



Mary Taylor, CPA
Auditor of State

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grandview Heights City School District, Franklin County, Ohio (the District), as of and for the year ended June 30, 2008, 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, 2008, 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 November 18, 2008, 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.

Grandview Heights City School District
Franklin County
Independent Accountants' Report
Page 2

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is fluid and cursive, with "Mary" having a large, sweeping initial "M".

Mary Taylor, CPA
Auditor of State

November 18, 2008

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED**

Financial Highlights

The District's net assets are \$12,847,663 as of June 30, 2008. This represents an increase of \$456,505 over last year. The increase in net assets is due primarily to the decrease in the liability, deferred tax revenue, resulting from the receipt of a large property tax advance on June 29, 2008. The District's cash and investments assets of \$10,511,612 increased by \$1,530,027 due to the receipt of the large property tax advance on June 29, 2008.

The General Fund reported a positive fund balance of \$7,337,724. The General Fund cash and investments and restricted cash and cash equivalents have increased \$2,000,327 from prior year. The increase in cash is due primarily to the large property tax advance received on June 29, 2008 and to the increase from \$459,025 in fiscal year 2007 to \$793,945 in fiscal year 2008 in tangible personal property tax "hold-harmless" reimbursements from the State of Ohio.

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 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 three types of funds, governmental, proprietary, and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Reporting the District's Most Significant Funds (Continued)

Governmental Funds

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

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as 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 \$12,847,663 according to the Statement of Net Assets at the close of the most recent fiscal year.

The largest portions of the District's net assets (52%) are unrestricted. As such, these assets are available for future spending to meet the District's ongoing activities. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A comparative analysis of fiscal years 2008 and 2007 follows from the Statement of Net Assets:

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Government-Wide Financial Analysis (Continued)

	<u>Net Assets</u>				<u>Total</u>	
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>			
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current Assets	\$ 15,993,681	\$ 17,127,509	\$ 102,883	\$ 84,600	\$ 16,096,564	\$ 17,212,109
Capital Assets	12,743,792	12,620,924	26,609	29,065	12,770,401	12,649,989
Total Assets	<u>\$ 28,737,473</u>	<u>\$ 29,748,433</u>	<u>\$ 129,492</u>	<u>\$ 113,665</u>	<u>\$ 28,866,965</u>	<u>\$ 29,862,098</u>
Current Liabilities	\$ 7,207,930	\$ 7,949,678	\$ 100,798	\$ 75,750	\$ 7,308,728	\$ 8,025,428
Long-Term Liabilities	8,707,948	9,445,512	2,626	-	8,710,574	9,445,512
Total Liabilities	<u>15,915,878</u>	<u>17,395,190</u>	<u>103,424</u>	<u>75,750</u>	<u>16,019,302</u>	<u>17,470,940</u>
Net Assets:						
Invested in Capital Assets, Net of Debt	4,760,029	3,628,628	26,609	29,065	4,786,638	3,657,693
Restricted	1,357,030	1,993,892	-	-	1,357,030	1,993,892
Unrestricted	6,704,536	6,730,723	(541)	8,850	6,703,995	6,739,573
Total Net Assets	<u>\$ 12,821,595</u>	<u>\$ 12,353,243</u>	<u>\$ 26,068</u>	<u>\$ 37,915</u>	<u>\$ 12,847,663</u>	<u>\$ 12,391,158</u>

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>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues						
Program Revenues						
Charges for Services	\$ 431,189	\$ 371,948	\$ 502,938	\$ 467,706	\$ 934,127	\$ 839,654
Operating Grants and Contributions	547,024	632,728	65,200	60,439	612,224	693,167
General Revenues						
Property Taxes	11,452,564	13,686,986	-	-	11,452,564	13,686,986
Intergovernmental-State	3,811,135	3,345,433	-	-	3,811,135	3,345,433
Other	477,754	895,742	-	50,000	477,754	945,742
Total Revenues	<u>16,719,666</u>	<u>18,932,837</u>	<u>568,138</u>	<u>578,145</u>	<u>17,287,804</u>	<u>19,510,982</u>
Expenses						
Instruction	9,744,352	9,537,989	-	-	9,744,352	9,537,989
Support Services	4,692,365	4,481,098	-	-	4,692,365	4,481,098
Extracurricular Activities	740,113	341,860	-	-	740,113	341,860
Facilities Services	655,524	1,126,527	-	-	655,524	1,126,527
Interest & Fiscal Charges	388,960	417,350	-	-	388,960	417,350
Food Service	-	-	298,523	291,278	298,523	291,278
Child Care	-	-	311,462	273,840	311,462	273,840
Total Expenses	<u>16,221,314</u>	<u>15,904,824</u>	<u>609,985</u>	<u>565,118</u>	<u>16,831,299</u>	<u>16,469,942</u>
Transfers	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>\$ 468,352</u>	<u>\$ 3,028,013</u>	<u>\$ (11,847)</u>	<u>\$ 13,027</u>	<u>\$ 456,505</u>	<u>\$ 3,041,040</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Government-Wide Financial Analysis (Continued)

Governmental Activities

Net assets of the District's governmental activities increased by \$468,352 and unrestricted net assets reflect a positive balance of \$6,704,536. The increase in net assets is due primarily to the decrease in the liability, deferred tax revenue, resulting from the receipt of a large property tax advance on June 29, 2008. The slate roof on Grandview Heights High School was replaced at a cost of \$283,800 and hot water HVAC boilers at Stevenson Elementary School were replaced at a cost of \$186,191.

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

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Government-Wide Financial Analysis (Continued)

	Total Cost of Services 2008	Net Cost of Services 2008
Program Expenses		
Instruction		
Regular	\$ 7,215,959	\$ 6,982,249
Special	2,419,316	2,175,590
Vocational	109,077	106,260
Support Services		
Pupils	1,361,021	1,156,178
Instructional Staff	575,479	567,335
Board of Education	18,263	18,263
Administration	1,134,601	1,104,015
Fiscal	570,154	570,154
Business	30,068	-
Operation & Maintenance	924,576	924,576
Pupil Transportation	15,381	15,381
Central	62,822	57,856
Extracurricular	740,113	553,124
Facilities Services	655,524	623,160
Interest and Fiscal Charges	388,960	388,960
Total Expenses	\$ 16,221,314	\$ 15,243,101

Local taxes make up 68% of total revenues for governmental activities. This net services column reflecting the need for \$15,243,101 of support indicates the reliance on general revenues to support governmental activities.

Business-Type Activities

Business-type activities include food service and child care. These activities net assets were \$26,068 a decrease of \$11,847 from prior year's total of \$37,915. The decrease was almost equally due to the food service and child care operations.

The District's Funds

The District's governmental funds reported a combined fund balance of \$8,210,369 which is a decrease of \$216,550 from prior year's total of \$8,426,919. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2008 and 2007.

	Fund Balance June 30, 2008	Fund Balance June 30, 2007	Increase/ (Decrease)
General	\$ 7,337,724	\$ 7,143,027	\$ 194,697
Bond Retirement	1,174,009	1,308,418	(134,409)
Permanent Improvement	(379,607)	(107,099)	(272,508)
Other Governmental	78,243	82,573	(4,330)
Total	\$ 8,210,369	\$ 8,426,919	\$ (216,550)

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

The District's Funds (Continued)

General Fund

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

	2008 Amount	2007 Amount	Percent Change
Revenues			
Taxes	\$ 10,449,608	\$ 12,009,811	-13.0%
Interest Earnings	380,320	389,823	-2.4%
Intergovernmental - State	3,784,586	3,423,516	10.5%
Other Revenue	349,616	302,141	15.7%
Total Revenues	<u>\$ 14,964,130</u>	<u>\$ 16,125,291</u>	-7.2%

Tax revenues appear higher in 2007 because of the posting of the \$1,874,926, representing the "amount available for advance but not actually received as of June 30, 2007" as tax revenues. Subsequently, property tax revenues were reduced by that same amount in 2008 thus creating the appearance of a decrease in property tax revenues. On a cash basis of accounting, General Fund property tax revenues actually increased by \$1,805,219 due to the receipts of a large tax advance from the Franklin County Auditor on June 29, 2008 that resulted in a higher cash balance as of June 30, 2008. State revenue is up \$361,070 due to the increase in the collection of the personal property tax "hold harmless" reimbursement from the state because of the gradual elimination of the personal property tax as a source of revenue for schools in Ohio.

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

	2008 Amount	2007 Amount	Percent Change
Expenditures by Function			
Instruction	\$ 9,155,697	\$ 9,063,963	1.0%
Support Services	4,830,844	4,659,706	3.7%
Extracurricular	577,912	507,268	13.9%
Facilities Services	61,171	60,069	1.8%
Capital Outlay	-	109,007	-100.0%
Debt Service	89,269	89,268	0.0%
Total	<u>\$ 14,714,893</u>	<u>\$ 14,489,281</u>	1.6%

Expenditures are up \$225,612 or 1.6% from the prior year. The amount of the increase is small mostly due to severance payments to retiring staff members and property tax collection fees paid to the county auditor.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

The District's Funds (Continued)

Bond Retirement Fund

The District's Bond Retirement Fund balance decreased by \$134,409 due to a decrease in property tax revenues commensurate with declining debt service requirements. The District on November 14, 2006 approved the issuance of unvoted debt for \$175,000 to be used toward the furnishing of materials and performance of labor necessary to install a synthetic grass playing field at Bobcat Stadium. National City Bank purchased the notes with a 4.25% interest rate. The debt will be repaid over a ten-year period from rent proceeds from cell towers located in the stadium area with the final payment due on December 1, 2016. The primary revenues of the District's Bond Retirement Fund are property taxes, calculated by the county auditor, state rollback and homestead reimbursements, and personal property tax state reimbursements. The expense of the fund include debt principal and interest payments as well as county auditor and treasurer fees.

Permanent Improvement Fund

The District's Permanent Improvement Fund balance decreased by \$272,508 due to a decrease in property tax revenues and the spending of proceeds from Permanent Improvement Fund Tax Anticipation Notes originally issued for \$875,000 on February 16, 2006.

Other Governmental Funds

Other governmental funds consist primarily of special revenue funds. These funds remained constant in 2008 with a slight decrease in fund balance of \$4,330.

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 increased its General Fund property tax revenue estimates to reflect the receipt of advances from the August 2008 real property tax settlement. The District decreased its total General Fund expenditure estimate by \$137,796—about 1.0% difference from the original estimate.

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

Capital Assets

The District has \$4,786,638 invested in capital assets net of depreciation and related debt, with \$4,760,029 attributed to governmental activities. Detailed information regarding capital asset activity is included in the notes to the basic financial statements.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Debt

On June 30, 2008, the District had \$7,947,489 in outstanding bonds and notes which includes \$545,000 in tax anticipation notes. During 2008, the District issued no additional bonds or notes. The District paid \$927,500 in principal on bonds and notes and \$377,736 in interest during the 2008 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, 2008, the District's general obligation debt was below the legal limit.

Restrictions and Other Limitations

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

The State of Ohio adds to the challenges facing the District by further limiting its ability to receive local property taxes. House Bill 283, passed in 1999, reduced the inventory portion of the personal property tax valuation by 1% per year beginning with collection year 2001 from 25% of market value to 0% in 2027. In 2003, the State exacerbated the loss when it passed the 2003-05 fiscal year state budget bill that doubled the rate of decrease to 2% per year beginning in 2005. The state completed the devastation of the collection of personal property taxes in 2005 with the passage of Am. Sub. HB-66, the 2005-07 biennium budget bill. Included in the bill was a stipulation to eliminate all tangible personal property taxes as a source of revenue for school districts in Ohio. Personal property tax valuation including machinery, equipment, furniture, fixtures, and inventory will be phased out by tax year 2009. The law also reclassified tangible personal property of telephone, telegraph, and telecommunications companies as general business tangible personal property and begins a phase-out in tax year 2007. The law established a replacement mechanism for lost tax revenues to school districts until tax year 2009 when it will be phased out entirely over time by tax year 2018. During the temporary life of this replacement mechanism, it will give the appearance that the state revenue share is increasing while the local revenue share (personal property taxes) is smaller.

Finally, the challenges of the local economy continue to face the School District. The District's largest taxpayer, Big Bear Stores, closed and left the School District in January 2004. In response to Big Bear and the loss of other personal property tax revenue, the Board of Education on February 10, 2004 approved a reorganization of the School District resulting in savings of approximately \$855,000. Since then, Nationwide Realty Investors purchased the former Big Bear property and many other adjacent properties with the intention of implementing a major redevelopment project sometime in the future. However, the current recession and economic slow down in the national and worldwide economics could delay any major redevelopment for an indefinite period.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Restrictions and Other Limitations (Continued)

The dedicated voters in the Grandview Heights City School District approved a 9.5 mill tax levy on November 8, 2005. That tax levy included 7.85 mills for general operating purposes for a continuing period of time and 1.65 mills for capital improvements and maintenance for a five-year period. Based on the District's current five-year forecast, it is expected that the passage of this levy will keep the District solvent through the 2010-11 fiscal year for general operating purposes. However, since the current bargaining agreements only extend through the 2008-09 school year, it is expected that the District will remain off the ballot until at least November 2009.

Contacting the District's Financial Management

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

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**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2008**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 10,426,877	\$ 84,735	\$ 10,511,612
Materials and Supplies Inventory	-	4,028	4,028
Accrued Interest Receivable	15,702	-	15,702
Accounts Receivable	11,869	12,415	24,284
Due From Other Governments	135,727	1,705	137,432
Prepaid Expenses	33,888	-	33,888
Taxes Receivable	5,369,618	-	5,369,618
Capital Assets, Net of Depreciation	<u>12,743,792</u>	<u>26,609</u>	<u>12,770,401</u>
<i>Total Assets</i>	<u>28,737,473</u>	<u>129,492</u>	<u>28,866,965</u>
Liabilities			
Accounts Payable	374,176	6,433	380,609
Accrued Salaries and Benefits Payable	1,595,248	72,802	1,668,050
Due to Other Governments	15,218	-	15,218
Deferred Tax Revenue	4,547,936	-	4,547,936
Deferred Intergovernmental Revenue	114,650	-	114,650
Deferred Other Revenue	15,702	21,563	37,265
Notes Payable	545,000	-	545,000
Long-Term Liabilities:			
Due Within One Year	912,588	2,626	915,214
Due In More Than One Year	<u>7,795,360</u>	<u>-</u>	<u>7,795,360</u>
<i>Total Liabilities</i>	<u>15,915,878</u>	<u>103,424</u>	<u>16,019,302</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	4,760,029	26,609	4,786,638
Restricted for:			
Capital Projects	165,393	-	165,393
Debt Service	1,174,009	-	1,174,009
Other Purposes	17,628	-	17,628
Unrestricted (Deficit)	<u>6,704,536</u>	<u>(541)</u>	<u>6,703,995</u>
<i>Total Net Assets</i>	<u>\$ 12,821,595</u>	<u>\$ 26,068</u>	<u>\$ 12,847,663</u>

See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services and Sales		Operating Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total	
Governmental Activities								
Instruction:								
Regular	\$ 7,215,959	\$ 181,768	\$ 51,942	\$ (6,982,249)	\$ -	\$ -	\$ (6,982,249)	
Special	2,419,316	-	243,726	(2,175,590)	-	-	(2,175,590)	
Vocational	109,077	-	2,817	(106,260)	-	-	(106,260)	
Support Services:								
Pupils	1,361,021	-	204,843	(1,156,178)	-	-	(1,156,178)	
Instructional Staff	575,479	-	8,144	(567,335)	-	-	(567,335)	
Board of Education	18,263	-	-	(18,263)	-	-	(18,263)	
Administration	1,134,601	-	30,586	(1,104,015)	-	-	(1,104,015)	
Fiscal	570,154	-	-	(570,154)	-	-	(570,154)	
Business	30,068	30,068	-	-	-	-	-	
Operation and Maintenance	924,576	-	-	(924,576)	-	-	(924,576)	
Pupil Transportation	15,381	-	-	(15,381)	-	-	(15,381)	
Central	62,822	-	4,966	(57,856)	-	-	(57,856)	
Extracurricular Student Activities	740,113	186,989	-	(553,124)	-	-	(553,124)	
Facilities Services	655,524	32,364	-	(623,160)	-	-	(623,160)	
Debt Service Interest and Fiscal Charges	388,960	-	-	(388,960)	-	-	(388,960)	
<i>Total Governmental Activities</i>	<u>16,221,314</u>	<u>431,189</u>	<u>547,024</u>	<u>(15,243,101)</u>	<u>-</u>	<u>-</u>	<u>(15,243,101)</u>	
Business-Type Activities								
Food Service	298,523	198,686	65,200	-	(34,637)	-	(34,637)	
Child Care	311,462	304,252	-	-	(7,210)	-	(7,210)	
<i>Total Business-Type Activities</i>	<u>609,985</u>	<u>502,938</u>	<u>65,200</u>	<u>-</u>	<u>(41,847)</u>	<u>-</u>	<u>(41,847)</u>	
<i>Totals</i>	<u>\$ 16,831,299</u>	<u>\$ 934,127</u>	<u>\$ 612,224</u>	<u>(15,243,101)</u>	<u>(41,847)</u>	<u>-</u>	<u>(15,284,948)</u>	
General Revenues								
Property Taxes Levied for:								
General Purposes			10,286,263	-	-	-	10,286,263	
Debt Service			860,783	-	-	-	860,783	
Capital Outlay			305,518	-	-	-	305,518	
Intergovernmental - State			3,811,135	-	-	-	3,811,135	
Interest Income			380,320	-	-	-	380,320	
Miscellaneous			97,434	-	-	-	97,434	
<i>Total General Revenues</i>			<u>15,741,453</u>				<u>15,741,453</u>	
Transfers			(30,000)		30,000		-	
<i>Total General Revenues and Transfers</i>			<u>15,711,453</u>		<u>30,000</u>		<u>15,741,453</u>	
Change in Net Assets			468,352		(11,847)		456,505	
<i>Net Assets Beginning of Year</i>			<u>12,353,243</u>		<u>37,915</u>		<u>12,391,158</u>	
<i>Net Assets End of Year</i>			<u>\$ 12,821,595</u>		<u>\$ 26,068</u>		<u>\$ 12,847,663</u>	

See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	General	Bond Retirement Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Investments	\$ 8,936,916	\$ 1,155,792	\$ 160,169	\$ 105,098	\$ 10,357,975
Accrued Interest Receivable	15,702	-	-	-	15,702
Accounts Receivable	9,079	-	-	2,790	11,869
Due From Other Governments	18,619	-	-	117,108	135,727
Prepaid Expenditures	33,888	-	-	-	33,888
Restricted Cash and Cash Equivalents	68,902	-	-	-	68,902
Taxes Receivable	<u>4,848,744</u>	<u>378,419</u>	<u>142,455</u>	<u>-</u>	<u>5,369,618</u>
<i>Total Assets</i>	<u>13,931,850</u>	<u>1,534,211</u>	<u>302,624</u>	<u>224,996</u>	<u>15,993,681</u>
Liabilities					
Accounts Payable	347,115	-	1,500	25,561	374,176
Accrued Wages	1,588,706	-	-	6,542	1,595,248
Due to Other Governments	15,218	-	-	-	15,218
Deferred Tax Revenue	4,627,385	360,202	135,731	-	5,123,318
Deferred Intergovernmental Revenue	-	-	-	114,650	114,650
Deferred Other Revenue	15,702	-	-	-	15,702
Notes Payable	<u>-</u>	<u>-</u>	<u>545,000</u>	<u>-</u>	<u>545,000</u>
<i>Total Liabilities</i>	<u>6,594,126</u>	<u>360,202</u>	<u>682,231</u>	<u>146,753</u>	<u>7,783,312</u>
Fund Balances					
Reserved for Encumbrances	383,986	-	33,177	19,534	436,697
Reserved for HB-412 Set Asides	68,902	-	-	-	68,902
Reserved for Prepays	33,888	-	-	-	33,888
Reserved for Future Appropriations	158,974	13,955	5,053	-	177,982
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	6,691,974	-	-	-	6,691,974
Special Revenue Funds	-	-	-	58,709	58,709
Debt Service Fund	-	1,160,054	-	-	1,160,054
Capital Projects Fund	<u>-</u>	<u>-</u>	<u>(417,837)</u>	<u>-</u>	<u>(417,837)</u>
<i>Total Fund Balances (Deficits)</i>	<u>7,337,724</u>	<u>1,174,009</u>	<u>(379,607)</u>	<u>78,243</u>	<u>8,210,369</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 13,931,850</u>	<u>\$ 1,534,211</u>	<u>\$ 302,624</u>	<u>\$ 224,996</u>	<u>\$ 15,993,681</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, 2008**

Total Governmental Funds Balances	\$ 8,210,369
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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	12,743,792
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds	575,382
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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	(29,986)
Accrued Benefits Payable	(1,239,199)
Captial Lease Obligations Due Within One Year	(36,274)
General Obligation Notes Payable Due Within One Year	(17,500)
General Obligation Notes Payable Due in More Than One Year	(140,000)
General Obligation Bonds Payable Due Within One Year	(745,000)
General Obligation Bonds Payable Due in More Than One Year	<u>(6,499,989)</u>
 Total	 <u>(8,707,948)</u>

<i>Net Assets of Governmental Activities</i>	<u>\$ 12,821,595</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, 2008**

	General	Bond Retirement Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 10,449,608	\$ 868,373	\$ 310,114	\$ -	\$ 11,628,095
Intergovernmental - State	3,784,586	94,484	34,268	27,548	3,940,886
Intergovernmental - Federal	-	-	-	417,273	417,273
Interest Income	380,320	-	-	-	380,320
Tuition and Fees	236,338	-	-	-	236,338
Miscellaneous Revenue	113,278	-	10,689	168,319	292,286
<i>Total Revenues</i>	<i>14,964,130</i>	<i>962,857</i>	<i>355,071</i>	<i>613,140</i>	<i>16,895,198</i>
Expenditures					
Current:					
Instruction:					
Regular	6,815,817	-	-	52,294	6,868,111
Special	2,232,417	-	-	147,958	2,380,375
Vocational	107,463	-	-	-	107,463
Support Services:					
Pupils	1,151,795	-	-	203,593	1,355,388
Instructional Staff	554,393	-	-	8,199	562,592
Board of Education	18,263	-	-	-	18,263
Administration	1,093,418	-	-	30,793	1,124,211
Fiscal	543,817	10,734	4,063	-	558,614
Business	-	-	-	29,266	29,266
Operation and Maintenance	1,395,756	-	-	-	1,395,756
Pupil Transportation	15,381	-	-	-	15,381
Central	58,021	-	-	5,000	63,021
Extracurricular Student Activities	577,912	-	-	140,367	718,279
Facilities Services	61,171	-	594,353	-	655,524
Debt Service:					
Principal Retirement	81,033	762,500	-	-	843,533
Interest and Fiscal Charges	8,236	348,572	29,163	-	385,971
<i>Total Expenditures</i>	<i>14,714,893</i>	<i>1,121,806</i>	<i>627,579</i>	<i>617,470</i>	<i>17,081,748</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>249,237</i>	<i>(158,949)</i>	<i>(272,508)</i>	<i>(4,330)</i>	<i>(186,550)</i>
Other Financing Sources (Uses)					
Operating Transfers In	-	24,540	-	2,223	26,763
Operating Transfers Out	(54,540)	-	-	(2,223)	(56,763)
<i>Total Other Financing Sources (Uses)</i>	<i>(54,540)</i>	<i>24,540</i>	<i>-</i>	<i>-</i>	<i>(30,000)</i>
<i>Net Change in Fund Balances</i>	<i>194,697</i>	<i>(134,409)</i>	<i>(272,508)</i>	<i>(4,330)</i>	<i>(216,550)</i>
<i>Fund Balances (Deficits) Beginning of Year</i>	<i>7,143,027</i>	<i>1,308,418</i>	<i>(107,099)</i>	<i>82,573</i>	<i>8,426,919</i>
<i>Fund Balances (Deficits) End of Year</i>	<i>\$ 7,337,724</i>	<i>\$ 1,174,009</i>	<i>\$ (379,607)</i>	<i>\$ 78,243</i>	<i>\$ 8,210,369</i>

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, 2008**

Net Change in Fund Balances - Total Governmental Funds \$ (216,550)

***Amounts reported for governmental activities in the
statement of activities are different because***

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 capital outlays exceeded depreciation in the current period.

128,847

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(175,531)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

843,533

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

(2,989)

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represent contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(108,958)

Change in Net Assets of Governmental Activities

\$ 468,352

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, 2008
GENERAL FUND**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$ 8,880,492	\$ 12,123,116	\$ 12,120,902	\$ (2,214)
Intergovernmental - State	3,721,497	3,797,494	3,784,586	(12,908)
Interest Income	300,000	381,000	380,320	(680)
Tuition and Fees	212,326	197,573	235,066	37,493
Miscellaneous	74,288	118,357	88,868	(29,489)
Total Revenues	13,188,603	16,617,540	16,609,742	(7,798)
Expenditures				
Instruction, Regular:				
Salaries and Wages	5,229,718	5,180,145	5,177,409	2,736
Fringe Benefits	1,342,593	1,287,728	1,283,061	4,667
Purchased Services	129,060	149,177	146,519	2,658
Supplies	222,850	220,733	216,994	3,739
Miscellaneous Expenditures	51,485	52,021	49,393	2,628
Total Instruction, Regular	6,975,706	6,889,804	6,873,376	16,428
Instruction, Special:				
Salaries and Wages	1,201,065	1,162,319	1,157,557	4,762
Fringe Benefits	354,182	342,159	330,218	11,941
Purchased Services	782,070	756,650	755,708	942
Supplies	9,254	7,338	4,830	2,508
Total Instruction, Regular	2,346,571	2,268,466	2,248,313	20,153
Instruction, Regular:				
Salaries and Wages	86,119	85,705	85,701	4
Fringe Benefits	21,711	21,810	21,403	407
Total Instruction, Regular	107,830	107,515	107,104	411
Total Instructional Services	9,430,107	9,265,785	9,228,793	36,992
Support Service, Pupils:				
Salaries and Wages	782,377	751,933	750,277	1,656
Fringe Benefits	209,425	201,518	192,780	8,738
Purchased Services	324,346	333,690	329,624	4,066
Supplies	59,460	56,746	54,641	2,105
Miscellaneous Expenditures	20,880	24,580	23,300	1,280
Total Support Service, Pupils	1,396,488	1,368,467	1,350,622	17,845
Support Service, Instructional Staff:				
Salaries and Wages	192,531	198,056	197,507	549
Fringe Benefits	204,852	223,743	221,121	2,622
Purchased Services	135,822	113,774	103,245	10,529
Supplies	33,193	40,960	33,994	6,966
Miscellaneous Expenditures	19,223	18,992	16,982	2,010
Total Support Service, Instructional Staff	585,621	595,525	572,849	22,676
Support Service, Board of Education:				
Salaries and Wages	9,375	9,375	9,375	-
Fringe Benefits	1,407	1,407	725	682
Purchased Services	3,200	3,200	1,080	2,120
Miscellaneous Expenditures	16,180	16,456	14,725	1,731
Total Support Service, Board of Education	30,162	30,438	25,905	4,533
Support Service, Administration:				
Salaries and Wages	756,951	754,151	749,958	4,193
Fringe Benefits	240,604	238,258	231,825	6,433
Purchased Services	90,968	107,366	99,421	7,945
Supplies	38,523	35,746	35,447	299
Miscellaneous Expenditures	3,998	10,398	9,191	1,207
Total Support Service, Administration	1,131,044	1,145,919	1,125,842	20,077

(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, 2008
GENERAL FUND**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Support Service, Fiscal:				
Salaries and Wages	239,517	261,053	260,380	673
Fringe Benefits	70,844	77,079	75,967	1,112
Purchased Services	10,025	10,725	8,942	1,783
Supplies	4,265	4,371	4,371	-
Miscellaneous Expenditures	222,859	200,305	195,588	4,717
Total Support Service, Fiscal	547,510	553,533	545,248	8,285
Support Service, Operation and Maintenance:				
Salaries and Wages	486,910	535,378	522,958	12,420
Fringe Benefits	174,576	173,994	165,340	8,654
Purchased Services	586,131	615,729	599,957	15,772
Supplies	77,066	71,838	67,184	4,654
Miscellaneous Expenditures	9,715	82,647	81,626	1,021
Total Support Service, Operation and Maintenance	1,334,398	1,479,586	1,437,065	42,521
Support Service, Pupil Transportation:				
Purchased Services	14,903	19,108	17,811	1,297
Total Support Service, Pupil Transportation	14,903	19,108	17,811	1,297
Support Service, Central:				
Salaries and Wages	27,701	27,702	18,481	9,221
Fringe Benefits	4,156	4,156	2,647	1,509
Purchased Services	34,017	50,642	48,202	2,440
Supplies	3,562	3,562	1,305	2,257
Total Support Service, Central	69,436	86,062	70,635	15,427
Total Support Service	5,109,562	5,278,638	5,145,977	132,661
Extracurricular Student Activities:				
Salaries and Wages	384,040	364,261	360,972	3,289
Fringe Benefits	80,874	80,856	74,413	6,443
Purchased Services	117,621	124,387	123,794	593
Supplies	6,488	5,488	4,154	1,334
Miscellaneous Expenditures	19,000	19,000	17,540	1,460
Total Extracurricular Student Activities	608,023	593,992	580,873	13,119
Facilities Services:				
Purchased Services	48,100	53,837	53,837	-
Miscellaneous Expenditures	19,250	13,750	12,661	1,089
Total Facilities Services	67,350	67,587	66,498	1,089
Total Expenditures	15,215,042	15,206,002	15,022,141	183,861
Excess of Revenues Over (Under) Expenditures	(2,026,439)	1,411,538	1,587,601	176,063
Other Financing Uses				
Transfers Out	-	(54,566)	(54,541)	25
Other Financing Uses	(183,322)	-	-	-
Total Other Financing Uses	(183,322)	(54,566)	(54,541)	25
Net Change in Fund Balance	(2,209,761)	1,356,972	1,533,060	176,088
Fund Balance Beginning of Year	6,529,601	6,529,601	6,529,601	-
Prior Year Encumbrances Appropriated	475,890	475,890	475,890	-
Fund Balance End of Year	4,795,730	8,362,463	8,538,551	176,088

See accompanying notes to the basic financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008**

	Enterprise Funds		
	Food Service	Child Care Fund	Total
Assets			
<i>Current Assets:</i>			
Cash and Investments	\$ 14,870	\$ 69,865	\$ 84,735
Accounts Receivable	-	12,415	12,415
Due From Other Governments	903	802	1,705
Materials and Supplies Inventory	4,028	-	4,028
<i>Total Current Assets</i>	<u>19,801</u>	<u>83,082</u>	<u>102,883</u>
<i>Noncurrent Assets:</i>			
Capital Assets, Net of Depreciation	<u>25,572</u>	<u>1,037</u>	<u>26,609</u>
<i>Total Assets</i>	<u>45,373</u>	<u>84,119</u>	<u>129,492</u>
Liabilities			
<i>Current Liabilities:</i>			
Accounts Payable	464	5,969	6,433
Accrued Salaries and Benefits Payable	32,100	40,702	72,802
Compensated Absences	-	2,626	2,626
Deferred Other Revenue	-	21,563	21,563
<i>Total Liabilities</i>	<u>32,564</u>	<u>70,860</u>	<u>103,424</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	25,572	1,037	26,609
Unrestricted	<u>(12,763)</u>	<u>12,222</u>	<u>(541)</u>
<i>Total Net Assets</i>	<u>\$ 12,809</u>	<u>\$ 13,259</u>	<u>\$ 26,068</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, 2008**

	Enterprise Funds		
	Food Service	Child Care Fund	Total
Operating Revenues			
Charges for Services	\$ 188,280	\$ 302,868	\$ 491,148
Other Revenues	10,406	1,384	11,790
<i>Total Operating Revenues</i>	<u>198,686</u>	<u>304,252</u>	<u>502,938</u>
Operating Expenses			
Salaries	113,814	214,779	328,593
Fringe Benefits	65,909	59,931	125,840
Purchased Services	1,609	12,800	14,409
Materials and Supplies	114,429	23,163	137,592
Depreciation	2,167	289	2,456
Other Expenses	595	500	1,095
<i>Total Operating Expenses</i>	<u>298,523</u>	<u>311,462</u>	<u>609,985</u>
<i>Operating Loss</i>	<u>(99,837)</u>	<u>(7,210)</u>	<u>(107,047)</u>
Non-Operating Revenues:			
State Sources	1,315	-	1,315
Federal Sources	63,885	-	63,885
<i>Total Non-Operating Revenues</i>	<u>65,200</u>	<u>-</u>	<u>65,200</u>
<i>Loss Before Transfers</i>	<u>(34,637)</u>	<u>(7,210)</u>	<u>(41,847)</u>
Transfers In	<u>30,000</u>	<u>-</u>	<u>30,000</u>
<i>Change in Net Assets</i>	<u>(4,637)</u>	<u>(7,210)</u>	<u>(11,847)</u>
<i>Net Assets Beginning of Year</i>	<u>17,446</u>	<u>20,469</u>	<u>37,915</u>
<i>Net Assets End of Year</i>	<u>\$ 12,809</u>	<u>\$ 13,259</u>	<u>\$ 26,068</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, 2008**

	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	\$ -	\$ 274,810	\$ 274,810
Cash received from sales	188,280	-	188,280
Other cash receipts	9,638	38,464	48,102
Cash payments for personal services	(174,535)	(264,245)	(438,780)
Cash payments for contract services	(1,709)	(11,651)	(13,360)
Cash payments for supplies and materials	(99,054)	(21,135)	(120,189)
Cash payments for other expenses	<u>(595)</u>	<u>(500)</u>	<u>(1,095)</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<i>(77,975)</i>	<i>15,743</i>	<i>(62,232)</i>
Cash Flows from Noncapital Financing Activities			
State Sources	1,315	-	1,315
Federal Sources	56,364	-	56,364
Transfers	<u>30,000</u>	<u>-</u>	<u>30,000</u>
<i>Net Cash Provided by Non-Capital Financing Activities</i>	<i><u>87,679</u></i>	<i><u>-</u></i>	<i><u>87,679</u></i>
<i>Net Increase in Cash and Cash Equivalents</i>	<i>9,704</i>	<i>15,743</i>	<i>25,447</i>
<i>Cash and Cash Equivalents Beginning of Year</i>	<i><u>5,166</u></i>	<i><u>54,122</u></i>	<i><u>59,288</u></i>
<i>Cash and Cash Equivalents End of Year</i>	<i><u>\$ 14,870</u></i>	<i><u>\$ 69,865</u></i>	<i><u>\$ 84,735</u></i>
Reconciliation of Operating Loss to Net Cash Provided By (Used for) Operating Activities			
Operating Loss	\$ (99,837)	\$ (7,210)	\$ (107,047)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	2,167	289	2,456
Commodities expense related to noncash grant	15,077	-	15,077
Consumption of inventory	(94,561)	-	(94,561)
Purchase of inventory	99,001	-	99,001
(Increase) Decrease in due from other governments	5,045	(802)	4,243
Decrease in accounts receivable	135	1,300	1,435
Increase in accounts payable	253	1,712	1,965
Increase (Decrease) in accrued liabilities	(5,255)	11,930	6,675
Increase in deferred revenue	<u>-</u>	<u>8,524</u>	<u>8,524</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<i><u>\$ (77,975)</u></i>	<i><u>\$ 15,743</u></i>	<i><u>\$ (62,232)</u></i>

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, 2008**

	Student Activity
Assets	
Cash and Investments	<u>\$ 59,856</u>
 Liabilities	
Due to Students	\$ 57,732
Accounts Payable	<u>2,124</u>
 <i>Total Liabilities</i>	 <u>\$ 59,856</u>

See accompanying notes to the basic financial statements.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

1. Reporting Entity

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

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

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

2. Summary of Significant Accounting Policies

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

(a) Fund Accounting

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

Governmental Funds

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

2. Summary of Significant Accounting Policies (Continued)

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

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

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

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

Proprietary Funds

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

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

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

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

Fiduciary Funds

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

(b) Basis of Presentation

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

2. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

(c) Basis of Accounting

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

2. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

(d) Cash and Investments

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

2. Summary of Significant Accounting Policies (Continued)

The Grandview Heights School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2008. 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, 2008.

Following Ohio statutes, the Board of Education has, by Board Policy #6144, specified the funds to receive an allocation of interest earnings. All interest revenue received, amounts to \$380,320 and is credited to the General Fund during fiscal year 2008.

(e) Inventory

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

(f) Capital Asset and Depreciation

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

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

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

(g) Interfund Activity

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

2. Summary of Significant Accounting Policies (Continued)

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

(h) Compensated Absences

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

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

(i) Accrued Liabilities and Long-term Debt

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

2. Summary of Significant Accounting Policies (Continued)

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

(k) Fund Balance Reserves

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

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

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

(m) Statements of Cash Flows

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

(n) Management Estimates

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

(o) Budgetary Data

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

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

2. Summary of Significant Account Policies (Continued)

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

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

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(p) **Encumbrances**

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

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

3. Cash and Investments

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

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

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

3. Cash and Investments (Continued)

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

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

At June 30, 2008 the carrying amount of the District's deposits was \$4,260,155 and the bank balance was \$4,523,576. Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, as of June 30, 2008 \$4,121,948 of the District's bank balance of \$4,523,576 was exposed to custodial risk as discussed below, while \$401,628 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, 2008, the District had the following investments:

Investment	Maturity	Credit Risk	Fair Value
Repurchase Agreements	Daily	AAA	\$ 657,000
STAR Ohio	Current	AAAm	5,654,313
Total			\$ 6,311,313

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

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

3. Cash and Investments (Continued)

Credit Risk: As of June 30, 2008, the District's investments in repurchase agreements were rated AAA by Standard & Poor's and Moody's. The District's investments in STAR Ohio were rated AAAM by Standard & Poor's and Moody's.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer for the types of investments listed above. More than 5 percent of the District's investments are in Repurchase Agreements and STAR Ohio. These investments are 10.41% and 89.59% respectively, of the District's total investments.

4. Due from Other Governments

Intergovernmental receivables at June 30, 2008, consist of the following:

	<u>Governmental Activities</u>		
	<u>Due From</u>		
	Federal Government	Local Government	Total
General Fund	\$ -	\$ 18,619	\$ 18,619
Other Governmental Funds	117,108	-	117,108
Total	<u>\$ 117,108</u>	<u>\$ 18,619</u>	<u>\$ 135,727</u>

	<u>Business-Type Activities</u>		
	<u>Due From</u>		
	Federal Government	State Government	Total
Food Service	903	-	903
Child Care	802	-	802
Total	<u>\$ 1,705</u>	<u>\$ -</u>	<u>\$ 1,705</u>

5. Interfund Receivables and Payables

There were no interfund receivables and payables as of June 30, 2008.

6. Capital Assets

Summaries of changes in capital assets for the fiscal year ended June 30, 2008, follows:

Activity	<u>Governmental Activities</u>			Balance June 30, 2008
	Balance July 1, 2007	Additions	Disposals	
Land	\$ 137,400	\$ -	\$ -	\$ 137,400
Buildings and Improvements	16,857,196	283,800	-	17,140,996
Furniture and Equipment	4,330,781	304,369	321,189	4,313,961
Vehicles	86,269	17,540	-	103,809
Totals at Cost	<u>21,411,646</u>	<u>605,709</u>	<u>321,189</u>	<u>21,696,166</u>

Less Accumulated Depreciation:				
Buildings and Improvements	5,914,683	288,988	-	6,203,671
Furniture and Equipment	2,834,712	134,312	269,223	2,699,801
Vehicles	41,327	7,575	-	48,902
Total Accum. Depr.	<u>8,790,722</u>	<u>430,875</u>	<u>269,223</u>	<u>8,952,374</u>
Capital Assets, Net	<u>\$ 12,620,924</u>	<u>\$ 174,834</u>	<u>\$ 51,966</u>	<u>\$ 12,743,792</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

6. Capital Assets (Continued)

Activity	<u>Business-Type Activities</u>			Balance June 30, 2008
	Balance July 1, 2007	Additions	Disposals	
Furniture and Equipment	\$ 185,430	\$ -	\$ 12,598	\$ 172,832
Totals at Cost	185,430	-	12,598	172,832
Less Accumulated Depreciation:				
Furniture and Equipment	156,365	2,456	12,598	146,223
Total Accum. Depr.	156,365	2,456	12,598	146,223
Capital Assets, Net	\$ 29,065	\$ (2,456)	\$ -	\$ 26,609

* Depreciation Expense was charged to governmental functions as follows:

Instruction:			
Regular		\$ 295,227	
Special		1,884	
Support Service:			
Pupils		12,460	
Instructional Staff		5,580	
Administration		2,313	
Fiscal		467	
Business		120	
Operation and Maintenance		66,229	
Central		2,689	
Extracurricular		43,906	
Total Depreciation Expense		<u>\$ 430,875</u>	

7. Long-term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2008, follows:

	<u>Governmental Activities</u>			Amounts Due In One Year
	Balance July 1, 2007	Additions	Deletions	
Long-Term Obligations:				
Capital Lease	117,307	-	81,033	36,274
Account Group:				
Accrued Vacation and Sick	1,130,241	196,858	87,900	1,239,199
G.O. Bonds	7,989,989	-	745,000	7,244,989
G.O. Notes	175,000	-	17,500	157,500
Total	\$ 9,445,512	\$ 138,944	\$ 876,508	\$ 912,588

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

7. Long-term Liabilities (Continued)

<u>Business-type Activities</u>				Balance June 30, 2008	Amounts Due In One Year
	Balance July 1, 2007	Additions	Deletions		
Accrued Vacation and Sick	\$ 1,712	\$ 2,626	\$ 1,712	\$ 2,626	\$ -
Total	\$ 1,712	\$ 2,626	\$ 1,712	\$ 2,626	\$ -

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, 2008, plus vested personal and sick leave for faculty and classified staff members with over 15 years of service in the retirement system in accordance with GASB Statement No. 16. This would be paid out of the General, Special Revenue, and Child Care Funds.

Capital Leases: The District is making installment payments on computer equipment purchased with original values of \$141,941 and \$109,007. This obligation provides for interest at rates 6.40% and 7.30%, with an outstanding balance of \$36,274 at June 30, 2008.

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, 2008:

	<u>Year Ending June 30</u>
Fiscal Year 2009	\$ 38,952
Total Principal and Interest Payments	\$ 38,952
Less Interest Payments	(2,678)
Present Value of Minimum Lease Payments	\$ 36,274

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

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

7. Long-term Liabilities (Continued)

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

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

The annual maturities of the general obligation bonds as of June 30, 2008, and related interest payments are as follows:

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

Fiscal Year Ended	Principal	Interest	Total	Payment Due During Year
June 30, 2009	625,000	199,608		824,608
June 30, 2010	620,000	176,887		796,887
June 30, 2011	610,000	153,828		763,828
June 30, 2012	605,000	130,137		735,137
June 30, 2013	80,646	637,392		718,038
June 30, 2014 to 2018	1,619,343	1,477,901		3,097,244
June 30, 2019 to 2020	980,000	46,550		1,026,550
	5,139,989	2,822,303		7,962,292

January 1, 1996 Renovation and Construction Bonds

Fiscal Year Ended	Principal	Interest	Total	Payment Due During Year
June 30, 2009	120,000	113,498		233,498
June 30, 2010	130,000	106,560		236,560
June 30, 2011	135,000	99,206		234,206
June 30, 2012	145,000	91,437		236,437
June 30, 2013	155,000	83,112		238,112
June 30, 2014 to 2018	945,000	269,868		1,214,868
June 30, 2019 to 2020	475,000	26,779		501,779
	2,105,000	790,460		2,895,460

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(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, 2009	17,500	6,322	23,822
June 30, 2010	17,500	5,578	23,078
June 30, 2011	17,500	4,834	22,334
June 30, 2012	17,500	4,091	21,591
June 30, 2013	17,500	3,347	20,847
June 30, 2014 to 2017	70,000	5,950	75,950
	157,500	30,122	187,622

Total Debt Requirements

Fiscal Year Ended	Principal	Interest	Total Payment Due During Year
June 30, 2009	762,500	319,428	1,081,928
June 30, 2010	767,500	289,025	1,056,525
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 to 2018	2,634,343	1,753,719	4,388,062
June 30, 2019 to 2020	1,455,000	73,329	1,528,329
	7,402,489	3,642,885	11,045,374

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, 2008 was \$264,324,550 according to the Franklin County Auditor's Office. Unvoted net debt at June 30, 2008 was \$157,500. 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, 2008, the District's total net debt and unvoted net debt were approximately 3.01% 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, 2008, this entity has complied with the requirement that debt service payments on unvoted overlapping debt must not exceed in the aggregate 1% (10 mills) of the assessed property value.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

8. Notes Payable

Note payable activity of the District for the year ended June 30, 2008 was as follows:

Notes Payable	Interest Rate	Balance at June 30, 2007		Additions	Deletions	Balance at June 30, 2008
Tax Anticipation Notes	4.50 - 4.75%	\$	710,000	\$	- \$ 165,000	\$ 545,000

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

9. Defined Benefit Pension Plans (Continued)

For the fiscal year ended June 30, 2008, 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 2007, 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, 2008, 2007 and 2006 2005 were \$1,160,360, \$1,092,720 and \$1,044,168 respectively; 82.9 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

(b) School Employees Retirement System

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

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 2007 (the most recent information available), 10.68 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 2008, 2007 and 2006 were \$251,832 \$228,024 and \$217,152 respectively; 50 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

10. Other Post Employment Benefits

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

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2008, 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 \$81,806 for fiscal year 2008.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007 (the latest information available) the balance in the Fund was \$4.1 billion. For the fiscal year ended June 30, 2007, net health care costs paid by STRS Ohio were \$265,558,000 and STRS Ohio had 122,934 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, 2007 (the most recent information available), employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.42 percent of covered payroll for fiscal year 2006. 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 2008, 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 2008 fiscal year equaled \$91,874.

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

11. Property Taxes

Property Taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. All property taxes are collected on behalf of the District by Franklin County. Due and collection dates for real property taxes, as established by Franklin County, were January 20, 2007 and June 20, 2007 for those taxes due during 2008. Tangible personal property taxes are due April 30 if paid annually; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20.

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

Assessed values are established by State law at 35% of appraised market value for Real Estate and Public Utility and at 25% for Tangible Personal. A revaluation of all property is required to be completed no less than every six years. The last revaluation was completed in August, 2005. 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 2008 upon which the 2007 levies were based, was as follows:

Real estate:	
Residential	\$199,351,140
Commercial	\$40,812,470
Industrial	\$12,335,490
Public utility:	
Real	\$42,560
Personal	\$8,202,840
Tangible personal	<u>\$3,580,050</u>
Total	<u>\$264,324,550</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 100.80 mills in 2008 with an effective rate of 41.46 for residential property and 67.60 for commercial property.

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

12. Federal and State Grants

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

13. Budget Basis of Accounting

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

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

	<u>General</u>
GAAP basis	\$194,697
Increase (decrease):	
Due to revenues:	
Received in cash during fiscal year 2008 but accrued June 30, 2007	1,894,669
Accrued at June 30 2008, but not yet received in cash	(249,057)
Due to expenditures:	
Paid in cash during fiscal year 2008, accrued June 30 2007	(1,757,133)
Accrued June 30 2008, not yet paid in cash	<u>1,917,151</u>
Budget basis	2,000,327
Encumbrances outstanding on June 30, 2008	<u>(467,267)</u>
Budget basis, unencumbered	<u>(\$1,533,060)</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

13. Budget Basis of Accounting

(b) Fund balances at end of year:	
	<u>General</u>
GAAP basis	\$7,337,724
Increase (decrease):	
Due to revenues:	
Received in cash	
during fiscal year	
2008 but accrued	
at June 30, 2007	0
Accrued at June 30,	
2008, not yet	
received in cash	(249,057)
Due to expenditures:	
Paid in cash during	
fiscal year 2008,	
accrued at	
June 30, 2007	0
Accrued at June 30,	
2008, not yet	
paid in cash	<u>1,917,151</u>
Budget basis	9,005,818
Encumbrances outstanding	
on June 30, 2008	<u>(467,267)</u>
Fund balance at end of	
year, unencumbered,	
budget basis	<u>\$8,538,551</u>

14. Risk Management

The District is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2008, the District contracted with the Ohio School Plan for general liability insurance with a \$2,000,000 single occurrence limit and a \$4,000,000 aggregate limit with a \$10,000 deductible. The District also contracted with the Ohio Casualty Insurance Company, member of Liberty Mutual Insurance Group, to provide property and fleet insurance requiring deductibles ranging from \$100 to \$1,000 depending on the type of property. Additionally, the District participates in the State Workers' Compensation system that provides coverage for accidents and injuries to employees while on the job. The premium is based on a rate per \$100 of salaries and is calculated as part of a state-wide group rating plan for workers' compensation insurance coverage sponsored by the Ohio School Board's Association. Finally, the District offers employee group health insurance from United Health Care, dental insurance from Delta Dental Plan, and life insurance from the American United Life Insurance Company with a portion of health insurance premiums being paid by employees. Insurance settlements have not exceeded insurance coverage for each of the past three fiscal years.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

15. Jointly Governed Organizations 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 \$193,052 to MEC during the fiscal year 2008.

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

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

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

16. Litigation

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

17. Set Aside Calculations and Fund Reserves

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

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**
(Continued)

17. Set Aside Calculations and Fund Reserves

	Textbooks	Capital Acquisitions	Budget Stabilization	Totals
Set Aside Cash				
Balance as of June 30, 2007	\$ -	\$ -	\$ 68,902	\$ 68,902
Current Year Set Aside Requiemt	176,111	176,111	-	352,222
Qualifying Disbursements	301,001	511,670	-	812,671
Total	<u>(124,890)</u>	<u>(335,559)</u>	-	<u>(460,449)</u>
Set Aside Cash				
Balance as of June 30, 2008	\$ -	\$ -	\$ 68,902	\$ 68,902

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

18. Compliance and Accountability

The District's Permanent Improvement Fund had a fund deficit balance of \$379,607 as of June 30, 2008. The deficit fund balance is the result of the application of generally accepted accounting principles of Tax Anticipation Note Payable issued in 2006. The General Fund provides advances to cover deficit fund balances. However, this is done when cash is needed rather than when accruals occur.

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Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grandview Heights City School District, Franklin County, Ohio (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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

We consider the deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above is also a material weakness.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated November 18, 2008.

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 certain noncompliance or other matters that we reported to the District's management in a separate letter dated November 18, 2008.

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



Mary Taylor, CPA
Auditor of State

November 18, 2008

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2008**

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

FINDING NUMBER 2008-001

Financial Reporting – Material Weakness

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 Generally Accepted Accounting Principles. Accrual information, trial balances, and the financial statements are prepared by the District Treasurer.

Five material modifications or audit adjustments and reclassifications were necessary to the District's basic financial statements to accurately reflect account balances reported. These material adjustments and reclassifications ranged in dollar amounts from \$2,626 to \$7,402,489. Material errors include sick and personal leave accrual in the Child Care Fund, debt presentation in Governmental Activities, and revenue classification in the enterprise funds.

There were also 10 unadjusted differences ranging in dollar amounts from \$1,448 to \$283,800. While these differences are neither individually material, or aggregately material, they are significant differences that are reported on the Summary of Unadjusted Differences. These errors include asset capitalization, and revenue classification.

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: Officials chose not to respond to the finding above.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Financial Reporting – SAS 112 Requirements	No	Repeated as Finding Number 2008-001



Mary Taylor, CPA

Auditor of State

GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED
MARCH 26, 2009