



**Mary Taylor, CPA**  
Auditor of State



**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grandview Heights City School District, Franklin County, Ohio (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of Grandview Heights City School District, Franklin County, Ohio, as of June 30, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

**Mary Taylor, CPA**  
Auditor of State

December 8, 2009

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED**

**Financial Highlights**

The District's net assets are \$14,500,422 as of June 30, 2009. This represents an increase of \$1,652,759 over last year. The increase in net assets is due primarily to the increase in taxes receivable, resulting from a large decrease in property tax advances received as of June 30, 2009. The District's cash and cash equivalents assets of \$7,899,292 decreased by \$2,612,320 due to a large decrease in property tax advances received as of June 30, 2009.

The General Fund reported a positive fund balance of \$7,963,493 according to the Statement of Revenues, Expenditures and Changes in Fund Balance for Governmental Funds. The General Fund cash and investments and restricted cash and cash equivalents have decreased \$2,327,719 since last year. The decrease in cash is due primarily to the large decrease in property tax advances received as of June 30, 2009 compared to June 30, 2008 and a increase in capital outlay expenditures due to entering into a lease purchase agreement for computer equipment at Grandview Heights High School.

**Reporting the District as a Whole**

*The Statement of Net Assets and Statement of Activities*

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

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

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

*Fund Financial Statements*

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(Continued)**

**Reporting the District's Most Significant Funds (Continued)**

*Governmental Funds*

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

*Proprietary Funds*

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

*Fiduciary Funds*

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

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$14,500,422 according to the Statement of Net Assets at the close of the most recent fiscal year.

The largest portions of the District's net assets (52%) are unrestricted. As such, these assets are available for future spending to meet the District's ongoing activities. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A comparative analysis of fiscal year 2009 to 2008 follows from the Statements of Net Assets:



**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(Continued)**

**Government-wide Financial Analysis (Continued)**

	<u>Net Assets</u>					
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current Assets	\$ 18,437,726	\$ 15,993,681	\$ 106,661	\$ 102,883	\$ 18,544,387	\$ 16,096,564
Capital Assets	12,642,306	12,743,792	35,589	26,609	12,677,895	12,770,401
Total Assets	<u>\$ 31,080,032</u>	<u>\$ 28,737,473</u>	<u>\$ 142,250</u>	<u>\$ 129,492</u>	<u>\$ 31,222,282</u>	<u>\$ 28,866,965</u>
Current Liabilities	\$ 8,535,171	\$ 7,207,930	\$ 90,545	\$ 100,798	\$ 8,625,716	\$ 7,308,728
Long-Term Liabilities	8,095,532	8,707,948	612	2,626	8,096,144	8,710,574
Total Liabilities	<u>16,630,703</u>	<u>15,915,878</u>	<u>91,157</u>	<u>103,424</u>	<u>16,721,860</u>	<u>16,019,302</u>
Net Assets:						
Invested in Capital Assets, Net of Debt	5,458,731	4,760,029	35,589	26,609	5,494,320	4,786,638
Restricted	1,474,046	1,357,030	-	-	1,474,046	1,357,030
Unrestricted	7,516,552	6,704,536	15,504	(541)	7,532,056	6,703,995
Total Net Assets	<u>\$ 14,449,329</u>	<u>\$ 12,821,595</u>	<u>\$ 51,093</u>	<u>\$ 26,068</u>	<u>\$ 14,500,422</u>	<u>\$ 12,847,663</u>

A portion of the District's net assets (10%) represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the District's ongoing activities.

	<u>Changes in Net Assets</u>					
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program Revenues						
Charges for Services	\$ 420,272	\$ 431,189	\$ 542,406	\$ 502,938	\$ 962,678	\$ 934,127
Operating Grants and Contributions	523,513	547,024	75,545	65,200	599,058	612,224
General Revenues						
Property Taxes	13,024,407	11,452,564	-	-	13,024,407	11,452,564
Intergovernmental-State	4,223,381	3,811,135	-	-	4,223,381	3,811,135
Other	243,156	477,754	-	-	243,156	477,754
Total Revenues	<u>18,434,729</u>	<u>16,719,666</u>	<u>617,951</u>	<u>568,138</u>	<u>19,052,680</u>	<u>17,287,804</u>
Expenses						
Instruction	10,058,800	9,744,352	-	-	10,058,800	9,744,352
Support Services	5,330,249	4,692,365	-	-	5,330,249	4,692,365
Extracurricular Activities	767,870	740,113	-	-	767,870	740,113
Facilities Services	268,345	655,524	-	-	268,345	655,524
Interest & Fiscal Charges	346,730	388,960	-	-	346,730	388,960
Food Service	-	-	301,749	298,523	301,749	298,523
Child Care	-	-	326,178	311,462	326,178	311,462
Total Expenses	<u>16,771,994</u>	<u>16,221,314</u>	<u>627,927</u>	<u>609,985</u>	<u>17,399,921</u>	<u>16,831,299</u>
Transfers	(35,001)	(30,000)	35,001	30,000	-	-
Change in Net Assets	<u>\$ 1,627,734</u>	<u>\$ 468,352</u>	<u>\$ 25,025</u>	<u>\$ (11,847)</u>	<u>\$ 1,652,759</u>	<u>\$ 456,505</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(Continued)**

**Government-wide Financial Analysis (Continued)**

*Governmental Activities*

Net assets of the District's governmental activities increased by \$1,627,734 and unrestricted net assets reflect a positive balance of \$7,516,552. The increase in net assets is due primarily to the increase in taxes receivable, resulting from the large decrease in property tax advances received as of June 30, 2009. The increase in net assets is also due to the increase from \$793,945 in fiscal year 2008 to \$1,126,847 in fiscal year 2009 in tangible personal property tax "hold-harmless" reimbursements from the State of Ohio. There were no significant permanent improvement projects that occurred during 2009.

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

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

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(Continued)**

**Government-wide Financial Analysis (Continued)**

	<u>Total Cost of Services 2009</u>	<u>Net Cost of Services 2009</u>
Program Expenses		
Instruction		
Regular	\$ 7,445,707	\$ 7,248,588
Special	2,502,011	2,280,792
Vocational	111,082	110,240
Support Services		
Pupils	1,566,662	1,366,729
Instructional Staff	675,626	661,468
Board of Education	18,566	18,566
Administration	1,059,639	1,023,593
Fiscal	498,231	498,231
Business	30,251	(7,387)
Operation & Maintenance	1,406,608	1,406,608
Pupil Transportation	15,674	15,674
Central	58,992	53,795
Extracurricular	767,870	560,879
Facilities Services	268,345	243,703
Interest and Fiscal Charges	346,730	346,730
Total Expenses	<u>\$ 16,771,994</u>	<u>\$ 15,828,209</u>

Local taxes make up 71% of total revenues for governmental activities. The net services column reflecting the need for \$15,828,209 of support indicates the reliance on general revenues to support governmental activities.

*Business-Type Activities*

Business-type activities include food service and child care. These activities net assets were \$51,093 a increase of \$25,025 from prior year's total of \$26,068. The increase was almost equally due to the food service and child care operations.

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$9,144,125 which is above last year's total of \$8,210,369 according to the Statement of Revenues, Expenditures and Changes in Fund Balance, Governmental Funds. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2009 and 2008.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(Continued)**

**The District's Funds (Continued)**

	<u>Fund Balance</u> <u>June 30, 2009</u>	<u>Fund Balance</u> <u>June 30, 2008</u>	<u>Increase/</u> <u>Decrease</u>
General	\$ 7,963,493	\$ 7,337,724	\$ 625,769
Bond Retirement	1,286,021	1,174,009	112,012
Permanent Improvemen	(214,053)	(379,607)	165,554
Other Governmental	108,664	78,243	30,421
Total	<u>\$ 9,144,125</u>	<u>\$ 8,210,369</u>	<u>\$ 933,756</u>

*General Fund*

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

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Percent</u> <u>Change</u>
Revenues			
Taxes	\$ 11,413,023	\$ 10,449,608	9.2%
Interest Earnings	148,083	380,320	-61.1%
Intergovernmental - State	4,167,713	3,784,586	10.1%
Other Revenue	318,152	349,616	-9.0%
Total Revenues	<u>\$ 16,046,971</u>	<u>\$ 14,964,130</u>	7.2%

Tax revenues are higher in 2009 because of the posting for \$1,874,926, representing the "amount available for advance but not actually received as of June 30, 2007" as tax revenues compared to only posting \$158,974 as of June 30, 2008. Subsequently, property tax revenues in 2009 were reduced by \$158,974 compared to \$1,874,926 in 2008 thus creating the appearance of an increase in property tax revenues in 2009. State revenue is up \$383,127 due to the increase in the collection of the personal property tax "hold harmless" reimbursement from the state because of the gradual elimination of the personal property tax as a source of revenue for schools in Ohio.

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(Continued)**

**The District's Funds (Continued)**

	2009	2008	Percent
	Amount	Amount	Change
Expenditures by Function			
Instruction	\$ 9,552,771	\$ 9,155,697	4.3%
Support Services	5,041,519	4,830,844	4.4%
Extracurricular	574,088	577,912	-0.7%
Facilities Services	64,144	61,171	4.9%
Capital Outlay	264,527	-	100.0%
Debt Service	129,893	89,269	45.5%
Total	<u>\$ 15,626,942</u>	<u>\$ 14,714,893</u>	6.2%

Expenditures are up \$912,049 or 6.2% from the prior year. The amount of the increase is small mostly due to entering into a capital lease agreement in 2009 for computer equipment at the High School, severance payments to retiring staff members, and property tax collection fees paid to the county auditor.

*Bond Retirement Fund*

The District's Bond Retirement Fund balance increased by \$112,012 due to an increase in property tax revenues commensurate with future debt service requirements. The District on November 14, 2006 approved the issuance of unvoted debt for \$175,000 to be used toward the furnishing of materials and performance of labor necessary to install a synthetic grass playing field at Bobcat Stadium. National City Bank purchased the notes with a 4.25% interest rate. The debt will be repaid over a ten-year period from rent proceeds from cell towers located in the stadium area with the final payment due on December 1, 2016. The primary revenues of the District's Bond Retirement Fund are property taxes, calculated by the county auditor, state rollback and homestead reimbursements, and personal property tax state reimbursements. The expenses of the fund include debt principal and interest payments as well as county auditor and treasurer fees.

*Permanent Improvement Fund*

The District's Permanent Improvement Fund balance increased by \$165,554 due to a decrease in expenditures for permanent improvement projects in 2009.

*Other Governmental Funds*

Other governmental funds consist primarily of special revenue and capital projects funds. These funds remained constant in 2009 with a slight increase in fund balance of \$30,421.

**General Fund Budget Information**

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(Continued)**

**General Fund Budget Information (Continued)**

The District did not increase its General Fund property tax revenue estimates to reflect the receipt of advances from the August, 2009 real property tax settlement in June since those advances were not needed to pay obligations during the 2009 fiscal year. The District decreased its total General Fund expenditure estimate by \$106,814 about .7% difference from the original estimate.

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

**Capital Assets**

The District has \$5,494,320 invested in capital assets net of depreciation and related debt, with \$5,458,731 attributed to governmental activities. Detailed information regarding capital asset activity is included in the notes to the basic financial statements.

**Debt**

On June 30, 2009, the District had \$7,009,989 in outstanding bonds and notes which includes \$370,000 in tax anticipation notes. During 2009, the District issued no additional bonds or notes. The District paid \$937,500 in principal on bonds and notes and \$340,904 in interest during the 2009 fiscal year. Detailed information regarding long term debt is included in the notes to the basic financial statements.

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total taxable valuation of real and personal property. As of June 30, 2009, the District's general obligation debt was below the legal limit.

**Restrictions and Other Limitations**

Contributing to the challenge for the School District is the funding received by the District from the State of Ohio. School foundation support from the state has been flat since the most recent reduction that occurred after the 2003-04 fiscal year. The slight increase reflected in the school foundation program in the 2006-07 fiscal year is due to a change in accounting procedures for memo expenditures withheld by the state for open enrollment, community schools and county educational service centers. The District's five-year financial forecast anticipates the indefinite continuation of the transitional guarantees that the District receives as part of the school foundation formula. Additionally, the financial forecast anticipates the continuation of more than four hundred thousand dollars each year from the state for reimbursement for public utility taxes whose collection has been discontinued since 2001.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(Continued)**

**Restrictions and Other Limitations (Continued)**

The State of Ohio adds to the challenges facing the School District by further limiting its ability to receive local property taxes. House Bill 283, passed in 1999, reduced the inventory portion of the personal property tax valuation by 1% per year beginning with collection year 2001 from 25% of market value to 0% in 2027. In 2003, the State exacerbated the loss when it passed the 2003-05 fiscal year state budget bill that doubled the rate of decrease to 2% per year beginning in 2005.

The state completed the devastation of the collection of personal property taxes in 2005 with the passage of Am. Sub. HB-66, the 2005-07 biennium budget bill. Included in the bill was a stipulation to eliminate all tangible personal property taxes as a source of revenue for school districts in Ohio. Personal property tax valuation including machinery, equipment, furniture, fixtures and inventory will be phased out by tax year 2009. The law also reclassified tangible personal property of telephone, telegraph and telecommunications companies as general business tangible personal property and begins a phase-out in tax year 2007. The law established a replacement mechanism for lost tax revenues to school districts until tax year 2009 when it will be phased out entirely over time by tax year 2018. During the temporary life of this replacement mechanism, it will give the appearance that the state revenue share is increasing while the local revenue share (personal property taxes) is smaller.

Finally, the challenges of the local economy continue to face the School District. The District's largest taxpayer, Big Bear Stores, closed and left the School District in January, 2004. In response to Big Bear and the loss of other personal property tax revenue, the Board of Education on February 10, 2004 approved a reorganization of the School District resulting in savings of approximately \$855,000. Since then, Nationwide Realty Investors purchased the former Big Bear property and many other adjacent properties with the intention of constructing a major redevelopment project known as Grandview Yard. The Board of Education is currently negotiating compensation agreements with the City of Grandview Heights and Nationwide Realty Investors. Compensation agreements are expected to be signed and approved by the end of July 2009.

The dedicated voters in the Grandview Heights City School District approved a 9.5 mill tax levy on November 8, 2005. That tax levy included 7.85 mills for general operating purposes for a continuing period of time and 1.65 mills for capital improvements and maintenance for a five-year period. 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 2011-12 fiscal year for general operating purposes. It is expected that the District will remain off the ballot until at least November 2009.

**Contacting the District's Financial Management**

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

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**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS  
JUNE 30, 2009**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 7,818,064	\$ 81,228	\$ 7,899,292
Materials and Supplies Inventory	-	5,642	5,642
Accrued Interest Receivable	10,075	-	10,075
Accounts Receivable	7,848	13,620	21,468
Due From Other Governments	6,157	5,881	12,038
Prepaid Expenses	50,885	290	51,175
Taxes Receivable	10,544,697	-	10,544,697
Capital Assets, Net of Depreciation	12,642,306	35,589	12,677,895
<i>Total Assets</i>	<u>31,080,032</u>	<u>142,250</u>	<u>31,222,282</u>
<b>Liabilities</b>			
Accounts Payable	330,137	2,840	332,977
Accrued Salaries and Benefits Payable	1,581,657	70,234	1,651,891
Due to Other Governments	69,575	-	69,575
Deferred Tax Revenue	6,167,884	-	6,167,884
Deferred Intergovernmental Revenue	5,843	-	5,843
Deferred Other Revenue	10,075	17,471	27,546
Notes Payable	370,000	-	370,000
Long-Term Liabilities:			
Due Within One Year	992,477	612	993,089
Due In More Than One Year	7,103,055	-	7,103,055
<i>Total Liabilities</i>	<u>16,630,703</u>	<u>91,157</u>	<u>16,721,860</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	5,458,731	35,589	5,494,320
Restricted for:			
Capital Projects	155,947	-	155,947
Debt Service	1,286,021	-	1,286,021
Other Purposes	32,078	-	32,078
Unrestricted (Deficit)	7,516,552	15,504	7,532,056
<i>Total Net Assets</i>	<u>\$ 14,449,329</u>	<u>\$ 51,093</u>	<u>\$ 14,500,422</u>

See accompanying notes to the basic financial statements



**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	General	Bond Retirement Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 6,609,197	\$ 964,586	\$ 50,752	\$ 124,627	\$ 7,749,162
Accrued Interest Receivable	10,075	-	-	-	10,075
Accounts Receivable	2,648	-	-	5,200	7,848
Due From Other Governments	314	-	-	5,843	6,157
Prepaid Expenditures	50,318	-	-	567	50,885
Restricted Cash and Cash Equivalents	68,902	-	-	-	68,902
Taxes Receivable	9,403,394	855,151	286,152	-	10,544,697
<i>Total Assets</i>	<u>16,144,848</u>	<u>1,819,737</u>	<u>336,904</u>	<u>136,237</u>	<u>18,437,726</u>
<b>Liabilities</b>					
Accounts Payable	313,920	-	-	16,217	330,137
Accrued Wages	1,576,144	-	-	5,513	1,581,657
Due to Other Governments	69,575	-	-	-	69,575
Deferred Tax Revenue	6,211,641	533,716	180,957	-	6,926,314
Deferred Intergovernmental Revenue	-	-	-	5,843	5,843
Deferred Other Revenue	10,075	-	-	-	10,075
Notes Payable	-	-	370,000	-	370,000
<i>Total Liabilities</i>	<u>8,181,355</u>	<u>533,716</u>	<u>550,957</u>	<u>27,573</u>	<u>9,293,601</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	362,556	-	13,375	40,412	416,343
Reserved for HB-412 Set Asides	68,902	-	-	-	68,902
Reserved for Prepaids	50,318	-	-	567	50,885
Reserved for Future Appropriations	365,271	52,289	16,223	-	433,783
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	7,116,446	-	-	-	7,116,446
Special Revenue Funds	-	-	-	67,685	67,685
Debt Service Fund	-	1,233,732	-	-	1,233,732
Capital Projects Fund	-	-	(243,651)	-	(243,651)
<i>Total Fund Balances (Deficits)</i>	<u>7,963,493</u>	<u>1,286,021</u>	<u>(214,053)</u>	<u>108,664</u>	<u>9,144,125</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 16,144,848</u>	<u>\$ 1,819,737</u>	<u>\$ 336,904</u>	<u>\$ 136,237</u>	<u>\$ 18,437,726</u>

See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2009**

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<b>Total Governmental Funds Balances</b>	<b>\$ 9,144,125</b>
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***Amounts reported for governmental activities in the  
statement of net assets are different because***

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	12,642,306
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds	758,430
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Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:

Interest Payable	(26,838)
Accrued Benefits Payable	(1,255,119)
Capital Lease Obligations Due Within One Year	(85,439)
Capital Lease Obligations Due in More Than One Year	(88,147)
General Obligation Notes Payable Due Within One Year	(17,500)
General Obligation Notes Payable Due in More Than One Year	(122,500)
General Obligation Bonds Payable Due Within One Year	(750,000)
General Obligation Bonds Payable Due in More Than One Year	<u>(5,749,989)</u>

Total	<u>(8,095,532)</u>
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<i>Net Assets of Governmental Activities</i>	<u><u>\$ 14,449,329</u></u>
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See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	General	Bond Retirement Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$ 11,413,023	\$ 1,070,380	\$ 357,956	\$ -	\$ 12,841,359
Intergovernmental - State	4,167,713	109,226	36,563	20,830	4,334,332
Intergovernmental - Federal	-	-	-	412,562	412,562
Interest Income	148,083	-	-	-	148,083
Tuition and Fees	203,487	-	-	-	203,487
Miscellaneous Revenue	114,665	-	-	197,193	311,858
<i>Total Revenues</i>	<u>16,046,971</u>	<u>1,179,606</u>	<u>394,519</u>	<u>630,585</u>	<u>18,251,681</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	7,077,277			46,366	7,123,643
Special	2,364,273			129,479	2,493,752
Vocational	111,221			-	111,221
Support Services:					
Pupils	1,303,016			189,798	1,492,814
Instructional Staff	651,780			13,621	665,401
Board of Education	18,566			-	18,566
Administration	1,036,179			34,678	1,070,857
Fiscal	491,219	9,489	3,251	-	503,959
Business	-			39,793	39,793
Operation and Maintenance	1,470,367			-	1,470,367
Pupil Transportation	15,674			-	15,674
Central	54,718			5,000	59,718
Extracurricular Student Activities	574,088			141,429	715,517
Facilities Services	64,144		204,201		268,345
Capital Outlay	264,527				264,527
Debt Service:					
Principal Retirement	127,215	762,500			889,715
Interest and Fiscal Charges	2,678	319,391	21,513		343,582
<i>Total Expenditures</i>	<u>15,626,942</u>	<u>1,091,380</u>	<u>228,965</u>	<u>600,164</u>	<u>17,547,451</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>420,029</u>	<u>88,226</u>	<u>165,554</u>	<u>30,421</u>	<u>704,230</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds From Capital Lease Obligations	264,527	-	-	-	264,527
Proceeds From Sale of Notes	-	-	-	-	-
Operating Transfers In	-	23,786	-	3,448	27,234
Operating Transfers Out	(58,787)	-	-	(3,448)	(62,235)
<i>Total Other Financing Sources (Uses)</i>	<u>205,740</u>	<u>23,786</u>	<u>-</u>	<u>-</u>	<u>229,526</u>
<i>Net Change in Fund Balances</i>	625,769	112,012	165,554	30,421	933,756
<i>Fund Balances (Deficits) Beginning of Year</i>	<u>7,337,724</u>	<u>1,174,009</u>	<u>(379,607)</u>	<u>78,243</u>	<u>8,210,369</u>
<i>Fund Balances (Deficits) End of Year</i>	<u>\$ 7,963,493</u>	<u>\$ 1,286,021</u>	<u>\$ (214,053)</u>	<u>\$ 108,664</u>	<u>\$ 9,144,125</u>

See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 933,756</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and does not result in an expense in the Statement of Activities.	889,715
Some revenues that will not be collected for several months after the District's fiscal year ends are not considered "available" revenues and are deferred in the governmental funds. Deferred Revenues increased by this amount this year for delinquent taxes receivable.	183,049
Proceeds from the issuance of bonds and capital leases are reported as revenues in the governmental funds. In the Statement of Net Assets it increases liabilities.	(264,527)
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(3,148)
Some expenses reported in the Statement of Activities, such as compensated absences payable and other accounts payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(15,920)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	<u>(95,190)</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 1,627,735</u></b>

See accompanying notes to the basic financial statements.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS - FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
GENERAL FUND**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	7,556,136	8,442,629	8,442,629	\$ -
Intergovernmental - State	4,152,774	4,167,713	4,167,713	-
Interest Income	250,000	148,447	148,083	(364)
Tuition and Fees	210,403	203,594	204,049	455
Miscellaneous	69,588	130,048	132,256	2,208
<b>Total Revenues</b>	<b>12,238,901</b>	<b>13,092,431</b>	<b>13,094,730</b>	<b>2,299</b>
<b>Expenditures</b>				
Instruction, Regular:				
Salaries and Wages	5,358,741	5,449,465	5,436,692	12,773
Fringe Benefits	1,363,269	1,321,695	1,311,564	10,131
Purchased Services	148,465	155,595	155,444	151
Supplies	166,521	169,472	152,674	16,798
Miscellaneous Expenditures	62,593	63,877	61,631	2,246
<b>Total Instruction, Regular</b>	<b>7,099,589</b>	<b>7,160,104</b>	<b>7,118,005</b>	<b>42,099</b>
Instruction, Special:				
Salaries and Wages	1,289,632	1,311,795	1,301,521	10,274
Fringe Benefits	363,524	375,319	361,045	14,274
Purchased Services	878,301	796,123	789,330	6,793
Supplies	7,527	6,569	4,796	1,773
<b>Total Instruction, Regular</b>	<b>2,538,984</b>	<b>2,489,806</b>	<b>2,456,692</b>	<b>33,114</b>
Instruction, Regular:				
Salaries and Wages	88,701	88,280	88,271	9
Fringe Benefits	22,848	22,801	22,284	517
<b>Total Instruction, Regular</b>	<b>111,549</b>	<b>111,081</b>	<b>110,555</b>	<b>526</b>
<b>Total Instructional Services</b>	<b>9,750,122</b>	<b>9,760,991</b>	<b>9,685,252</b>	<b>75,739</b>
Support Service, Pupils:				
Salaries and Wages	844,644	867,089	856,548	10,541
Fringe Benefits	239,399	247,600	238,495	9,105
Purchased Services	327,322	327,162	321,381	5,781
Supplies	87,705	88,070	86,698	1,372
Miscellaneous Expenditures	32,563	39,657	38,734	923
<b>Total Support Service, Pupils</b>	<b>1,531,633</b>	<b>1,569,578</b>	<b>1,541,856</b>	<b>27,722</b>
Support Service, Instructional Staff:				
Salaries and Wages	199,683	280,572	279,680	892
Fringe Benefits	221,794	268,398	259,499	8,899
Purchased Services	153,338	109,941	101,562	8,379
Supplies	40,507	38,751	34,686	4,065
Miscellaneous Expenditures	15,980	20,228	18,741	1,487
<b>Total Support Service, Instructional Staff</b>	<b>631,302</b>	<b>717,890</b>	<b>694,168</b>	<b>23,722</b>
Support Service, Board of Education:				
Salaries and Wages	9,375	9,375	9,125	250
Fringe Benefits	1,407	962	906	56
Purchased Services	3,200	3,200	1,005	2,195
Miscellaneous Expenditures	17,309	17,309	14,393	2,916
<b>Total Support Service, Board of Education</b>	<b>31,291</b>	<b>30,846</b>	<b>25,429</b>	<b>5,417</b>
Support Service, Administration:				
Salaries and Wages	793,040	683,467	680,894	2,573
Fringe Benefits	245,580	250,668	244,009	6,659
Purchased Services	109,858	101,299	90,867	10,432
Supplies	39,316	39,454	37,629	1,825
Miscellaneous Expenditures	3,386	3,636	2,214	1,422
<b>Total Support Service, Administration</b>	<b>1,191,180</b>	<b>1,078,524</b>	<b>1,055,613</b>	<b>22,911</b>

(Continued)

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS - FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
GENERAL FUND**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Support Service, Fiscal:				
Salaries and Wages	224,878	222,332	222,330	2
Fringe Benefits	76,596	82,278	81,068	1,210
Purchased Services	12,325	12,455	12,264	191
Supplies	5,219	5,580	5,580	-
Miscellaneous Expenditures	218,165	178,997	171,233	7,764
<b>Total Support Service, Fiscal</b>	<b>537,183</b>	<b>501,642</b>	<b>492,475</b>	<b>9,167</b>
Support Service, Operation and Maintenance:				
Salaries and Wages	505,665	537,852	535,753	2,099
Fringe Benefits	180,717	184,804	177,987	6,817
Purchased Services	811,022	780,591	759,179	21,412
Supplies	71,466	87,637	87,606	31
Miscellaneous Expenditures	11,585	37,010	36,824	186
<b>Total Support Service, Operation and Maintenance</b>	<b>1,580,455</b>	<b>1,627,894</b>	<b>1,597,349</b>	<b>30,545</b>
Support Service, Pupil Transportation:				
Purchased Services	23,200	22,195	19,978	2,217
<b>Total Support Service, Pupil Transportation</b>	<b>23,200</b>	<b>22,195</b>	<b>19,978</b>	<b>2,217</b>
Support Service, Central:				
Salaries and Wages	29,143	29,143	19,703	9,440
Fringe Benefits	4,372	4,372	2,782	1,590
Purchased Services	66,156	58,392	54,007	4,385
Supplies	3,600	3,600	1,001	2,599
<b>Total Support Service, Central</b>	<b>103,271</b>	<b>95,507</b>	<b>77,493</b>	<b>18,014</b>
<b>Total Support Service</b>	<b>5,629,515</b>	<b>5,644,076</b>	<b>5,504,361</b>	<b>139,715</b>
Extracurricular Student Activities:				
Salaries and Wages	401,476	370,006	369,392	614
Fringe Benefits	82,156	89,621	82,071	7,550
Purchased Services	126,714	130,393	129,795	598
Supplies	7,682	5,187	4,938	249
Miscellaneous Expenditures	0	0	0	-
<b>Total Extracurricular Student Activities</b>	<b>618,028</b>	<b>595,207</b>	<b>586,196</b>	<b>9,011</b>
Facilities Services:				
Purchased Services	55,500	55,500	52,745	2,755
Miscellaneous Expenditures	21,850	13,850	13,703	147
<b>Total Facilities Services</b>	<b>77,350</b>	<b>69,350</b>	<b>66,448</b>	<b>2,902</b>
<b>Total Expenditures</b>	<b>16,075,015</b>	<b>16,069,624</b>	<b>15,842,257</b>	<b>227,367</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(3,836,114)</u>	<u>(2,977,193)</u>	<u>(2,747,527)</u>	<u>229,666</u>
<b>Other Financing Sources (Uses)</b>				
Other Financing Sources	0	6,583	6,583	-
Transfers Out	(46,822)	(58,787)	(58,787)	-
Other Financing Uses	(113,388)	0	0	-
<i>Total Other Financing Sources (Uses)</i>	<u>(160,210)</u>	<u>(52,204)</u>	<u>(52,204)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(3,996,324)	(3,029,397)	(2,799,731)	229,666
<i>Fund Balance Beginning of Year</i>	8,538,551	8,538,551	8,538,551	-
Prior Year Encumbrances Appropriated	467,267	467,267	467,267	-
<i>Fund Balance End of Year</i>	<u>5,009,494</u>	<u>5,976,421</u>	<u>6,206,087</u>	<u>229,666</u>

See accompanying notes to the basic financial statements



**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2009**

	Enterprise Funds		
	Food Service	Child Care Fund	Total
<b>Assets</b>			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 12,490	\$ 68,738	\$ 81,228
Accounts Receivable	4,263	9,357	13,620
Due From Other Governments	-	5,881	5,881
Prepaid Expenditures/Expenses	290	-	290
Materials and Supplies Inventory	5,642	-	5,642
<i>Total Current Assets</i>	<u>22,685</u>	<u>\$83,976</u>	<u>106,661</u>
<i>Noncurrent Assets:</i>			
Capital Assets, Net of Depreciation	30,861	4,728	35,589
<i>Total Assets</i>	<u>53,546</u>	<u>88,704</u>	<u>142,250</u>
<b>Liabilities</b>			
<i>Current Liabilities:</i>			
Accounts Payable	257	2,583	2,840
Accrued Salaries and Benefits Payable	31,909	38,937	70,846
Deferred Other Revenue	-	17,471	17,471
<i>Total Liabilities</i>	<u>32,166</u>	<u>58,991</u>	<u>91,157</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	30,861	4,728	35,589
Unrestricted	(9,481)	24,985	15,504
<i>Total Net Assets</i>	<u>\$ 21,380</u>	<u>\$ 29,713</u>	<u>\$ 51,093</u>

See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Enterprise Funds		
	Food Service	Child Care Fund	Total
<b>Operating Revenues</b>			
Charges for Services	\$ 184,179	\$ 342,414	\$ 526,593
Other Revenues	15,595	218	15,813
<i>Total Operating Revenues</i>	<u>199,774</u>	<u>342,632</u>	<u>542,406</u>
<b>Operating Expenses</b>			
Salaries	116,722	241,612	358,334
Fringe Benefits	68,564	50,958	119,522
Purchased Services	7,076	13,541	20,617
Materials and Supplies	107,016	18,999	126,015
Depreciation	2,371	621	2,992
Other Expenses	-	447	447
<i>Total Operating Expenses</i>	<u>301,749</u>	<u>326,178</u>	<u>627,927</u>
<i>Operating Loss</i>	<u>(101,975)</u>	<u>16,454</u>	<u>(85,521)</u>
<b>Non-Operating Revenues:</b>			
State Sources	1,543	-	1,543
Federal Sources	74,003	-	74,003
Transfers In	35,000	-	35,000
<i>Total Non-Operating Revenues</i>	<u>110,546</u>	<u>-</u>	<u>110,546</u>
<i>Change in Net Assets</i>	8,571	16,454	25,025
<i>Net Assets Beginning of Year</i>	<u>12,809</u>	<u>13,259</u>	<u>26,068</u>
<i>Net Assets End of Year</i>	<u>\$ 21,380</u>	<u>\$ 29,713</u>	<u>\$ 51,093</u>

See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Enterprise Funds		
	Food Service	Child Care Fund	Total
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash received from tuition and fees	\$ -	\$ 336,301	\$ 336,301
Cash received from sales	184,179	-	184,179
Other cash receipts	12,235	218	12,453
Cash payments for personal services	(185,477)	(296,961)	(482,438)
Cash payments for contract services	(7,366)	(14,218)	(21,584)
Cash payments for supplies and materials	(95,751)	(21,708)	(117,459)
Cash payments for other expenses	-	(447)	(447)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(92,180)	3,185	(88,995)
<b>Cash Flows from Noncapital Financing Activities</b>			
State Sources	1,543	-	1,543
Federal Sources	60,917	-	60,917
Transfers	35,000	-	35,000
<i>Net Cash Provided by Non-Capital Financing Activities</i>	97,460	-	97,460
<i>Cash flow from capital financing activities:</i>			
Purchases of Capital Assets	(7,660)	(4,312)	(11,972)
<i>Net Decrease in Cash and Cash Equivalents</i>	(2,380)	(1,127)	(3,507)
<i>Cash and Cash Equivalents Beginning of Year</i>	14,870	69,865	84,735
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 12,490</u>	<u>\$ 68,738</u>	<u>\$ 81,228</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used for) Operating Activities</b>			
Operating Income (Loss)	\$ (101,975)	\$ 16,454	\$ (85,521)
<i>Adjustments to reconcile operating income to net cash provided by (used for) operating activities:</i>			
Depreciation	2,371	621	2,992
Commodities expense related to noncash grant	12,220	-	12,220
(Increase) Decrease in due from other governments	-	(5,079)	(5,079)
Decrease in accounts receivable	(3,360)	3,058	(302)
Consumption of inventory	(96,734)	-	(96,734)
Purchase of inventory	95,696	-	95,696
Increase (Decrease) in due to Other Governments	-	-	-
Increase in accounts payable	(207)	(3,386)	(3,593)
Increase (Decrease) in accrued liabilities	(191)	(4,391)	(4,582)
Decrease in deferred revenue	-	(4,092)	(4,092)
<i>Net Adjustments</i>	9,795	(13,269)	(3,474)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ (92,180)</u>	<u>\$ 3,185</u>	<u>\$ (88,995)</u>

See accompanying notes to the basic financial statements.

GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND  
JUNE 30, 2009

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	<u>Student Activity</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 61,722
Accounts Receivable	149
<b>Total Assets</b>	<u>61,871</u>
<b>Liabilities</b>	
Due to Students	\$ 61,696
Accounts Payable	175
<b>Total Liabilities</b>	<u>\$ 61,871</u>

See accompanying notes to the basic financial statements.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**1. Reporting Entity**

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

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

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, in that the financial statements include all the organizations, activities, and functions for which the District is financially accountable. Financial Accountability is defined as the appointment of a voting majority of a component unit's board and either (i) the District's ability to impose its will over a component unit, or (ii) the possibility that the component unit will provide a financial benefit or impose a financial burden on the District. On that basis, the reporting entity of the District includes the services of the School District only. There are no component units.

**2. Summary of Significant Accounting Policies**

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

(a) Fund Accounting

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

Governmental Funds

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

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

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

Permanent Improvement Fund – The Permanent Improvement Fund is used to account for financial resources to be used for the maintenance of capital facilities, technology, and curriculum.

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

Proprietary Funds

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

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

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

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

Fiduciary Funds

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

(b) Basis of Presentation

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type, and for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

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

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

(c) Basis of Accounting

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 11). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

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

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

(d) Cash and Investments

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



**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

The Grandview Heights School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2009. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2009.

Following Ohio statutes, the Board of Education has, by Board Policy #6144, specified the funds to receive an allocation of interest earnings. All interest revenue received amounts to \$148,083 and is credited to the General Fund during fiscal year 2009.

(e) Inventory

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

(f) Capital Asset and Depreciation

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

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

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

(g) Interfund Activity

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

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

(h) Compensated Absences

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

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

(i) Accrued Liabilities and Long-term Debt

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

(j) Net Assets

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

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

(k) Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriation for expenditures. Fund equity reserves have been established for encumbrances, prepaid expenditures, HB 412 Set Aside, and future appropriations.

(l) Proprietary Funds and Governmental and Business-Type Activities

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

(m) Statements of Cash Flows

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

(n) Management Estimates

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

(o) Budgetary Data

All governmental, proprietary, and fiduciary fund types, other than agency funds, are subject to annual expenditure budgets. The Board follows the procedures outlined below in establishing the expenditures budget data reported in the basic financial statements:

- (1) A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the fiscal year commencing the following July 1. The Grandview Heights Board of Education normally adopts the Tax Budget at its organizational meeting in January after conducting a public budget hearing. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**2. Summary of Significant Account Policies (Continued)**

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

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

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- C. Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance (GAAP basis).

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

(p) Encumbrances

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

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

**3. Cash and Investments**

The Ohio Revised Code authorizes the District to invest in United States and State of Ohio bonds, notes and other obligations; bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association; bank certificates of deposit; no-load money market mutual funds consisting exclusively of obligations previously described in this paragraph and repurchase agreements secured by such obligations, provided that investments in securities herein are made only through eligible institutions; banker acceptances; commercial paper notes rated prime and issued by United States corporations; repurchase agreements secured by United States obligations; and State Treasury Asset Reserve of Ohio (STAR Ohio), which is managed by the Treasurer of the State of Ohio. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities. It is management's policy to invest in United States and State of Ohio bonds, notes and other obligations; repurchase agreements; bank certificates of deposit; and STAR Ohio.

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

State statutes classify monies held by the School District into three categories. Active deposits are public deposits necessary to meet current demand on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts or in money market deposit accounts. Inactive deposits are public deposits the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**3. Cash and Investments (Continued)**

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

Public Depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the District's name. The District complied with the provisions of these statutes.

At June 30, 2009 the carrying amount of the District's deposits was \$1,552,331 and the bank balance was \$1,770,472. Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, as of June 30, 2009 \$250,000 of the District's bank balance of \$1,770,472 was exposed to custodial risk as discussed below, while \$1,520,472 was covered by Federal Deposit Insurance Corporation (FDIC). Certificates of Deposit purchased by the District through the CDARS program are fully insured by FDIC insurance.

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

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

As of June 30, 2009, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Credit Risk</u>	<u>Fair Value</u>
Repurchase Agreements	Daily	AAA	\$ 665,000
STAR Ohio	Current	AAAm	5,743,683
Total			<u>\$ 6,408,683</u>

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

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**3. Cash and Investments (Continued)**

Credit Risk: As of June 30, 2009, the District's investments in repurchase agreements were rated AAA by Standard & Poor's and Moody's. The District's investments in STAR Ohio were rated AAAm by Standard & Poor's and Moody's.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer for the types of investments listed above. More than 5 percent of the District's investments are in Repurchase Agreements and STAR Ohio. These investments are 10.38% and 89.62% respectively, of the District's total investments.

**4. Due from Other Governments**

Intergovernmental receivables at June 30, 2009, consist of the following:

	<u>Governmental Activities</u>		
	<u>Due From</u>		
	Federal Government	Local Government	Total
General Fund	\$ -	\$ 314	\$ 314
Other Governmental Funds	5,843	-	5,843
Total	\$ 5,843	\$ 314	\$ 6,157

	<u>Business-Type Activities</u>		
	<u>Due From</u>		
	Federal Government	State Government	Total
Child Care	\$ 5,881	-	5,881
Total	\$ 5,881	\$ -	\$ 5,881

**5. Interfund Receivables and Payables**

There were no interfund receivables and payables as of June 30, 2009.

**6. Capital Assets**

Summaries of changes in capital assets for the fiscal year ended June 30, 2009, follows:

Activity	<u>Governmental Activities</u>			Balance June 30, 2009
	Balance July 1, 2008	Additions	Disposals	
Land	\$ 137,400	\$ -	\$ -	\$ 137,400
Buildings and Improvements	17,140,996	39,938	-	17,180,934
Furniture and Equipment	4,313,961	450,010	292,938	4,471,033
Vehicles	103,809	-	14,900	88,909
Totals at Cost	21,696,166	489,948	307,838	21,878,276
Less Accumulated Depreciation:				
Buildings and Improvements	6,203,671	290,794	-	6,494,465
Furniture and Equipment	2,699,801	146,499	147,688	2,698,612
Vehicles	48,902	8,891	14,900	42,893
Total Accum. Depr.	8,952,374	446,184	162,588	9,235,970
Capital Assets, Net	\$ 12,743,792	\$ 43,764	\$ 145,250	\$ 12,642,306

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**6. Capital Assets (Continued)**

<b>Activity</b>	<b>Business-Type Activities</b>			<b>Balance June 30, 2009</b>
	<b>Balance July 1, 2008</b>	<b>Additions</b>	<b>Disposals</b>	
Furniture and Equipment	\$ 172,832	\$ 11,972	\$ 5,620	\$ 179,184
Totals at Cost	172,832	11,972	5,620	179,184
Less Accumulated Depreciation:				
Furniture and Equipment	146,223	2,992	5,620	143,595
Total Accum. Depr.	146,223	2,992	5,620	143,595
Capital Assets, Net	\$ 26,609	\$ 8,980	\$ -	\$ 35,589

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

Instruction:		
Regular		\$ 295,058
Special		4,614
Support Service:		
Pupils		11,107
Instructional Staff		2,875
Administration		2,363
Fiscal		483
Business		697
Operation and Maintenance		82,149
Central		1,714
Extracurricular		45,124
Total Depreciation Expense		<u>\$ 446,184</u>

**7. Long-term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2009, follows:

	<b>Governmental Activities</b>			<b>Balance June 30, 2009</b>	<b>Amounts Due In One Year</b>
	<b>Balance July 1, 2008</b>	<b>Additions</b>	<b>Deletions</b>		
Long-Term Obligations:					
Accrued Interest	29,986	26,838	29,986	26,838	26,838
Capital Lease	36,274	264,527	127,215	173,586	85,439
Accrued Vacation and Sick	1,239,199	167,592	151,672	1,255,119	112,700
G.O. Bonds	7,244,989	-	745,000	6,499,989	750,000
G.O. Notes	157,500	-	17,500	140,000	17,500
Total	<u>\$ 8,707,948</u>	<u>\$ 458,957</u>	<u>\$ 1,071,373</u>	<u>\$ 8,095,532</u>	<u>\$ 992,477</u>



**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**7. Long-term Liabilities (Continued)**

	<u>Business-type Activities</u>				
	Balance			Balance	Amounts Due
	July 1, 2008	Additions	Deletions	June 30, 2009	In One Year
Accrued Vacation and Sick	\$ 2,626	\$ 612	\$ 2,626	\$ 612	\$ -
Total	<u>\$ 2,626</u>	<u>\$ 612</u>	<u>\$ 2,626</u>	<u>\$ 612</u>	<u>\$ -</u>

Additions and deletions of accrued sick leave are shown net since it is impracticable for the District to determine these amounts separately. District employees are granted sick leave in varying amounts. Vested personal and sick leave is the amount the District would owe in the form of severance pay to employees eligible to retire on June 30, 2009, plus vested personal and sick leave for faculty and classified staff members with over 15 years of service in the retirement system in accordance with GASB Statement No. 16. This would be paid out of the General, Special Revenue, and Child Care Funds.

Capital Leases: The District is making installment payments on computer equipment purchased with original values of \$109,007 and \$264,527. This obligation provides for interest at rates 7.30% and 5.08%, with an outstanding balance of \$173,586 at June 30, 2009.

The following is a schedule of future minimum lease payments required under the capital leases and present value of the minimum lease payments as of June 30, 2009:

	<b>Year Ending June 30</b>
Fiscal Year 2010	\$ 90,941
Fiscal Year 2011	\$ 90,942
Total Principal and Interest Payments	\$ 181,883
Less Interest Payments	(8,297)
Present Value of Minimum Lease Payments	<u>\$ 173,586</u>

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

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**7. Long-term Liabilities (Continued)**

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

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

The annual maturities of the general obligation bonds as of June 30, 2009, and related interest payments are as follows:

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

<b>Fiscal Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment Due During Year</b>
June 30, 2010	620,000	176,887	796,887
June 30, 2011	610,000	153,828	763,828
June 30, 2012	605,000	130,137	735,137
June 30, 2013	80,646	637,392	718,038
June 30, 2014	63,880	624,158	688,038
June 30, 2015 to 2019	2,045,463	888,655	2,934,118
June 30, 2020	490,000	11,638	501,638
	4,514,989	2,622,695	7,137,684

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

<b>Fiscal Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment Due During Year</b>
June 30, 2010	130,000	106,560	236,560
June 30, 2011	135,000	99,206	234,206
June 30, 2012	145,000	91,437	236,437
June 30, 2013	155,000	83,112	238,112
June 30, 2014	165,000	74,231	239,231
June 30, 2015 to 2019	1,010,000	215,617	1,225,617
June 30, 2020	245,000	6,799	251,799
	1,985,000	676,962	2,661,962

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**7. Long-term Liabilities (Continued)**

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

<b>Fiscal Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment Due During Year</b>
June 30, 2010	17,500	5,578	23,078
June 30, 2011	17,500	4,834	22,334
June 30, 2012	17,500	4,091	21,591
June 30, 2013	17,500	3,347	20,847
June 30, 2014	17,500	2,603	20,103
June 30, 2015 to 2017	52,500	3,347	55,847
	140,000	23,800	163,800

**Total Debt Requirements**

<b>Fiscal Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment Due During Year</b>
June 30, 2010	762,500	289,025	1,051,525
June 30, 2011	767,500	257,868	1,025,368
June 30, 2012	762,500	225,665	988,165
June 30, 2013	767,500	723,851	1,491,351
June 30, 2014	246,380	700,992	947,372
June 30, 2015 to 2019	3,107,963	1,107,618	4,215,581
June 30, 2020	735,000	18,437	753,437
	7,149,343	3,323,456	10,472,799

The ORC 133.06 provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9% of the total value of all property in the school district as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed 0.1% of the total assessed value of property. However, school districts are permitted to incur unvoted debt up to 0.9% of the total assessed value of property for energy conservation measures in accordance with ORC 3313.372. This creates a new situation whereby the unvoted debt limitation is 1.0% of the total assessed value of property in the school district. The total valuation of the Grandview Heights School District on June 30, 2009 was \$271,185,120 according to the Franklin County Auditor's Office. Unvoted net debt at June 30, 2009 was \$140,000. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At June 30, 2009, the District's total net debt and unvoted net debt were approximately 2.45% of the total assessed value of all property within the School District. The aggregate amount of the District's unvoted debt is also subject to overlapping debt restrictions with Franklin County. As of June 30, 2009, this entity has complied with the requirement that debt service payments on unvoted overlapping debt must not exceed in the aggregate 1% (10 mills) of the assessed property value.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**8. Notes Payable**

Note payable activity of the District for the year ended June 30, 2009 was as follows:

Notes Payable	Interest Rate	Balance at June 30, 2008	Additions	Deletions	Balance at June 30, 2009
Tax Anticipation Notes	4.50 - 4.75%	\$ 545,000	\$ -	\$ 175,000	\$ 370,000

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

**9. Defined Benefit Pension Plans**

(a) State Teachers Retirement System

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

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

Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**9. Defined Benefit Pension Plans (Continued)**

For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$1,177,032, \$1,160,360 and \$1,092,720 respectively; 83.4 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

(b) School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3726, by calling (800) 878-5853 or by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org).

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30 2009, 2008 and 2007 were \$262,128 \$251,832 and \$228,024 respectively; 50 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**10. Other Post Employment Benefits**

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

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2009, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the District, this amount equaled \$84,315 for fiscal year 2009.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2008 (the latest information available) the balance in the Fund was \$3.7 billion. For the fiscal year ended June 30, 2008, net health care costs paid by STRS Ohio were \$288,878,000 and STRS Ohio had 126,506 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2009, employer contributions to fund health care benefits were 4.16 percent of covered payroll, compared to 4.18 percent of covered payroll for fiscal year 2008. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2009, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2009 fiscal year equaled \$105,443.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has 59,492 participants eligible to receive health care benefits.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**11. Property Taxes**

Property Taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. All property taxes are collected on behalf of the District by Franklin County. Due and collection dates for real property taxes, as established by Franklin County, were January 20, 2008 and June 20, 2008 for those taxes due during 2009. Tangible personal property taxes are due April 30 if paid annually; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20.

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

Assessed values are established by State law at 35% of appraised market value for Real Estate and Public Utility and at 25% for Tangible Personal. A revaluation of all property is required to be completed no less than every six years. The last revaluation was completed in August, 2008. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at 88% of true value with certain exceptions. The assessed values for collection in 2009 upon which the 2008 levies were based, was as follows:

Real estate:	
Residential	\$205,316,890
Commercial	\$43,472,140
Industrial	\$13,943,290
Public utility:	
Real	\$36,950
Personal	\$8,220,250
Tangible personal	<u>\$195,600</u>
Total	<u>\$271,185,120</u>

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the District's share is .5% (5.0 mills) of assessed value. Increases in the property tax rate are restricted only by voter willingness to approve such increases. The total tax rate for the District, including voted increases, was 101.10 mills in 2009 with an effective rate of 41.67 for residential property and 63.85 for commercial property.

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

**12. Federal and State Grants**

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**13. Budget Basis of Accounting**

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

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

	<u>General</u>
GAAP basis	\$625,769
Increase (decrease):	
Due to revenues:	
Received in cash during fiscal year 2009 but accrued June 30, 2008	249,057
Accrued at June 30 2009, but not yet received in cash	(3,194,715)
Due to expenditures:	
Paid in cash during fiscal year 2009, accrued June 30 2008	(1,917,151)
Accrued June 30 2009, not yet paid in cash	<u>1,909,320</u>
Budget basis	(2,327,720)
Encumbrances outstanding on June 30, 2009	<u>(472,001)</u>
Budget basis	<u>(\$2,799,731)</u>



**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**13. Budget Basis of Accounting (Continued)**

(b) Fund balances at end of year:	<u>General</u>
GAAP basis	\$7,963,493
Increase (decrease):	
Due to revenues:	
Received in cash	
during fiscal year	
2009 but accrued	
at June 30, 2008	0
Accrued at June 30,	
2009, not yet	
received in cash	(3,194,715)
Due to expenditures:	
Paid in cash during	
fiscal year 2009,	
accrued at	
June 30, 2008	0
Accrued at June 30,	
2009, not yet	
paid in cash	<u>1,909,320</u>
Budget basis	6,678,098
Encumbrances outstanding	
on June 30, 2009	<u>(472,011)</u>
Fund balance at end of	
year, unencumbered,	
budget basis	<u>\$6,206,087</u>

**14. Risk Management**

The District is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2009, the District contracted with the Ohio School Plan for general liability insurance with a \$2,000,000 single occurrence limit and a \$4,000,000 aggregate limit with a \$10,000 deductible. The District also contracted with the Ohio Casualty Insurance Company, member of Liberty Mutual Insurance Group, to provide property and fleet insurance requiring deductibles ranging from \$100 to \$1,000 depending on the type of property. Additionally, the District participates in the State Workers' Compensation system that provides coverage for accidents and injuries to employees while on the job. The premium is based on a rate per \$100 of salaries and is calculated as part of a state-wide group rating plan for workers' compensation insurance coverage sponsored by the Ohio School Board's Association. Finally, the District offers employee group health insurance from United Health Care, dental insurance from Delta Dental Plan, and life insurance from the American United Life Insurance Company with a portion of health insurance premiums being paid by employees. Insurance settlements have not exceeded insurance coverage for each of the past three fiscal years.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**15. Jointly Governed Organization and Joint Venture**

The Metropolitan Educational Council is a not for profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing board consists of a representative from each of the Franklin County districts. MEC is its own fiscal agent. The District does not have an ongoing financial interest in or ongoing financial responsibility for MEC. MEC provides computer services to the District including payroll, budgetary and student management information. The District submitted \$171,571 to MEC during the fiscal year 2009.

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

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

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

**16. Litigation**

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

**17. Set Aside Calculations and Fund Reserves**

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

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**17. Set Aside Calculations and Fund Reserves (Continued)**

	<u>Textbooks</u>	<u>Capital Acquisitions</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set Aside Cash Balance as of June 30, 2008	\$ -	\$ -	\$ 68,902	\$ 68,902
Current Year Set Aside Requirement	243,649	243,649	-	487,298
Qualifying Disbursements	325,237	575,551	-	900,788
Total	<u>(81,588)</u>	<u>(331,902)</u>	<u>-</u>	<u>(413,490)</u>
Set Aside Cash Balance as of June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,902</u>	<u>\$ 68,902</u>

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

**18. Compliance and Accountability**

The District's Permanent Improvement Fund had a fund deficit balance of \$214,053 as of June 30, 2009. The deficit fund balance is the result of the application of generally accepted accounting principles of Tax Anticipation Note Payable issued in 2006. The General Fund provides advances to cover deficit fund balances. However, this is done when cash is needed rather than when accruals occur.

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# Mary Taylor, CPA

## Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grandview Heights City School District, Franklin County, Ohio, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

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

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

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

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

We also noted certain internal control matters that we reported to the District's management in a separate letter dated December 8, 2009.

### **Compliance and Other Matters**

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

We did note a certain noncompliance or other matter that we reported to the District's management in a separate letter dated December 8, 2009.

We intend this report solely for the information and use of the audit committee, management, and Board of Education. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

December 8, 2009

GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT  
FRANKLIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Financial Reporting – SAS 112 Requirements	Partially Corrected	Repeated in Management Letter

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# Mary Taylor, CPA

## Auditor of State

### Independent Accountant's Report on Applying Agreed-Upon Procedures

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

To the Board of Education:

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

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether [insert name of school district] (the District [replace with School for community schools]) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on April 7, 2006.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
  - (6) A procedure for documenting any prohibited incident that is reported;

- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

December 8, 2009



**Mary Taylor, CPA**  
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 16, 2010**