



Dave Yost • Auditor of State

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grandview Heights City School District, Franklin County, Ohio (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grandview Heights City School District, Franklin County, Ohio, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Dave Yost
Auditor of State

January 21, 2011

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED**

Financial Highlights

The District's net assets are \$14,886,525 as of June 30, 2010. This represents an increase of \$386,103 over last year. The increase in net assets is due primarily to payments made on general obligation bonds and tax anticipation notes during fiscal year 2010 resulting in a decrease in liabilities for notes payable and long-term liabilities. The District's cash and cash equivalents assets of \$9,755,460 increased by \$1,856,168 due to a large increase in property tax advances received as of June 30, 2010.

The General Fund reported a positive fund balance of \$7,496,022 according to the Statement of Revenues, Expenditures and Changes in Fund Balance for Governmental Funds. The General Fund cash and cash equivalents and restricted cash and cash equivalents have increased \$1,411,518 since last year. The increase in cash is due primarily to the large increase in property tax advances received as of June 30, 2010 compared to June 30, 2009.

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.

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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

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 \$14,818,715 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 (48%) 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 2010 to 2009 follows from the Statements of Net Assets:

	<u>Net Assets</u>					
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current Assets	\$ 19,396,154	\$ 18,437,726	\$ 138,794	\$ 106,661	\$ 19,534,948	\$ 18,544,387
Capital Assets	12,182,121	12,642,306	33,948	35,589	12,216,069	12,677,895
Total Assets	<u>\$ 31,578,275</u>	<u>\$ 31,080,032</u>	<u>\$ 172,742</u>	<u>\$ 142,250</u>	<u>\$ 31,751,017</u>	<u>\$ 31,222,282</u>
Current Liabilities	\$ 9,604,819	\$ 8,535,171	\$ 102,600	\$ 90,545	\$ 9,707,419	\$ 8,625,716
Long-Term Liabilities	7,154,741	8,095,532	2,332	612	7,157,073	8,096,144
Total Liabilities	16,759,560	16,630,703	104,932	91,157	16,864,492	16,721,860
Net Assets:						
Invested in Capital						
Assets, Net of Debt	6,031,485	5,458,731	33,948	35,589	6,065,433	5,494,320
Restricted	1,636,932	1,474,046	-	-	1,636,932	1,474,046
Unrestricted	7,150,298	7,516,552	33,862	15,504	7,184,160	7,532,056
Total Net Assets	<u>\$ 14,818,715</u>	<u>\$ 14,449,329</u>	<u>\$ 67,810</u>	<u>\$ 51,093</u>	<u>\$ 14,886,525</u>	<u>\$ 14,500,422</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

A portion of the District's net assets (11%) 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		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues						
Charges for Services	\$ 443,434	\$ 420,272	\$ 546,900	\$ 542,406	\$ 990,334	\$ 962,678
Operating Grants and Contributions	572,035	523,513	79,412	75,545	651,447	599,058
General Revenues					-	-
Property Taxes	11,943,217	13,024,407	-	-	11,943,217	13,024,407
Intergovernmental-State	4,508,823	4,223,381	-	-	4,508,823	4,223,381
Other	105,046	243,156	-	-	105,046	243,156
Total Revenues	17,572,555	18,434,729	626,312	617,951	18,198,867	19,052,680
Expenses						
Instruction	9,900,072	10,058,800	-	-	9,900,072	10,058,800
Support Services	6,023,162	5,330,249	-	-	6,023,162	5,330,249
Extracurricular Activities	828,428	767,870	-	-	828,428	767,870
Facilities Services	95,408	268,345	-	-	95,408	268,345
Interest & Fiscal Charges	311,099	346,730	-	-	311,099	346,730
Food Service	-	-	305,295	301,749	305,295	301,749
Child Care	-	-	349,300	326,178	349,300	326,178
Total Expenses	17,158,169	16,771,994	654,595	627,927	17,812,764	17,399,921
Transfers	(45,000)	(35,001)	45,000	35,001	-	-
Change in Net Assets	\$ 369,386	\$ 1,627,734	\$ 16,717	\$ 25,025	\$ 386,103	\$ 1,652,759

Governmental Activities

Net assets of the District's governmental activities increased by \$369,386 and unrestricted net assets reflect a positive balance of \$7,150,298. The increase in net assets is due primarily to the decrease in long-term liabilities, resulting from payments made during 2010 on general obligation bonds and notes. The increase in net assets is also due to the increase from \$1,126,847 in fiscal year 2009 to \$1,436,308 in fiscal year 2010 in tangible personal property tax "hold-harmless" reimbursements from the State of Ohio. There were no significant permanent improvement projects that occurred during 2010.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
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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. PNC Bank (formerly National City Bank) purchased the notes with a 4.25% interest rate. The amount of money required for the synthetic grass playing field contract in excess of the \$175,000 was provided by the Touchdown Club, an adult booster organization. Their fundraising efforts included generous donations of \$275,000 from Jack Anderson (GHHS Class of 1942) and \$50,000 from Ralph W. "Andy" Anderson (GHHS Class of 1954) after whom Anderson Field was renamed 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.

	Total Cost of Services 2010	Net Cost of Services 2010
Program Expenses		
Instruction		
Regular	\$ 7,398,868	\$ 7,207,400
Special	2,384,845	2,188,227
Vocational	116,359	115,480
Support Services		
Pupils	1,715,957	1,530,891
Instructional Staff	914,405	798,839
Board of Education	18,240	18,240
Administration	1,094,301	1,068,385
Fiscal	593,864	593,864
Business	54,142	(6,633)
Operation & Maintenance	1,552,547	1,552,547
Pupil Transportation	13,730	13,730
Central	65,976	60,967
Extracurricular	828,428	629,590
Facilities Services	95,408	60,074
Interest and Fiscal Charges	311,099	311,099
Total Expenses	<u>\$ 17,158,169</u>	<u>\$ 16,142,700</u>

Local taxes make up 68% of total revenues for governmental activities. The net services column reflecting the need for \$16,142,700 of support indicates the reliance on general revenues to support governmental activities.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

Business-Type Activities

Business-type activities include food service and child care. These activities net assets were \$67,810 a increase of \$16,717 from prior year's total of \$51,093. The increase was primarily due to the child care operations.

The District's Funds

The District's governmental funds reported a combined fund balance of \$9,023,304 which is below last year's total of \$9,144,125 according to the Balance Sheet, Governmental Funds. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2010 and 2009.

	Fund Balance June 30, 2010	Fund Balance June 30, 2009	Increase/ Decrease
General	\$ 7,496,022	\$ 7,963,493	\$ (467,471)
Bond Retirement	1,317,299	1,286,021	31,278
Other Governmental	209,983	(105,389)	315,372
Total	\$ 9,023,304	\$ 9,144,125	\$ (120,821)

General Fund

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

	2010 Amount	2009 Amount	Percent Change
Revenues			
Taxes	\$ 10,635,757	\$ 11,413,023	-6.8%
Interest Earnings	38,574	148,083	-74.0%
Intergovernmental - State	4,413,488	4,167,713	5.9%
Other Revenue	303,303	318,152	-4.7%
Total Revenues	\$ 15,391,122	\$ 16,046,971	-4.1%

Tax revenues are higher in 2009 because of the posting for \$3,161,046, representing the "amount available for advance but not actually received as of June 30, 2009" as tax revenues compared to only posting \$1,322,465 as of June 30, 2010. Subsequently, property tax revenues in 2010 were reduced by \$3,191,753 compared to \$221,359 in 2009 thus creating the appearance of a decrease in property tax revenues in 2010. State revenue is up \$245,775 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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

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

	2010 Amount	2009 Amount	Percent Change
Expenditures by Function			
Instruction	\$ 9,503,506	\$ 9,552,771	-0.5%
Support Services	5,503,095	5,041,519	9.2%
Extracurricular	639,656	574,088	11.4%
Facilities Services	53,333	64,144	-16.9%
Capital Outlay	-	264,527	-100.0%
Debt Service	90,941	129,893	-30.0%
Total	<u>\$ 15,790,531</u>	<u>\$ 15,626,942</u>	1.0%

Expenditures are up \$163,589 or 1% from the prior year. The amount of the increase is small mostly due to an increase in expenditures related to support services. During 2010 the District did not enter into a capital lease agreements which offsets a majority of the increase to support services.

Bond Retirement Fund

The District's Bond Retirement Fund balance increased by \$31,278 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. PNC Bank purchased the notes with a 4.25% interest rate. The debt will be repaid over a ten-year period from rent proceeds from cell towers located in the stadium area with the final payment due on December 1, 2016. The primary revenues of the District's Bond Retirement Fund are property taxes, calculated by the county auditor, state rollback and homestead reimbursements, and personal property tax state reimbursements. The expenses of the fund include debt principal and interest payments as well as county auditor and treasurer fees.

Other Governmental Funds

Other governmental funds consist primarily of special revenue, permanent improvement, and capital projects funds. These funds increased by \$315,372 in 2010 primarily due to the District reducing expenditures for facilities services.

General Fund Budget Information

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

The District did not increase its General Fund property tax revenue estimates to reflect the receipt of advances from the August, 2010 real property tax settlement in June since those advances were not needed to pay obligations during the 2010 fiscal year. The District decreased its total General Fund expenditure estimate by \$69,978 about .4% difference from the original estimate.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

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

Capital Assets

The District has \$6,065,433 invested in capital assets net of depreciation and related debt, with \$6,031,485 attributed to governmental activities. Detailed information regarding capital asset activity is included in the notes to the basic financial statements.

Debt

On June 30, 2010, the District had \$6,062,489 in outstanding bonds and notes which includes \$190,000 in tax anticipation notes. During 2010, the District issued no additional bonds or notes. The District paid \$947,500.00 in principal on bonds and notes and \$302,309 in interest during the 2010 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, 2010, 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 decreased by 1% for the 2009-10 fiscal year but 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 a 10% reduction of the transitional guarantee that the District receives as part of the school foundation formula in both 2010-11 and 2011-12 fiscal years. 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.

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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

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. In July of 2009 the District entered into a compensation agreement with the City of Grandview Heights and Nationwide Realty Investors. According to the compensation agreement, the District will receive an amount equal to 11% of all real property taxes that would have been received by all political subdivision and taxing districts on the exempt value of all the parcels of the property used for non-residential purposes and between 15% and 60% for residential units depending on the number of units and year of assessment. The District is forecasting revenue from the Grandview Yard beginning in the 2011-12 fiscal year.

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

Contacting the District's Financial Management

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2010**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 9,647,899	\$ 107,561	\$ 9,755,460
Receivables:			
Accrued Interest	3,921	-	3,921
Taxes	9,483,201	-	9,483,201
Due From Other Governments	181,079	8,232	189,311
Accounts	4,025	13,485	17,510
Materials and Supplies Inventory	-	6,488	6,488
Prepaid Expenditures/Expenses	76,029	3,028	79,057
Capital Assets, Net of Depreciation	12,182,121	33,948	12,216,069
<i>Total Assets</i>	<u>31,578,275</u>	<u>172,742</u>	<u>31,751,017</u>
Liabilities			
Due to Other Governments	65,619	-	65,619
Accounts Payable	382,788	4,135	386,923
Short Term Notes Payable	190,000	-	190,000
Accrued Salaries and Benefits Payable	1,611,989	73,122	1,685,111
Deferred Tax Revenue	7,169,910	-	7,169,910
Deferred Intergovernmental Revenue	180,592	-	180,592
Deferred Other Revenue	3,921	25,343	29,264
Long-Term Liabilities:			
Due Within One Year	982,723	2,332	985,055
Due In More Than One Year	6,172,018	-	6,172,018
<i>Total Liabilities</i>	<u>16,759,560</u>	<u>104,932</u>	<u>16,864,492</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt and Depreciation	6,031,485	33,948	6,065,433
Restricted for:			
Debt Service	1,317,299	-	1,317,299
Capital Projects	290,344	-	290,344
Other Purposes	29,289	-	29,289
Unrestricted (Deficit)	7,150,298	33,862	7,184,160
<i>Total Net Assets</i>	<u>\$ 14,818,715</u>	<u>\$ 67,810</u>	<u>\$ 14,886,525</u>

See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 8,020,715	\$ 1,185,700	\$ 372,582	\$ 9,578,997
Accrued Interest Receivable	3,921	-	-	3,921
Taxes Receivable	8,644,523	747,160	91,518	9,483,201
Due From Other Governments/Others	487	-	180,592	181,079
Accounts Receivable	1,630	-	2,395	4,025
Prepaid Expenditures/Expenses	57,815	-	18,214	76,029
Cash and Cash Equivalents	68,902	-	-	68,902
<i>Total Assets</i>	<u>16,797,993</u>	<u>1,932,860</u>	<u>665,301</u>	<u>19,396,154</u>
Liabilities				
Due to Other Governments	65,171	-	448	65,619
Accounts Payable	350,461	-	32,327	382,788
Short Term Notes Payable	-	-	190,000	190,000
Accrued Salaries and Benefits Payable	1,606,476	-	5,513	1,611,989
Deferred Tax Revenue	7,275,942	615,561	46,438	7,937,941
Deferred Intergovernmental Revenue	-	-	180,592	180,592
Deferred Other Revenue	3,921	-	-	3,921
<i>Total Liabilities</i>	<u>9,301,971</u>	<u>615,561</u>	<u>455,318</u>	<u>10,372,850</u>
Fund Balances				
Reserved for HB-412 Set Asides	68,902	-	-	68,902
Reserved for Prepays	57,815	-	18,214	76,029
Reserved for Future Appropriations	253,265	30,319	10,060	293,644
Reserved for Encumbrances	403,581	-	33,192	436,773
Fund Balance Unreserved:				
General Fund	6,712,459	-	-	6,712,459
Debt Service Fund	-	1,286,980	-	1,286,980
Special Revenue Funds	-	-	87,093	87,093
Capital Projects Funds	-	-	61,424	61,424
<i>Total Fund Balances (Deficits)</i>	<u>7,496,022</u>	<u>1,317,299</u>	<u>209,983</u>	<u>9,023,304</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 16,797,993</u>	<u>\$ 1,932,860</u>	<u>\$ 665,301</u>	<u>\$ 19,396,154</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, 2010**

Total Governmental Funds Balances	\$ 9,023,304
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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	12,182,121
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds	768,031
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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	(23,550)
Accrued Benefits Payable	(1,170,555)
Capital Lease Obligations Due Within One Year	(88,147)
Capital Lease Obligations Due in More Than One Year	-
General Obligation Notes Payable Due Within One Year	(17,500)
General Obligation Notes Payable Due in More Than One Year	(105,000)
General Obligation Bonds Payable Due Within One Year	(745,000)
General Obligation Bonds Payable Due in More Than One Year	<u>(5,004,989)</u>

Total	<u>(7,154,741)</u>
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<i>Net Assets of Governmental Activities</i>	<u><u>\$ 14,818,715</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, 2010**

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 10,635,757	\$ 964,417	\$ 333,440	\$ 11,933,614
Intergovernmental - State	4,413,488	113,451	51,403	4,578,342
Intergovernmental - Federal	-	-	502,516	502,516
Interest Income	38,574	-	-	38,574
Tuition and Fees	205,021	-	-	205,021
Miscellaneous Revenue	98,282	-	206,603	304,885
<i>Total Revenues</i>	<u>15,391,122</u>	<u>1,077,868</u>	<u>1,093,962</u>	<u>17,562,952</u>
Expenditures				
Current:				
Instruction:				
Regular	7,126,322	-	39,766	7,166,088
Special	2,260,034	-	142,862	2,402,896
Vocational	117,150	-	-	117,150
Total Instructional Services	<u>9,503,506</u>	<u>-</u>	<u>182,628</u>	<u>9,686,134</u>
Support Services:				
Pupils	1,476,394	-	186,028	1,662,422
Instructional Staff	784,065	-	116,167	900,232
Board of Education	18,240	-	-	18,240
Administration	1,074,984	-	26,051	1,101,035
Fiscal	574,553	13,143	4,502	592,198
Business	-	-	58,977	58,977
Operation and Maintenance	1,502,420	-	-	1,502,420
Pupil Transportation	13,730	-	-	13,730
Central	58,709	-	5,000	63,709
Total Support Services	<u>5,503,095</u>	<u>13,143</u>	<u>396,725</u>	<u>5,912,963</u>
Extracurricular Student Activities	639,656	-	143,862	783,518
Facilities Services	53,333	-	42,075	95,408
Debt Service:				
Principal Retirement	85,438	767,500	-	852,938
Interest and Fiscal Charges	5,503	289,009	13,300	307,812
<i>Total Expenditures</i>	<u>15,790,531</u>	<u>1,069,652</u>	<u>778,590</u>	<u>17,638,773</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(399,409)</u>	<u>8,216</u>	<u>315,372</u>	<u>(75,821)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	23,062	9,666	32,728
Operating Transfers Out	(68,062)	-	(9,666)	(77,728)
<i>Total Other Financing Sources (Uses)</i>	<u>(68,062)</u>	<u>23,062</u>	<u>-</u>	<u>(45,000)</u>
<i>Net Change in Fund Balances</i>	(467,471)	31,278	315,372	(120,821)
<i>Fund Balances (Deficits) Beginning of Year</i>	<u>7,963,493</u>	<u>1,286,021</u>	<u>(105,389)</u>	<u>9,144,125</u>
<i>Fund Balances (Deficits) End of Year</i>	<u>\$ 7,496,022</u>	<u>\$ 1,317,299</u>	<u>\$ 209,983</u>	<u>\$ 9,023,304</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, 2010**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (120,821)
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Amounts reported for governmental activities in the
Statement of Activities are different because:

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and does not result in an expense in the Statement of Activities.	852,939
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Some revenues that will not be collected for several months after the District's fiscal year ends are not considered "available" revenues and are deferred in the governmental funds. Deferred Revenues increased by this amount this year for delinquent taxes receivable.	9,602
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In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(3,288)
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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.	84,564
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	<u>(453,610)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 369,386</u>
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See accompanying notes to the basic financial statements.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS - FOR THE FISCAL YEAR ENDED JUNE 30, 2010
GENERAL FUND**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$ 9,759,564	\$ 12,458,929	\$ 12,458,929	\$ -
Intergovernmental - State	4,494,730	4,413,488	4,413,488	-
Interest Income	63,000	38,900	38,574	(326)
Tuition and Fees	194,424	205,286	205,582	296
Miscellaneous	79,888	96,547	98,566	2,019
Total Revenues	14,591,606	17,213,150	17,215,139	1,989
Expenditures				
Instruction, Regular:				
Salaries and Wages	5,494,792	5,623,283	5,578,274	45,009
Fringe Benefits	1,351,359	1,289,569	1,265,863	23,706
Purchased Services	174,665	132,387	129,650	2,737
Supplies	168,610	171,657	153,966	17,691
Miscellaneous Expenditures	69,759	65,946	61,721	4,225
Total Instruction, Regular				
Instruction, Special:				
Salaries and Wages	1,351,796	1,333,135	1,330,432	2,703
Fringe Benefits	379,171	375,360	356,786	18,574
Purchased Services	826,385	612,073	609,123	2,950
Supplies	6,394	6,480	5,407	1,073
Miscellaneous Expenses	200	-	-	-
Total Instruction, Special	2,563,946	2,327,048	2,301,748	25,300
Instruction, Vocational:				
Salaries and Wages	93,214	93,049	93,049	-
Fringe Benefits	23,157	24,471	23,053	1,418
Total Instruction, Vocational	116,371	117,520	116,102	1,418
Total Instructional Services	9,939,502	9,727,410	9,607,324	120,086
Support Service, Pupils:				
Salaries and Wages	913,998	997,705	991,689	6,016
Fringe Benefits	260,452	283,688	264,923	18,765
Purchased Services	345,966	331,942	322,547	9,395
Supplies	77,355	76,293	68,854	7,439
Miscellaneous Expenditures	35,779	36,628	33,677	2,951
Total Support Service, Pupils	1,633,550	1,726,256	1,681,690	44,566
Support Service, Instructional Staff:				
Salaries and Wages	319,718	417,631	414,324	3,307
Fringe Benefits	271,543	243,643	238,110	5,533
Purchased Services	167,760	123,877	112,114	11,763
Supplies	29,435	32,981	32,611	370
Miscellaneous Expenditures	21,400	20,399	20,177	222
Total Support Service, Instructional Staff	809,856	838,531	817,336	21,195
Support Service, Board of Education:				
Salaries and Wages	9,375	9,500	9,500	-
Fringe Benefits	1,144	1,287	1,117	170
Purchased Services	3,100	3,100	1,025	2,075
Miscellaneous Expenditures	7,800	7,800	6,065	1,735
Total Support Service, Board of Education	21,419	21,687	17,707	3,980
Support Service, Administration:				
Salaries and Wages	714,085	706,986	704,913	2,073
Fringe Benefits	259,169	264,762	254,523	10,239
Purchased Services	102,453	95,531	87,847	7,684
Supplies	32,633	35,532	34,621	911
Miscellaneous Expenditures	5,533	6,091	4,068	2,023
Total Support Service, Administration	1,113,873	1,108,902	1,085,972	22,930

(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, 2010
GENERAL FUND**

Support Service, Fiscal:				
Salaries and Wages	242,015	261,619	261,619	-
Fringe Benefits	86,271	95,034	92,847	2,187
Purchased Services	12,480	12,508	12,291	217
Supplies	6,534	6,533	4,318	2,215
Miscellaneous Expenditures	217,979	208,861	202,992	5,869
Total Support Service, Fiscal	565,279	584,555	574,067	10,488
Support Service, Operation and Maintenance:				
Salaries and Wages	531,375	543,975	536,014	7,961
Fringe Benefits	182,518	197,355	187,092	10,263
Purchased Services	799,633	807,458	778,502	28,956
Supplies	83,460	71,784	66,548	5,236
Miscellaneous Expenditures	13,210	145,027	142,732	2,295
Total Support Service, Operation and Maintenance	1,610,196	1,765,599	1,710,888	54,711
Support Service, Pupil Transportation:				
Purchased Services	20,724	19,354	18,718	636
Total Support Service, Pupil Transportation	20,724	19,354	18,718	636
Support Service, Central:				
Salaries and Wages	14,840	14,840	10,040	4,800
Fringe Benefits	2,227	1,673	1,432	241
Purchased Services	56,165	49,239	46,352	2,887
Supplies	2,000	2,000	903	1,097
Total Support Service, Central	75,232	67,752	58,727	9,025
Total Support Service	5,850,129	6,132,636	5,965,105	167,531
Extracurricular Student Activities:				
Salaries and Wages	453,259	409,736	409,736	-
Fringe Benefits	98,897	90,873	88,307	2,566
Purchased Services	141,588	147,418	139,813	7,605
Supplies	9,459	9,459	3,473	5,986
Miscellaneous Expenditures	20,000	-	-	-
Total Extracurricular Student Activities	723,203	657,486	641,329	16,157
Facilities Services:				
Purchased Services	55,000	41,500	41,295	205
Miscellaneous Expenditures	19,800	7,720	7,720	-
Total Facilities Services	74,800	49,220	49,015	205
Total Expenditures	16,587,634	16,566,752	16,262,773	303,979
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,996,028)	646,398	952,366	305,968
Other Financing Sources (Uses)				
Transfers Out	64,078	68,062	68,062	-
Other Financing Uses	53,080	-	-	-
Total Other Financing Sources (Uses)	(117,158)	(68,062)	(68,062)	-
Net Change in Fund Balance	(2,113,186)	578,336	884,304	305,968
Fund Balance Beginning of Year	6,206,087	6,206,087	6,206,087	-
Prior Year Encumbrances Appropriated	472,012	472,012	472,012	-
Fund Balance End of Year	\$ 4,564,913	\$ 7,256,435	\$ 7,562,403	\$ 305,968

See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010**

	Enterprise Funds		
	Food Service	Child Care Fund	Total
Assets			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 18,133	\$ 89,428	\$ 107,561
Due From Other Governments/Others	-	8,232	8,232
Accounts Receivable	339	13,146	13,485
Materials and Supplies Inventory	6,488	-	6,488
Prepaid Expenditures/Expenses	2,770	258	3,028
<i>Total Current Assets</i>	<u>27,730</u>	<u>\$111,064</u>	<u>138,794</u>
<i>Noncurrent Assets:</i>			
Capital Assets, Net of Depreciation	30,003	3,945	33,948
<i>Total Assets</i>	<u>57,733</u>	<u>115,009</u>	<u>172,742</u>
Liabilities			
<i>Current Liabilities:</i>			
Accounts Payable	357	3,778	4,135
Accrued Salaries and Benefits Payable	31,761	43,693	75,454
Deferred Other Revenue	-	25,343	25,343
<i>Total Liabilities</i>	<u>32,118</u>	<u>72,814</u>	<u>104,932</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	30,003	3,945	33,948
Unrestricted	(4,388)	38,250	33,862
<i>Total Net Assets</i>	<u>\$ 25,615</u>	<u>\$ 42,195</u>	<u>\$ 67,810</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, 2010**

	Enterprise Funds		
	Food Service	Child Care Fund	Total
Operating Revenues			
Charges for Services	\$ 182,048	\$ 361,782	\$ 543,830
Other Revenues	3,070	-	3,070
<i>Total Operating Revenues</i>	<u>185,118</u>	<u>361,782</u>	<u>546,900</u>
Operating Expenses			
Employee Salaries & Wages	126,122	254,163	380,285
Employee Fringe Benefits	69,036	62,082	131,118
Purchased Services	2,844	15,246	18,090
Materials and Supplies	103,790	16,856	120,646
Other Expenses	-	170	170
Depreciation Expense	3,503	783	4,286
<i>Total Operating Expenses</i>	<u>305,295</u>	<u>349,300</u>	<u>654,595</u>
<i>Operating Income (Loss)</i>	<u>(120,177)</u>	<u>12,482</u>	<u>(107,695)</u>
Non-Operating Revenues:			
State Sources	1,776	-	1,776
Federal Sources	77,636	-	77,636
Transfers In	45,000	-	45,000
<i>Total Non-Operating Revenues</i>	<u>124,412</u>	<u>-</u>	<u>124,412</u>
<i>Change in Net Assets</i>	4,235	12,482	16,717
<i>Net Assets Beginning of Year</i>	<u>21,380</u>	<u>29,713</u>	<u>51,093</u>
<i>Net Assets End of Year</i>	<u>\$ 25,615</u>	<u>\$ 42,195</u>	<u>\$ 67,810</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, 2010**

	Enterprise Funds		
	Food Service	Child Care Fund	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from tuition and fees	\$ -	\$ 363,514	\$ 363,514
Cash received from sales	182,048	-	182,048
Other cash receipts	6,994	-	6,994
Cash payments for personal services	(195,306)	(311,489)	(506,795)
Cash payments for contract services	(7,883)	(14,681)	(22,564)
Cash payments for supplies and materials	(89,132)	(16,484)	(105,616)
Cash payments for other expenses	-	(170)	(170)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(103,279)</u>	<u>20,690</u>	<u>(82,589)</u>
Cash Flows from Noncapital Financing Activities			
State Sources	1,776	-	1,776
Federal Sources	64,791	-	64,791
Transfers	45,000	-	45,000
<i>Net Cash Provided by Non-Capital Financing Activities</i>	<u>111,567</u>	<u>-</u>	<u>111,567</u>
<i>Cash flow from capital financing activities:</i>			
Purchases of Capital Assets	(2,645)	-	(2,645)
<i>Net increase in Cash and Cash Equivalents</i>	5,643	20,690	26,333
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>12,490</u>	<u>68,738</u>	<u>81,228</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 18,133</u>	<u>\$ 89,428</u>	<u>\$ 107,561</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used for) Operating Activities			
Operating Income (Loss)	\$ (120,177)	\$ 12,482	\$ (107,695)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	3,503	783	4,286
Commodities expense related to noncash grant	12,288	-	12,288
(Increase) Decrease in due from other governments	-	(2,351)	(2,351)
Decrease in accounts receivable	3,924	(3,789)	135
(Increase) in Prepaid Expenditures/Expenses	(2,480)	(258)	(2,738)
Consumption of inventory	88,575	-	88,575
Purchase of inventory	(88,864)	-	(88,864)
Increase (Decrease) in Due to Other Governments	-	-	-
Increase in accounts payable	100	1,195	1,295
Increase (Decrease) in accrued liabilities	(148)	4,756	4,608
Decrease in deferred revenue	-	7,872	7,872
<i>Net Adjustments</i>	<u>16,898</u>	<u>8,208</u>	<u>25,106</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ (103,279)</u>	<u>\$ 20,690</u>	<u>\$ (82,589)</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, 2010

	Student Activity
Assets	
Cash and Cash Equivalents	\$ 58,780
Prepaid Expenditures/Expenses	108
Total Assets	<u>58,888</u>
Liabilities	
Due to Other Government/Others	58,178
Accounts Payable	710
Total Liabilities	<u>\$ 58,888</u>

See accompanying notes to the basic financial statements.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

1. Reporting Entity

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

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

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

2. Summary of Significant Accounting Policies

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

(a) Fund Accounting

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

Governmental Funds

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(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.

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.

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

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

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

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

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

(c) Basis of Accounting

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

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

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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

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

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

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

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

(d) Cash and Investments

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

The Grandview Heights School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2010. 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, 2010.

Following Ohio statutes, the Board of Education has, by Board Policy #DFA, specified the funds to receive an allocation of interest earnings. All interest revenue received amounts to \$38,574 and is credited to the General Fund during fiscal year 2010.

(e) Inventory

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

(f) Capital Assets and Depreciation

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

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

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

(g) Interfund Activity

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

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

(h) Compensated Absences

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

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

(i) Accrued Liabilities and Long-term Debt

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

(j) Net Assets

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

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

(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, HB412 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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

(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.
- (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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

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

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

(p) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Encumbrances outstanding at year end are reported as 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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

3. Cash and Investments (Continued)

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

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

Public Depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. 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, 2010 the carrying amount of the District's deposits was \$1,583,232 and the bank balance was \$1,753,568. Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, as of June 30, 2010 \$1,000,000 of the District's bank balance of \$1,753,568 was exposed to custodial risk as discussed below, while \$753,568 was covered by Federal Deposit Insurance Corporation.

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

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

As of June 30, 2010, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Credit Risk</u>	<u>Fair Value</u>
Repurchase Agreements	Daily	AAA	\$548,268
STAR Ohio	Not Applicable	AAAm	<u>7,682,740</u>
Total			<u>\$8,231,008</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

3. Cash and Investments (Continued)

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

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

Credit Risk: As of June 30, 2010, 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 6.66% and 93.34% respectively, of the District's total investments.

4. Due from Other Governments

Intergovernmental receivables at June 30, 2010, consist of the following:

	<u>Governmental Activities</u>		
	<u>Due From</u>		
	<u>Federal Government</u>	<u>Local Government</u>	<u>Total</u>
General Fund	\$ -	\$ 487	\$ 487
Other Governmental Funds	180,592	-	180,592
Total	\$ 180,592	\$ 487	\$ 181,079

	<u>Business-Type Activities</u>		
	<u>Due From</u>		
	<u>Federal Government</u>	<u>State Government</u>	<u>Total</u>
Child Care	\$ 8,232	\$ -	\$ 8,232
Total	\$ 8,232	\$ -	\$ 8,232

5. Interfund Receivables and Payables

There were no interfund receivables and payables as of June 30, 2010.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

6. Capital Assets

Summaries of changes in capital assets for the fiscal year ended June 30, 2010, follows:

Activity	<u>Governmental Activities</u>			Balance June 30, 2010
	Balance		Disposals	
	July 1, 2009	Additions		
Land	\$ 137,400	\$ -	\$ -	\$ 137,400
Buildings and Improvements	17,180,934	13,860	-	17,194,794
Furniture and Equipment	4,471,033	95,911	188,810	4,378,134
Vehicles	88,909	-	-	88,909
Totals as Cost	<u>21,878,276</u>	<u>109,771</u>	<u>188,810</u>	<u>21,799,237</u>
Less Accumulated Depreciation:				
Buildings and Improvements	6,494,465	291,170	-	6,785,635
Furniture and Equipment	2,698,612	158,341	77,256	2,779,697
Vehicles	42,893	8,891	-	51,784
Total Accum. Depr.	<u>9,235,970</u>	<u>458,402</u>	<u>77,256</u>	<u>9,617,116</u>
Capital Assets, Net	<u>\$ 12,642,306</u>	<u>\$ (348,631)</u>	<u>\$ 111,554</u>	<u>\$ 12,182,121</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

6. Capital Assets (Continued)

Activity	<u>Business-Type Activities</u>			Balance June 30, 2010
	Balance		Disposals	
	July 1, 2009	Additions		
Furniture and Equipment	\$ 179,184	\$ 2,645	\$ 16,483	\$ 165,346
Totals at Cost	179,184	2,645	16,483	165,346
Less Accumulated Depreciation:				
Furniture and Equipment	143,595	4,286	16,483	131,398
Total Accum. Depr.	143,595	4,286	16,483	131,398
Capital Assets, Net	\$ 35,589	\$ (1,641)	\$ -	\$ 33,948

*Depreciation Expense was charged to governmental functions as follows:

Instruction:			
	Regular	\$	295,786
	Special		7,310
Support Service:			
	Pupils		15,517
	Instructional Staff		3,362
	Administration		2,218
	Fiscal		483
	Business		1,436
	Operation and Maintenance		84,726
	Central		1,964
	Food Service		791
	Extracurricular		44,809
	Total Depreciation Expense	\$	458,402

7. Long-term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2010, follows:

	<u>Governmental Activities</u>				
	Balance		Deletions	Balance	
	July 1, 2009	Additions		June 30, 2010	Amounts Due In One Year
Long-Term Obligations:					
Accrued Interest	\$ 26,838	\$ 23,550	\$ 26,838	\$ 23,550	\$ 23,550
Capital Lease	173,586	-	85,439	88,147	88,147
Accrued Vacation and Sick	1,255,119	98,035	182,599	1,170,555	108,526
G.O. Bonds	6,499,989	-	750,000	5,749,989	745,000
G.O. Notes	140,000	-	17,500	122,500	17,500
Total	\$ 8,095,532	\$ 121,585	\$1,062,376	\$ 7,154,741	\$ 982,723

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

7. Long-term Liabilities (Continued)

	<u>Business-Type Activities</u>				
	<u>Balance</u>			<u>Balance</u>	<u>Amounts Due</u>
	<u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>	<u>In One Year</u>
Accrued Vacation and Sick	\$ 612	\$ 2,332	\$ 612	\$ 2,332	\$ 2,332
Total	\$ 612	\$ 2,332	\$ 612	\$ 2,332	\$ 2,332

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, 2010, plus vested personal and sick leave for faculty and classified staff members with over 15 years of service in the retirement system in accordance with GASB Statement 16. This would be paid out of the General, Special Revenue, and Child Care Funds.

Capital Leases: The District is making installment payments on computer equipment purchased with an original value of \$264,527. This obligation provides for interest at 5.08%, with an outstanding balance of \$88,147 at June 30, 2010.

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, 2010:

	<u>Year Ending</u> <u>June 30</u>
Fiscal Year 2011	\$ 90,941
Total Principal and Interest Payments	90,941
Less Interest Payments	(\$2,794)
Present Value of Minimum Lease Payments	<u>\$ 88,147</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 was 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
JUNE 30, 2010
(Continued)**

7. Long-term Liabilities (Continued)

Unvoted notes were sold to PNC Bank for \$175,000 in accordance with Chapter 133.06 of the Ohio Revised Code on December 1, 2006 with an average annual interest rate of 4.25%. The purpose of the notes was for the furnishing of materials and performance of labor necessary to install a synthetic grass playing field at Bobcat Stadium. The school district has set aside the rent proceeds associated with cell tower lease contracts to pay of 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, 2010, and related interest payments are as follows:

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

	Total Payment Due		
Fiscal Year Ended	Principal	Interest	During Year
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	50,463	607,574	658,037
June 30, 2016 to 2020	2,485,000	292,719	2,777,719
	3,894,989	2,445,808	6,340,797

January 1, 1996 Renovation and Construction Bonds

	Total Payment Due		
Fiscal Year Ended	Principal	Interest	During Year
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	175,000	64,796	239,796
June 30, 2016 to 2020	1,080,000	157,620	1,237,620
	1,855,000	570,402	2,425,402

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

7. Long-term Liabilities (Continued)

December 1, 2006 Synthetic Grass Playing Field Notes

Fiscal Year Ended	Principal	Interest	Total
			Payment Due During Year
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	17,500	1,860	19,360
June 30, 2016 to 2017	35,000	1,487	36,487
	122,500	18,222	140,722

Total Debt Requirements

Fiscal Year Ended	Principal	Interest	Total
			Payment Due During Year
June 30, 2011	762,500	257,868	1,020,368
June 30, 2012	767,500	225,665	993,165
June 30, 2013	253,146	723,851	976,997
June 30, 2014	246,380	700,992	947,372
June 30, 2015	242,963	674,230	917,193
June 30, 2016 to 2020	3,600,000	451,826	4,051,826
	5,872,489	3,034,432	8,906,921

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, 2010 was \$273,833,600 according to the Franklin County Auditor's Office. Unvoted net debt at June 30, 2010 was \$122,500. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At June 30, 2010, the District's total net debt and unvoted net debt were approximately 2.14% 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, 2010, 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
JUNE 30, 2010
(Continued)**

8. Notes Payable

Note payable activity of the District for the year ended June 30, 2010 was as follows:

Notes Payable	Interest Rate	Balance at June 30, 2009	Additions	Deletions	Balance at June 30, 2010
Tax Anticipation Notes	4.50 - 4.75%	\$ 370,000	\$ -	\$ 180,000	\$ 190,000

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

9. Defined Benefit Pension Plans

(a) State Teachers Retirement System

The 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.

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
JUNE 30, 2010
(Continued)**

9. Defined Benefit Pension Plans (Continued)

For the fiscal year ended June 30, 2010, 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 2009, 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, 2010, 2009 and 2008 were \$1,235,851, \$1,177,032, and \$1,160,360 respectively; 81.8 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

(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 43215-3746, by calling (800) 878-5853 or by visiting the SERS website at 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 2010, 12.78 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 2010, 2009 and 2008 were \$300,780, \$262,128, and \$251,832; 48.3 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

10. Other Post Employment Benefits (Continued)

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, 2010, 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 \$86,172 for fiscal year 2010.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2009 (the latest information available) the balance in the Fund was \$2.7 billion. For the fiscal year ended June 30, 2009, net health care costs paid by STRS Ohio were \$298,110,000 and STRS Ohio had 129,659 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, 2010, employer contributions to fund health care benefits were .46 percent of covered payroll, compared to 4.16 percent of covered payroll for fiscal year 2009. 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 2010, 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 2010 fiscal year equaled \$39,339.

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.

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, 2009 and June 20, 2009 for those taxes due during 2010. 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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

11. Property Taxes (Continued)

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 2010 upon which the 2009 levies were based, was as follows:

Real estate:	
Residential	\$ 212,683,950
Commercial	\$ 41,076,020
Industrial	\$ 11,885,080
Public utility:	
Real	\$ 41,520
Personal	\$ 8,049,230
Tangible personal	\$ 97,800
Total	<u>\$ 273,833,600</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 100.90 mills in 2010 with an effective rate of 41.26 for residential property and 63.71 for commercial property.

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

12. Federal and State Grants

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(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:

	General
GAAP basis	\$ (467,471)
Increase (decrease):	
Due to revenues:	
Received in cash during fiscal year 2010 but accrued June 30, 2009	3,194,714
Accrued at June 30 2010, but not yet received in cash	(1,370,698)
Due to expenditures:	
Paid in cash during fiscal year 2010, accrued June 30, 2009	(1,909,320)
Accrued June 30, 2010, not yet paid in cash	1,964,293
Budget basis	1,411,518
Encumbrances outstanding on June 30, 2010	(527,214)
Budget basis	\$ 884,304

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

13. Budget Basis of Accounting (Continued)

(b) Fund balances at end of year:

	General
GAAP basis	\$ 7,496,022
Increase (decrease):	
Due to revenues:	
Received in cash	
during fiscal year	
2010 but accrued	
at June 30, 2009	0
Accrued at June 30,	
2010, not yet	
received in cash	(1,370,698)
Due to expenditures:	
Paid in cash during	
fiscal year 2010,	
accrued at	
June 30, 2009	0
Accrued at June 30,	
2010, not yet	
paid in cash	1,964,293
Budget basis	8,089,617
Encumbrances outstanding	
on June 30, 2010	(527,214)
Fund balance at end of	
year, unencumbered,	
budget basis	\$ 7,562,403

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

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 2010, the District contracted with the Ohio School Plan for general liability insurance with a \$2,000,000 single occurrence limit and a \$4,000,000 aggregate limit with a \$10,000 deductible. The District also contracted with the Hanover Insurance Group, member of Citizens Insurance Company of America, to provide property and fleet insurance requiring deductibles ranging from \$250 to \$2,500 depending on the type of property. Additionally, the District participates in the State Workers' Compensation system that provides coverage for accidents and injuries to employees while on the job. The premium is based on a rate per \$100 of salaries and is calculated as part of a state-wide group rating plan for workers' compensation insurance coverage sponsored by the Ohio School Board's Association. Finally, the District offers employee group health insurance from United Health Care, dental insurance from Delta Dental Plan, and life insurance from the American United Life Insurance Company with a portion of health insurance premiums being paid by employees. Insurance settlements have not exceeded insurance coverage for each of the past three fiscal years.

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 \$204,648 to MEC during the fiscal year 2010.

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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

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.

	<u>Textbooks</u>	<u>Capital Acquisitions</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set Aside Reserve Balance as of June 30, 2009	\$ -	\$ -	\$ 68,902	\$ 68,902
Current Year Set Aside Requirement	149,221	149,221	-	298,442
Current Year Qualifying Expenditures	(262,699)	(559,776)		(822,475)
Total	<u>(113,478)</u>	<u>(410,555)</u>	<u>68,902</u>	<u>(455,131)</u>
Balance Carried Forward to Fiscal Year 2011	-	-	-	-
Set Aside Reserve Balance as of June 30, 2010	<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.

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**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Reciepts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i>			
Nutrition Cluster			
Non-Cash Assistance:			
National School Lunch Program	10.555	\$ 16,217	\$ 12,288
Cash Assistance:			
National School Lunch Program	10.555	<u>64,791</u>	<u>64,791</u>
Total Nutrition Cluster		<u>81,008</u>	<u>77,079</u>
Child and Adult Care Food Program	10.558	<u>2,845</u>	<u>2,845</u>
Total U.S. Department of Agriculture		<u>83,853</u>	<u>79,924</u>
U.S. DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	85,899	82,369
Special Education Grants to States	84.027	261,163	262,377
Safe and Drug Free Schools and Communities State Gr	84.186	1,936	1,923
Improving Teacher Quality State Grants	84.367	37,668	39,647
Education Technology State Grants	84.318	890	890
ARRA - State Fiscal Stabilization Fund	84.394	<u>106,674</u>	<u>106,674</u>
Total U.S. Department of Education		<u>494,230</u>	<u>493,880</u>
U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICES <i>Passed Through Ohio Department of Education</i>			
Learn and Serve America - Community Based Program:	94.004	<u>1,250</u>	<u>494</u>
Total U.S. Corporation for National and Community Services		<u>1,250</u>	<u>494</u>
Total		<u>\$ 579,333</u>	<u>\$ 574,298</u>

The accompanying notes are an integral part of this schedule.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grandview Heights City School District, Franklin County, Ohio (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 21, 2011. 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 Government's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Government's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Government's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-01 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 21, 2011.

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



Dave Yost
Auditor of State

January 21, 2011



Dave Yost • Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Grandview Heights City School District, Franklin County, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Grandview Height City School District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Grandview Height City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State

January 21, 2011

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2010-01

**Material Weakness
Financial Reporting**

The District utilizes the Uniform School Accounting System and currently has monitoring controls over daily cash-basis transactions entered into the system. At year-end, the cash basis information from the accounting system is converted into financial statements reported under Accounting Principles Generally Accepted in the United States of America. Accrual information, trial balances, and the financial statements are prepared by the District Treasurer.

GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010
(Continued)

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

FINDING NUMBER 2010-01 (Continued)

**Significant Deficiency
Financial Reporting (Continued)**

Four adjustments were identified relating to the District's basic financial statements to accurately reflect account balances reported. These adjustments ranged in dollar amount from \$97,046 to \$3,320,000. Errors include property taxes receivable and deferred revenue calculations. All four adjustments were recorded by the District in the financial statements.

We recommend the District implement additional procedures to provide assurance over the completeness and accuracy of information reported within the financial statements. Such procedures may include additional reviews of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

Officials' Response: We did not receive a response from Officials for the above noted finding.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Dave Yost • Auditor of State

GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 3, 2011