that are used to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting on the Statement of Activities. Interfund transfers between governmental funds and enterprise funds are reported on the Statement of Activities. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grandview Heights City School District, Franklin County, Ohio (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2014.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

***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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 15, 2014

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2014**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-001**

**Financial Reporting – Material Weakness**

Sound financial reporting is the responsibility of the District's Treasurer and Board of Education and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following adjustments were made to the District's 2014 financial statements and accounting records:

- Adjustment to increase Property Tax Receivable in the General Fund by \$1,184,891 and in Nonmajor Governmental Funds by \$153,052.
- Adjustment to record Unearned Revenue of \$8,338 and Accounts Receivable of \$26,364 in the Child Care Fund.

The following entries were not material to the District's 2014 financial statements and were not adjusted to the financial statements or to the District's accounting records:

- Reclassification of Miscellaneous Revenue to Intergovernmental Revenue - Federal totaling \$6,330 in Nonmajor Governmental Funds.
- Reclassification of Charge for Services to Federal Sources totaling \$1,679 in the Child Care Fund.
- Reclassification of final budgeted Property Tax Revenue to Other Local Revenue totaling \$433,798 in the General Fund.
- Reclassification of Committed Fund Balance to Restricted Fund Balance totaling \$60,819 in Nonmajor Governmental Funds.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of the financial data throughout the year.

We recommend the District continue to develop and enhance policies and procedures to further advance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the District and thereby increases the reliability of the financial data throughout the year.

**Officials' Response:**

We did not receive an Official's response for the finding reported above.

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# Dave Yost • Auditor of State

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 10, 2015**