



**Auditor of State
Betty Montgomery**

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

We have audited the accompanying general-purpose financial statements of the Grandview Heights City School District, Franklin County, Ohio, (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Grandview Heights City School District, Franklin County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 19, during the year ended June 30, 2001, the District adopted Governmental Accounting Statement No. 33.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

March 14, 2003

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**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2001**

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
ASSETS AND OTHER DEBITS:									
Cash and Investments	\$2,615,609	\$157,072	\$861,767	\$226,186	\$106,469	\$54,983	\$0	\$0	\$4,022,086
Accrued Interest Receivable	63,913	0	0	0	0	0	0	0	63,913
Taxes Receivable	8,017,881	0	861,389	0	0	0	0	0	8,879,270
Due From Other Governments/Others	0	0	0	0	4,778	0	0	0	4,778
Accounts Receivable	317	0	0	0	1,574	0	0	0	1,891
Materials and Supplies Inventory	0	0	0	0	4,702	0	0	0	4,702
Prepaid Expenditures/Expenses	26,914	216	0	0	0	0	0	0	27,130
Restricted Assets:									
Cash and Cash Equivalents	185,786	0	0	0	0	0	0	0	185,786
Property, Plant and Equipment	0	0	0	0	161,960	3,920	20,393,168	0	20,559,048
Accumulated Depreciation	0	0	0	0	(126,306)	0	0	0	(126,306)
Amount Available in Debt Service Fund	0	0	0	0	0	0	0	856,712	856,712
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	0	11,883,155	11,883,155
TOTAL ASSETS AND OTHER DEBITS	\$10,910,420	\$157,288	\$1,723,156	\$226,186	\$153,177	\$58,903	\$20,393,168	\$12,739,867	\$46,362,165
LIABILITIES:									
Due to Other Governments/Others	\$47,905	\$0	\$5,055	\$0	\$0	\$43,476	\$0	\$0	\$96,436
Accounts Payable	74,862	2,317	0	18,547	1,163	7,759	0	0	104,648
Accrued Salaries and Benefits Payable	1,246,491	3,581	0	0	47,962	0	0	975,574	2,273,608
Deferred Tax Revenue	8,017,881	0	861,389	0	0	0	0	0	8,879,270
Deferred Intergovernmental Revenue	0	0	0	0	1,321	0	0	0	1,321
Deferred Other Revenue	35,613	0	0	0	8,883	0	0	0	44,496
General Obligation Bonds Payable	0	0	0	0	0	0	0	11,690,000	11,690,000
Capital Lease Obligations Payable	0	0	0	0	0	0	0	74,293	74,293
TOTAL LIABILITIES	9,422,752	5,898	866,444	18,547	59,329	51,235	0	12,739,867	23,164,072
FUND EQUITY AND OTHER CREDITS:									
Investment in General Fixed Assets	0	0	0	0	0	0	20,393,168	0	20,393,168
Contributed Capital	0	0	0	0	52,013	0	0	0	52,013
Retained Earnings	0	0	0	0	41,835	0	0	0	41,835
Fund Balance Reserved for HB-412.Set Asides	185,786	0	0	0	0	0	0	0	185,786
Fund Balance Reserved for Prepays	26,914	216	0	0	0	0	0	0	27,130
Fund Balance Reserved for Encumbrances	241,549	5,429	0	51,175	0	0	0	0	298,153
Fund Balance Unreserved	1,033,419	145,745	856,712	156,464	0	7,668	0	0	2,200,008
TOTAL FUND EQUITY AND OTHER CREDITS	1,487,668	151,390	856,712	207,639	93,848	7,668	20,393,168	0	23,198,093
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$10,910,420	\$157,288	\$1,723,156	\$226,186	\$153,177	\$58,903	\$20,393,168	\$12,739,867	\$46,362,165

See accompanying notes to the general purpose financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUSTS	
REVENUES:						
Property Taxes	\$8,972,995	\$0	\$993,935	\$0	\$0	\$9,966,930
Intergovernmental - State	2,010,025	31,670	106,523	12,000	0	2,160,218
Intergovernmental - Federal	0	247,918	0	0	0	247,918
Interest Income	229,789	0	0	0	0	229,789
Tuition and Fees	75,758	0	0	0	0	75,758
Miscellaneous Revenues	34,568	136,058	0	0	23,740	194,366
TOTAL REVENUES	11,323,135	415,646	1,100,458	12,000	23,740	12,874,979
EXPENDITURES:						
Current:						
Instruction, Regular	5,365,132	37,041	0	10,647	25,029	5,437,849
Instruction, Special	1,467,428	75,873	0	0	0	1,543,301
Instruction, Vocational	80,206	0	0	0	0	80,206
TOTAL INSTRUCTIONAL SERVICES	6,912,766	112,914	0	10,647	25,029	7,061,356
Support Service, Pupils	834,396	109,974	0	0	0	944,370
Support Service, Instructional Staff	528,560	40,029	0	0	0	568,589
Support Service, Board of Education	10,075	0	0	0	0	10,075
Support Service, Administration	825,495	21,665	0	0	0	847,160
Support Service, Fiscal	340,320	0	10,803	0	0	351,123
Support Service, Business	0	22,779	0	0	0	22,779
Support Service, Operation & Maintenance	960,447	0	0	0	0	960,447
Support Service, Pupil Transportation	13,605	0	0	0	0	13,605
Support Service, Central	29,879	5,761	0	0	625	36,265
TOTAL SUPPORT SERVICES	3,542,777	200,208	10,803	0	625	3,754,413
Extracurricular Student Activities	413,428	104,607	0	0	0	518,035
Facilities Services	33,087	0	0	151,534	0	184,621
Capital Outlay	117,064	0	0	0	0	117,064
Debt Service Principal Retirement	42,771	0	405,000	0	0	447,771
Debt Service Interest and Fiscal Charges	0	0	688,772	0	0	688,772
TOTAL EXPENDITURES	11,061,893	417,729	1,104,575	162,181	25,654	12,772,032
Excess of Revenues Over (Under) Expenditures	261,242	(2,083)	(4,117)	(150,181)	(1,914)	102,947
OTHER FINANCING SOURCES (USES):						
Proceeds From Capital Lease Obligations	117,064	0	0	0	0	117,064
Operating Transfers In	0	0	67,625	100,000	0	167,625
Operating Transfers Out	(167,625)	0	0	0	0	(167,625)
Return to State Agency	0	(1,384)	0	0	0	(1,384)
TOTAL OTHER FINANCING SOURCES (USES)	(50,561)	(1,384)	67,625	100,000	0	115,680
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	210,681	(3,467)	63,508	(50,181)	(1,914)	218,627
FUND BALANCE AT BEGINNING OF YEAR (Restated) see note 19	1,276,987	154,857	793,204	257,820	9,582	2,492,450
FUND BALANCE AT END OF YEAR	\$1,487,668	\$151,390	\$856,712	\$207,639	\$7,668	\$2,711,077

See accompanying notes to the general purpose financial statements

GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	GENERAL FUND			SPECIAL REVENUE FUNDS			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:							
PROPERTY TAXES	\$8,972,995	\$8,972,995	8,972,995	\$0	\$0	0	0
INTERGOVERNMENTAL - STATE	1,915,128	2,018,173	2,018,174	0	31,670	31,670	0
INTERGOVERNMENTAL - FEDERAL	0	0	0	240,279	251,610	247,918	(3,692)
INTEREST INCOME	210,000	250,000	246,313	0	0	0	0
TUITION AND FEES	58,977	70,504	75,758	0	0	0	0
MISCELLANEOUS REVENUES	10,000	31,736	34,251	134,523	135,722	136,058	336
TOTAL REVENUES	10,817,000	11,343,408	11,347,491	374,802	419,002	415,646	(3,356)
EXPENDITURES (INCLUDING ENCUMBRANCES):							
INSTRUCTION, REGULAR	5,747,167	5,483,997	5,466,819	52,383	60,383	37,041	23,342
INSTRUCTION, SPECIAL	1,597,567	1,573,054	1,563,771	90,715	86,959	80,571	6,388
INSTRUCTION, VOCATIONAL	80,989	80,631	79,525	0	0	0	0
TOTAL INSTRUCTIONAL SERVICES	7,425,723	7,137,682	7,110,115	143,098	147,342	117,612	29,730
SUPPORT SERVICE, PUPILS	952,497	943,316	922,927	108,381	129,722	108,265	21,457
SUPPORT SERVICE, INSTRUCTIONAL STAFF	579,442	553,527	541,320	50,743	58,268	37,649	20,619
SUPPORT SERVICE, BOARD OF EDUCATION	12,133	12,619	9,887	0	0	0	0
SUPPORT SERVICE, ADMINISTRATION	832,711	851,496	841,868	21,818	23,546	17,600	5,946
SUPPORT SERVICE, FISCAL	357,882	343,006	340,980	0	0	0	0
SUPPORT SERVICE, BUSINESS	0	0	0	27,223	26,146	25,491	655
SUPPORT SERVICE, OPERATION & MAINTENANCE	1,031,604	1,037,357	1,012,399	0	0	0	0
SUPPORT SERVICE, PUPIL TRANSPORTATION	14,446	16,038	15,020	0	0	0	0
SUPPORT SERVICE, CENTRAL	46,493	38,416	36,305	25,235	30,235	5,761	24,474
TOTAL SUPPORT SERVICES	3,827,208	3,795,775	3,720,706	233,400	267,917	194,766	73,151
EXTRACURRICULAR STUDENT ACTIVITIES	427,460	416,520	414,479	140,020	115,054	109,266	5,788
FACILITIES SERVICES	28,393	38,100	37,431	0	0	0	0
DEBT SERVICE PRINCIPAL RETIREMENT	0	0	0	0	0	0	0
DEBT SERVICE INTEREST & FISCAL CHARGES	0	0	0	0	0	0	0
TOTAL EXPENDITURES	11,708,784	11,388,077	11,282,731	516,518	530,313	421,644	108,669
REVENUE OVER (UNDER) EXPENDITURES	(891,784)	(44,669)	64,760	(141,716)	(111,311)	(5,998)	105,313
OTHER FINANCING SOURCES (USES):							
TRANSFERS IN	0	0	0	0	0	0	0
TRANSFERS OUT	167,625	167,625	167,625	0	0	0	0
OTHER FINANCING USES	207,553	0	0	5,103	6,732	4,632	2,100
TOTAL OTHER FINANCING SOURCES (USES)	(375,178)	(167,625)	(167,625)	(5,103)	(6,732)	(4,632)	2,100
EXCESS REVENUE AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER USES	(1,266,962)	(212,294)	(102,865)	(146,819)	(118,043)	(10,630)	107,413
FUND BALANCE AT BEGINNING OF YEAR (UNENCUMBERED)	2,330,078	2,330,078	2,330,078	139,466	139,466	139,466	0
PRIOR YEAR ENCUMBRANCES APPROPRIATED	270,151	270,151	270,151	18,862	18,862	18,862	0
FUND BALANCE AT BEGINNING OF YEAR	2,600,229	2,600,229	2,600,229	158,328	158,328	158,328	0
FUND BALANCE AT END OF YEAR (UNENCUMBERED)	\$1,333,267	\$2,387,935	2,497,364	\$11,509	\$40,285	147,698	107,413

GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	DEBT SERVICE FUND				CAPITAL PROJECT FUNDS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES:								
PROPERTY TAXES	897,315	993,935	993,935	0	\$0	\$0	0	0
INTERGOVERNMENTAL - STATE	97,852	106,523	106,523	0	0	12,000	12,000	0
INTERGOVERNMENTAL - FEDERAL	0	0	0	0	0	0	0	0
INTEREST INCOME	0	0	0	0	0	0	0	0
TUITION AND FEES	0	0	0	0	0	0	0	0
MISCELLANEOUS REVENUES	0	0	0	0	0	0	0	0
TOTAL REVENUES	995,167	1,100,458	1,100,458	0	0	12,000	12,000	0
EXPENDITURES (INCLUDING ENCUMBRANCES):								
INSTRUCTION, REGULAR	0	0	0	0	20,173	32,173	10,647	21,526
INSTRUCTION, SPECIAL	0	0	0	0	0	0	0	0
INSTRUCTION, VOCATIONAL	0	0	0	0	0	0	0	0
TOTAL INSTRUCTIONAL SERVICES	0	0	0	0	20,173	32,173	10,647	21,526
SUPPORT SERVICE, PUPILS	0	0	0	0	0	0	0	0
SUPPORT SERVICE, INSTRUCTIONAL STAFF	0	0	0	0	0	0	0	0
SUPPORT SERVICE, BOARD OF EDUCATION	0	0	0	0	0	0	0	0
SUPPORT SERVICE, ADMINISTRATION	0	0	0	0	0	0	0	0
SUPPORT SERVICE, FISCAL	0	5,929	5,929	0	0	0	0	0
SUPPORT SERVICE, BUSINESS	0	0	0	0	0	0	0	0
SUPPORT SERVICE, OPERATION & MAINTENANCE	0	0	0	0	0	0	0	0
SUPPORT SERVICE, PUPIL TRANSPORTATION	0	0	0	0	0	0	0	0
SUPPORT SERVICE, CENTRAL	0	0	0	0	0	0	0	0
TOTAL SUPPORT SERVICES	0	5,929	5,929	0	0	0	0	0
EXTRACURRICULAR STUDENT ACTIVITIES	0	0	0	0	0	0	0	0
FACILITIES SERVICES	0	0	0	0	237,647	202,708	202,708	0
DEBT SERVICE PRINCIPAL RETIREMENT	405,000	405,000	405,000	0	0	0	0	0
DEBT SERVICE INTEREST & FISCAL CHARGES	688,772	688,772	688,772	0	0	0	0	0
TOTAL EXPENDITURES	1,093,772	1,099,701	1,099,701	0	257,820	234,881	213,355	21,526
REVENUE OVER (UNDER) EXPENDITURES	(98,605)	757	757	0	(257,820)	(222,881)	(201,355)	21,526
OTHER FINANCING SOURCES (USES):								
TRANSFERS IN	67,625	67,625	67,625	0	100,000	100,000	100,000	0
TRANSFERS OUT	0	0	0	0	0	0	0	0
OTHER FINANCING USES	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	67,625	67,625	67,625	0	100,000	100,000	100,000	0
EXCESS REVENUE AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER USES	(30,980)	68,382	68,382	0	(157,820)	(122,881)	(101,355)	21,526
FUND BALANCE AT BEGINNING OF YEAR (UNENCUMBERED)	793,385	793,385	793,385	0	244,620	244,620	244,620	0
PRIOR YEAR ENCUMBRANCES APPROPRIATED	0	0	0	0	13,200	13,200	13,200	0
FUND BALANCE AT BEGINNING OF YEAR	793,385	793,385	793,385	0	257,820	257,820	257,820	0
FUND BALANCE AT END OF YEAR (UNENCUMBERED)	762,405	861,767	861,767	0	\$100,000	\$134,939	156,465	21,526

GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

TOTALS (MEMORANDUM ONLY)				VARIANCE WITH
	FINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES:				
PROPERTY TAXES	9,520,210	9,966,930	9,966,930	0
INTERGOVERNMENTAL - STATE	2,012,980	2,168,366	2,168,367	1
INTERGOVERNMENTAL - FEDERAL	240,279	251,610	247,918	(3,692)
INTEREST INCOME	210,000	250,000	246,313	(3,687)
TUITION AND FEES	58,977	70,504	75,758	5,254
MISCELLANEOUS REVENUES	144,523	167,458	170,309	2,851
TOTAL REVENUES	12,186,969	12,874,868	12,875,595	727
EXPENDITURES (INCLUDING ENCUMBRANCES):				
INSTRUCTION, REGULAR	5,819,723	5,576,553	5,514,507	62,046
INSTRUCTION, SPECIAL	1,688,282	1,660,013	1,644,342	15,671
INSTRUCTION, VOCATIONAL	80,989	80,631	79,525	1,106
TOTAL INSTRUCTIONAL SERVICES	7,588,994	7,317,197	7,238,374	78,823
SUPPORT SERVICE, PUPILS	1,060,878	1,073,038	1,031,192	41,846
SUPPORT SERVICE, INSTRUCTIONAL STAFF	630,185	611,795	578,969	32,826
SUPPORT SERVICE, BOARD OF EDUCATION	12,133	12,619	9,887	2,732
SUPPORT SERVICE, ADMINISTRATION	854,529	875,042	859,468	15,574
SUPPORT SERVICE, FISCAL	357,882	348,935	346,909	2,026
SUPPORT SERVICE, BUSINESS	27,223	26,146	25,491	655
SUPPORT SERVICE, OPERATION & MAINTENANCE	1,031,604	1,037,357	1,012,399	24,958
SUPPORT SERVICE, PUPIL TRANSPORTATION	14,446	16,038	15,020	1,018
SUPPORT SERVICE, CENTRAL	71,728	68,651	42,066	26,585
TOTAL SUPPORT SERVICES	4,060,608	4,069,621	3,921,401	148,220
EXTRACURRICULAR STUDENT ACTIVITIES	567,480	531,574	523,745	7,829
FACILITIES SERVICES	266,040	240,808	240,139	669
DEBT SERVICE PRINCIPAL RETIREMENT	405,000	405,000	405,000	0
DEBT SERVICE INTEREST & FISCAL CHARGES	688,772	688,772	688,772	0
TOTAL EXPENDITURES	13,576,894	13,252,972	13,017,431	235,541
REVENUE OVER (UNDER) EXPENDITURES	(1,389,925)	(378,104)	(141,836)	236,268
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN	167,625	167,625	167,625	0
TRANSFERS OUT	167,625	167,625	167,625	0
OTHER FINANCING USES	212,656	6,732	4,632	2,100
TOTAL OTHER FINANCING SOURCES (USES)	(212,656)	(6,732)	(4,632)	2,100
EXCESS REVENUE AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER USES	(1,602,581)	(384,836)	(146,468)	238,368
FUND BALANCE AT BEGINNING OF YEAR (UNENCUMBERED)	3,507,549	3,507,549	3,507,549	0
PRIOR YEAR ENCUMBRANCES APPROPRIATED	302,213	302,213	302,213	0
FUND BALANCE AT BEGINNING OF YEAR	3,809,762	3,809,762	3,809,762	0
FUND BALANCE AT END OF YEAR (UNENCUMBERED)	2,207,181	3,424,926	3,663,294	238,368

GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS
 ALL PROPRIETARY FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	PROPRIETARY FUNDS <hr/> ENTERPRISE <hr/>
OPERATING REVENUES:	
Charge for Services	\$424,117
Other Revenues	3,125
TOTAL OPERATING REVENUES	<hr/> 427,242 <hr/>
OPERATING EXPENSES:	
Employee Salaries and Wages	258,338
Employee Fringe Benefits	68,716
Purchased Services	12,110
Materials and Supplies	138,156
Other Expenses	2,206
Depreciation Expense	2,600
TOTAL OPERATING EXPENSES	<hr/> 482,126 <hr/>
OPERATING (LOSS)	(54,884)
NON-OPERATING REVENUES:	
State Sources	1,346
Federal Sources	41,633
TOTAL NON-OPERATING REVENUES	<hr/> 42,979 <hr/>
NET (LOSS)	(11,905)
RETAINED EARNINGS BEGINNING OF YEAR	<hr/> 53,740 <hr/>
RETAINED EARNINGS END OF YEAR	<hr/> <hr/> \$41,835 <hr/>

See accompanying notes to the general purpose financial statements

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>PROPRIETARY FUND TYPE ENTERPRISE</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating (Loss)	\$ (54,884)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Depreciation	2,600
(Increase) Decrease in Due From Other Governments/Others	750
(Increase) Decrease in Accounts Receivable	(1,038)
(Increase) Decrease in Inventory	1,497
Increase (Decrease) in Accounts Payable	(2,335)
Increase (Decrease) in Accrued Liabilities	5,819
Increase (Decrease) in Deferred Revenue	(1,681)
TOTAL ADJUSTMENTS	<u>5,612</u>
Net Cash (Used) by Operating Activities	(49,272)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State Sources	1,346
Federal Sources	41,633
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>42,979</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
(Increase) Decrease in Purchased Fixed Assets	<u>(1,040)</u>
NET CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	<u>(1,040)</u>
INCREASE (DECREASE) IN CASH AND CASH AND INVESTMENTS	(7,333)
CASH AND INVESTMENTS AT BEGINNING OF YEAR	<u>113,802</u>
CASH AND INVESTMENTS AT END OF YEAR	<u>\$ 106,469</u>

See accompanying notes to the general purpose financial statements

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**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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.

The following potential component units are not included in the District's financial statements: The City of Grandview Heights and the Village of Marble Cliff; The Grandview Heights/Marble Cliff Education Foundation; and The Grandview Heights Public Library.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies:

A. Basis of Presentation - Fund Accounting

The accounts of the District are maintained on the basis of fund and account groups, each of which is considered a separate accounting entity. The operation of each fund is accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. The following fund types and account groups are used by the District.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during a period. The following are the District's Governmental Fund Types:

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources other than expendable trusts or major capital projects requiring separate accounting because of legal or regulatory provisions or administrative action.

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

Capital Projects Funds - Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Funds

Proprietary Funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. Proprietary fund measurement focus is upon determination of net income, financial position and changes in financial position. All assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. The following is the District's only Proprietary Fund Type:

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis is financed or recovered primarily through user charges.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following are the District's Fiduciary Fund Types:

Trust Funds - Trust Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Expendable trust funds are accounted for and reported as governmental funds. There are no non-expendable trust funds.

Agency Funds - Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for fixed assets of the District other than those accounted for in proprietary, non-expendable trust funds or agency funds.

General Long-Term Obligation Account Group - This account group is established to account for all long-term obligations of the District except those accounted for in the Proprietary Funds.

B. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally 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 operation of these funds are included on the balance sheet. Fund equity (i.e. net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e. expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements as well as relates to the timing of the measurements made.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting (Continued)

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year. The available period for the District is sixty days after fiscal 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. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

In applying the susceptible to the accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, accounts and grants.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The proprietary fund type utilizes the accrual basis of accounting for reporting purposes. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue.

The District has implemented the criteria of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting." Under the guidelines of GASB No. 20, the District has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, to proprietary activities. The adoption of this approach to accounting for proprietary activities by the District required no change from prior years.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Data

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

1. A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the fiscal year commencing the following July 1. The Grandview Heights Board of Education normally adopts the Tax Budget at its organizational meeting in January after conducting a public budget hearing. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function.
2. The County Budget Commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year.
3. An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. Unencumbered appropriations lapse at year-end and encumbered appropriations are carried forward as additions to appropriations in the succeeding fiscal year. The Grandview Heights Board of Education normally adopts its annual appropriation measure at its regular July meeting. The Board adopts a temporary appropriation measure to allow the District to operate until its annual appropriations are adopted. The appropriation measure may be amended or supplemented during the year as new information becomes available. Individual buildings and/or departments may transfer funds within their budgets. Supplemental appropriations are presented on a monthly basis during the year and include the transfers requested by staff and any amendments to fund unanticipated expenditures. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. Supplemental appropriations approved during the current fiscal year, in the opinion of management, had no significant effect on the financial statements of the District. Appropriations may not exceed estimated resources 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 actual results of operations are presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types in accordance with the budget basis of accounting. Amounts shown as original budget reflect the initial appropriation resolution and the estimates of revenue that support the appropriations. The final budget figures on the statements include amendments to the original appropriation resolution and the prior year appropriations carried over from liquidation of prior year encumbrances.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Data

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); and
- C. Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance (GAAP basis).

D. 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.

E. Cash and Investments

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The Grandview Heights School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2001. 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, 2001.

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 amounting to \$229,784 has been credited to the General Fund during fiscal year 2001.

F. Inventory

Inventory is valued at cost (first-in, first-out). The cost of inventory is recorded as an expenditure at the time individual inventory items are consumed.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set aside by the School District for the purchase of textbooks, and to create a reserve for budget stabilization. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

H. Fixed Assets--Governmental Funds

Fixed Assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and capitalized at cost (or estimated historical cost for assets for which cost is not available) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at their estimated fair market value at the date received. No depreciation is provided on general fixed assets. The School District does not possess any infrastructure per GASB 1400.109.

I Fixed Assets--Proprietary Funds

Fixed assets used by proprietary funds are stated at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Depreciation is provided 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. Interest incurred during the construction of fixed assets utilized by the enterprise fund is also capitalized.

J. Vacation and Sick Leave

District employees are granted vacation, personal leave and sick leave in varying amounts. All leave will either be absorbed by time off from work, or with certain limitations, be paid to the employees.

For governmental funds, the cost of accumulated vacation, personal leave and sick leave meeting vesting eligibility requirements have been recorded in the General Long-Term Obligation Account Group. For proprietary funds, the cost of vacation, personal leave and sick leave meeting vesting eligibility requirements is recorded as a liability when earned.

K. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transfers are reported as operating transfers.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes (should not include delinquent) for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

For governmental funds, receivables that will not be collected within the available period have also been reported as deferred revenue.

M. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds prior to fiscal year 2001. After fiscal year 2000, capital contributions received from other governments and private sources are recorded as revenues and are reported as retained earnings.

N. Total Columns

Total Columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

O. Statement of Cash Flows

All cash and investments with treasurer are also considered to be cash equivalents since they are available to the Proprietary Funds on demand.

P. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates the portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, prepaid assets, textbook and budget stabilization. The reserve for budget stabilization represents money required to be set aside by statute to protect against cyclical changes in revenues and expenditures.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

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, which is managed by the Treasurer of the State of Ohio (STAR 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; 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 School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts or in money market deposit accounts.

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

3. CASH AND INVESTMENTS (Continued)

At June 30, 2001 the carrying amount of the District's deposits was \$1,090,158 and the bank balance was \$1,308,457. \$208,457 of the balance was covered by federal depository insurance and \$1,100,000 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC. The District's investments are categorized to give an indication of the level of risk assumed by the District on June 30, 2001. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's agent, or the agent's trust department in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty's agent or the agent's trust department, but not in the District's name. The investment with STAR Ohio is not required to be categorized due to its nature according to GASB #3. STAR Ohio has established procedures, reasonably designed, taking into account current market quotations, to stabilize the net asset value per share, as computed for the purpose of purchase and redemption, at a single value of \$1.00. The fair value of the District's position in STAR Ohio is the same as the value of the pool shares.

Investments:	-----Category-----			<u>Cost</u>	<u>Fair Value</u>
	---1---	--2---	---3---		
Repurchase Agreements (General/Payroll)	-	-	\$742,000	\$ 742,000	\$ 742,000
STAR Ohio	-	-	-	<u>2,374,214</u>	<u>2,374,214</u>
Total Investments	-	-	\$742,000	\$3,116,214	\$3,116,214
Bank Deposits including certificates of deposit and payroll account					1,308,457
Reconciling items:					
Petty Cash/Change					1,500
Outstanding Checks including general & payroll accounts					<u>(218,299)</u>
Total Cash and Investments (Including Restricted Assets)					<u>\$4,207,872</u>

4. DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables at June 30, 2001, consist of the following:

	<u>Due From Federal Government</u>	<u>Total</u>
Food Service Fund	<u>\$4,778</u>	<u>\$4,778</u>
Total	<u>\$4,778</u>	<u>\$4,778</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

5. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables and payables as of June 30, 2001.

6. PROPERTY, PLANT AND EQUIPMENT

Summaries of changes in general fixed assets for the fiscal year ended June 30, 2001, follows:

<u>Activity</u>	<u>Balance July 1 2000</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30 2001</u>
Land	\$137,400	\$ -	\$ -	\$137,400
Buildings	16,578,021	-	-	16,578,021
Improvements Other Than Buildings	4,380	-	-	4,380
Furniture & Equipment	3,515,190	232,906	143,565	3,604,531
Vehicles	<u>65,317</u>	<u>9,974</u>	<u>6,455</u>	<u>68,836</u>
Total General Fixed Assets	<u>\$20,300,308</u>	<u>\$242,880</u>	<u>\$150,020</u>	<u>\$20,393,168</u>

Agency fund type property, plant and equipment at June 30, 2001 consists of the following:

Extracurricular Activities Equip. \$3,920

Proprietary fund type property, plant and equipment at June 30, 2001, consist of the following:

Food Service Equipment	\$159,107
Less Accumulated Depreciation	(125,539)
Child Care Equipment	2,853
Less Accumulated Depreciation	<u>(767)</u>
Total	<u>\$ 35,654</u>

7. LONG-TERM OBLIGATIONS

A summary of changes in long-term obligations for the year ended June 30, 2001, follows:

	<u>Balance July 1 2000</u>	<u>Addition</u>	<u>Deletion</u>	<u>Balance June 30 2001</u>
General Long-term Obligation Account Group:				
Capital Lease	\$ 0	\$117,064	\$ 42,771	\$ 74,293
Accrued Vacation and Vested Pers./Sick Leave	914,690	60,884	-	975,574
G.O. Bonds	<u>12,095,000</u>	<u>-</u>	<u>405,000</u>	<u>11,690,000</u>
Total	<u>\$13,009,690</u>	<u>\$177,948</u>	<u>\$447,771</u>	<u>\$12,739,867</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

7. LONG-TERM OBLIGATIONS (Continued)

Additions and deletions of accrued sick leave are shown net since it is impracticable for the District to determine these amounts separately. District employees are granted sick leave in varying amounts. Vested personal and sick leave is the amount the District would owe in the form of severance pay to employees eligible to retire on June 30, 2001, plus vested personal and sick leave for faculty and classified staff members with over 15 years of service in the retirement system in accordance with GASB Statement #16.

Capital Leases: The District is making installment payments on computer equipment purchased with an original value of \$117,064. This obligation provides for interest at rates 9.58%, with an outstanding balance of \$74,293 at June 30, 2001.

The following is a schedule of future minimum lease payments required under the capital lease and present value of the minimum lease payments as of June 30, 2001:

	Year Ending <u>June 30</u>
FY 2002	\$42,797
FY 2003	42,797
Less interest:	<u>(11,301)</u>
Present Value of Minimum Lease Payments	<u><u>\$74,293</u></u>

Unvoted general obligation bonds in the amount of \$510,000 were issued in accordance with Ohio Revised Code (ORC) 3313.372 on June 1, 1992 with an average interest rate of 6.10%. The purpose of the bond issue was to pay a portion of a \$660,426 House Bill 264 energy conservation capital improvement project. The project was to finance capital improvements to all school district buildings in order to improve their energy efficiency. During the ten-year payback period, savings generated through increased energy efficiency is being used to repay the debt by transferring money from the General Fund to the Bond Retirement Fund. The final payment on this level debt schedule is due June 1, 2002.

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 are scheduled to be repaid over a 24 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 \$3,060,000 debt described in the following paragraph.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

7. LONG-TERM OBLIGATIONS (Continued)

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.

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, 2001, and related interest payments are as follows:

1992 HOUSE BILL 264 ENERGY BONDS:

<u>Fiscal Year Ended:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment Due During Year</u>	<u>Principal Balance Due End of Year</u>
June 30, 2002	65,000	3,965	68,965	0
Sub-totals	\$65,000	3,965	68,965	0

MARCH 1, 1995 RENOVATION AND CONSTRUCTION BONDS:

<u>Fiscal Year Ended:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment Due During Year</u>	<u>Principal Balance Due End of Year</u>
June 30, 2002	315,000	513,150	828,150	8,560,000
June 30, 2003	350,000	495,772	845,772	8,210,000
June 30, 2004	375,000	476,648	851,648	7,835,000
June 30, 2005	400,000	456,010	856,010	7,435,000
June 30, 2006	425,000	433,835	858,835	7,010,000
June 30, 2007	500,000	408,610	908,610	6,510,000
June 30, 2008	500,000	379,735	879,735	6,010,000
June 30, 2009	500,000	349,485	849,485	5,510,000
June 30, 2010	500,000	319,235	819,235	5,010,000
June 30, 2011	500,000	288,985	788,985	4,510,000
June 30, 2012	500,000	258,735	758,735	4,010,000
June 30, 2013	500,000	228,485	728,485	3,510,000
June 30, 2014	500,000	198,235	698,235	3,010,000
June 30, 2015	500,000	167,985	667,985	2,510,000
June 30, 2016	500,000	137,735	637,735	2,010,000
June 30, 2017	500,000	107,360	607,360	1,510,000
June 30, 2018	500,000	76,860	576,860	1,010,000
June 30, 2019	500,000	46,360	546,360	510,000
June 30, 2020	510,000	15,555	525,555	0
Sub-totals	\$8,875,000	5,358,775	14,233,775	0

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

7. LONG-TERM OBLIGATIONS (Continued)

JANUARY 1, 1996 RENOVATION AND CONSTRUCTION BONDS:

	Total	Principal	Payment Due Balance Due	
<u>Fiscal Year Ended:</u>	<u>Principal</u>	<u>Interest</u>	<u>During Year</u>	<u>End of Year</u>
June 30, 2002	75,000	146,412	221,412	2,675,000
June 30, 2003	80,000	143,040	223,040	2,595,000
June 30, 2004	85,000	139,368	224,368	2,510,000
June 30, 2005	90,000	135,407	225,407	2,420,000
June 30, 2006	100,000	131,060	231,060	2,320,000
June 30, 2007	105,000	125,846	230,846	2,215,000
June 30, 2008	110,000	119,880	229,880	2,105,000
June 30, 2009	120,000	113,498	233,498	1,985,000
June 30, 2010	130,000	106,560	236,560	1,855,000
June 30, 2011	135,000	99,206	234,206	1,720,000
June 30, 2012	145,000	91,437	236,437	1,575,000
June 30, 2013	155,000	83,112	238,112	1,420,000
June 30, 2014	165,000	74,231	239,231	1,255,000
June 30, 2015	175,000	64,796	239,796	1,080,000
June 30, 2016	190,000	54,667	244,667	890,000
June 30, 2017	200,000	43,845	243,845	690,000
June 30, 2018	215,000	32,329	247,329	475,000
June 30, 2019	230,000	19,980	249,980	245,000
June 30, 2020	<u>245,000</u>	<u>6,799</u>	<u>251,799</u>	<u>0</u>
Sub-totals	\$2,750,000	1,731,473	4,481,473	0

TOTAL DEBT REQUIREMENTS:

	Total	Principal	Payment Due Balance Due	
<u>Fiscal Year Ended:</u>	<u>Principal</u>	<u>Interest</u>	<u>During Year</u>	<u>End of Year</u>
June 30, 2002	455,000	663,527	1,118,527	11,235,000
June 30, 2003	430,000	638,812	1,068,812	10,805,000
June 30, 2004	460,000	616,016	1,076,016	10,345,000
June 30, 2005	490,000	591,417	1,081,417	9,855,000
June 30, 2006	525,000	564,895	1,089,895	9,330,000
June 30, 2007	605,000	534,456	1,139,456	8,725,000
June 30, 2008	610,000	499,615	1,109,615	8,115,000
June 30, 2009	620,000	462,983	1,082,983	7,495,000
June 30, 2010	630,000	425,795	1,055,795	6,865,000
June 30, 2011	635,000	388,191	1,023,191	6,230,000
June 30, 2012	645,000	350,172	995,172	5,585,000
June 30, 2013	655,000	311,597	966,597	4,930,000
June 30, 2014	665,000	272,466	937,466	4,265,000
June 30, 2015	675,000	232,781	907,781	3,590,000
June 30, 2016	690,000	192,402	882,402	2,900,000
June 30, 2017	700,000	151,205	851,205	2,200,000
June 30, 2018	715,000	109,189	824,189	1,485,000
June 30, 2019	730,000	66,340	796,340	755,000
June 30, 2020	<u>755,000</u>	<u>22,354</u>	<u>777,354</u>	<u>0</u>
Grand Totals	<u>\$11,690,000</u>	<u>7,094,213</u>	<u>18,784,213</u>	<u>0</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

7. LONG-TERM OBLIGATIONS (Continued)

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, 2001 was \$209,777,068 according to the Franklin County Auditor's Office. The unvoted net debt at June 30, 2001, was .03%. 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, 2001, the District's total net debt and unvoted net debt were approximately 5.6% 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, 2001, this entity has complied with the requirement that debt service payments on unvoted overlapping debt must not exceed in the aggregate 1% (10 mills) of the assessed property value.

8. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30 2001, 2000, and 1999 were \$884,476, \$855,024, and 811,104. \$160,788 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds.

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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 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 contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$186,258, \$171,534, and \$165,624. \$97,536 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds and the General Long Term Obligations Account Group.

9. OTHER POST EMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and 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 funded on a pay as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the costs of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2001, the board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. The balance in the fund was \$3,419 million at June 30, 2000 (the latest information available). For the fiscal year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS has 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. 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 2001, the minimum pay has been established at \$12,400. 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.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

9. OTHER POST EMPLOYMENT BENEFITS (Continued)

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340, and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$99,991 for fiscal year 2001.

10. PROPERTY TAXES

Property Taxes include amounts levied against all real, public utility and tangible (used in business) property located in the school 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, 2001 and June 20, 2001 for those taxes due during 2001. 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, 1999. 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 2001 upon which the 2000 levies were based, was as follows:

Real estate:	
Residential	\$124,542,740
Commercial	28,686,720
Industrial	14,429,460
Public utility:	
Real	39,170
Personal	16,090,470
Tangible personal	<u>25,988,508</u>
Total	<u>\$209,777,068</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 82.32 mills in 2001 with an effective rate of 37.89 for residential property and 58.35 for commercial property.

The Franklin County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Grandview Heights City School 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 semiannual basis.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

11. FEDERAL AND STATE GRANTS

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

12. BUDGET BASIS OF ACCOUNTING

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP basis	\$210,681	\$(3,467)	\$ 63,508	\$(50,181)
Increase (decrease):				
Due to revenues:				
Received in cash during fiscal year 2001 but accrued June 30, 2000	52,973	0	0	0
Accrued at June 30 2001, not yet received in cash	(28,617)	0	0	0
Due to expenditures:				
Paid in cash during fiscal year 2001, accrued June 30 2000	(1,376,214)	(3,471)	(181)	0
Accrued June 30 2001, not yet paid in cash	<u>1,342,344</u>	<u>5,682</u>	<u>5,055</u>	<u>18,547</u>
Budget basis	201,167	(1,256)	68,382	(31,634)
Encumbrances outstanding on June 30, 2001	<u>(304,032)</u>	<u>(9,374)</u>	<u>0</u>	<u>(69,721)</u>
Budget basis, unencumbered	<u>\$(102,865)</u>	<u>\$(10,630)</u>	<u>\$ 68,382</u>	<u>\$(101,355)</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

12. BUDGET BASIS OF ACCOUNTING (Continued)

(b) Fund balances at end of year:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP basis	\$1,487,668	\$151,390	\$856,712	\$207,639
Increase (decrease):				
Due to revenues:				
Received in cash				
during fiscal year				
2001 but accrued				
at June 30, 2000	0	0	0	0
Accrued at June 30,				
2001, not yet				
received in cash	(28,617)	0	0	0
Due to expenditures:				
Paid in cash during				
fiscal year 2001,				
accrued at				
June 30, 2000	0	0	0	0
Accrued at June 30,				
2001, not yet				
paid in cash	<u>1,342,344</u>	<u>5,682</u>	<u>5,055</u>	<u>18,547</u>
Budget basis	2,801,395	157,072	861,767	226,186
Encumbrances outstanding				
on June 30, 2001	<u>(304,031)</u>	<u>(9,374)</u>	<u>0</u>	<u>(69,721)</u>
Fund balance at end of				
year, unencumbered,				
budget basis	<u>\$2,497,364</u>	<u>\$147,698</u>	<u>\$861,767</u>	<u>\$156,465</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

13. SEGMENTS OF ENTERPRISE ACTIVITIES

Key financial data for the District's Enterprise Funds for the year ended June 30, 2001, are as follows:

	<u>Food Service Fund</u>	<u>Child Care Fund</u>	<u>Total</u>
Operating revenues and expenses:			
Operating revenues	\$214,918	\$212,324	\$427,242
Operating expenses:			
Depreciation	2,265	335	2,600
Other	<u>244,517</u>	<u>235,009</u>	<u>479,526</u>
Total	<u>246,782</u>	<u>235,344</u>	<u>482,126</u>
Operating income (loss)	(31,864)	(23,020)	(54,884)
Non-operating revenues and expenses:			
State & federal subsidies	<u>42,979</u>	<u>0</u>	<u>42,979</u>
Net income (loss)	<u>11,115</u>	<u>(23,020)</u>	<u>(11,905)</u>
Fixed asset additions	<u>0</u>	<u>1,040</u>	<u>1,040</u>
Fixed asset deletions	<u>4,126</u>	<u>0</u>	<u>4,126</u>
Net working capital (Excludes Property, Plant & Equip.)	<u>32,032</u>	<u>26,162</u>	<u>58,194</u>
Total assets	<u>93,981</u>	<u>59,196</u>	<u>153,177</u>
Total fund equity	<u>65,600</u>	<u>28,248</u>	<u>93,848</u>
Contributed capital			
Beginning of year balance	52,013	0	52,013
Additions	0	0	0
Disposals	<u>0</u>	<u>0</u>	<u>0</u>
End of year balance	<u>\$52,013</u>	<u>\$ 0</u>	<u>\$52,013</u>

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

14. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2001, the District contracted with Nationwide Insurance Company for general liability insurance with a \$2,000,000 single occurrence limit and a \$5,000,000 aggregate limit with a \$5,000 deductible. The District also contracted with the Indiana Insurance Company 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 which 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 Unum Life Insurance Company with a portion of health insurance premiums being paid by employees. Insurance settlements have not exceeded insurance coverage for each of the past three fiscal years.

15. JOINTLY GOVERNED ORGANIZATION AND JOINT VENTURE

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

The 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 Academy is dependent upon continued support of the member schools, as it is not independently accumulating adequate financial resources. Further detailed financial information may be obtained by contacting the Upper Arlington City School District at (614) 487-5007.

16. LITIGATION

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

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

17. SET ASIDE CALCULATIONS AND FUND RESERVES

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

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

	<u>Textbooks</u>	<u>Capital Acquisitions</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set Aside Cash Balance as of June 30, 2000	\$ <u>84,707</u>	\$ <u>0</u>	\$ <u>157,553</u>	\$ <u>242,260</u>
Current Year Set Aside Requirement	\$289,871	\$289,871	\$ 96,624	\$676,366
Current Year Offsets	\$0	\$0	\$0	\$0
Qualifying Disbursements	\$ <u>257,695</u>	\$ <u>343,111</u>	<u>\$0</u>	\$ <u>600,806</u>
Total	\$ <u>32,176</u>	\$ <u>(53,240)</u>	\$ <u>96,624</u>	\$ <u>75,560</u>
Set Aside Cash Balance as of June 30, 2001	\$ <u>116,883</u>	<u>\$0</u>	\$ <u>254,177</u>	\$ <u>371,060</u>
Less Non-mandatory Reserve	<u>\$0</u>	<u>\$0</u>	\$ <u>(185,274)</u>	\$ <u>(185,274)</u>
Total Restricted Assets	\$ <u>116,883</u>	<u>\$0</u>	\$ <u>68,903</u>	\$ <u>185,786</u>

The District set-aside additional money in excess of statutory requirements for budget stabilization. The total reserve balance for all three set-asides at the end of the fiscal year was \$185,786. The negative amount for capital acquisition can not be carried over to the next fiscal year.

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

18. SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...".

The District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

19. CHANGE IN ACCOUNTING PRINCIPLE

The District implemented GASB Statement 33, "Accounting and Financial Reporting for Nonexchange Transactions", during this 2001 fiscal year. As such, it was necessary to restate beginning fund balances for various state and federal grant funds as follows:

2001 Beginning Fund Balance (2000 Ending Fund Balance)	<u>Adjustment</u>	2001 Beginning Fund Balance <u>Restated</u>	<u>Fund Number and Name</u>
			Special Revenue Funds:
\$ 0	\$22,236	\$22,236	032 Venture Capital RLS
0	3,204	3,204	409 Career Development
0	16,251	16,251	416 Local Professional Development
0	1,430	1,430	425 School Age Child Care
0	7,326	7,326	432 Education Mgt. Info. System
0	17,909	17,909	451 Data Communication Support
0	2,300	2,300	452 School Net PDS
0	16,116	16,116	55 Textbook/Instructional Materials
216	42	258	499 Safe School Help Line
0	5,201	5,201	499 Character Education
0	93	93	499 Library Pioneer
0	784	784	499 School To Work
0	5,333	5,333	514 Eisenhower
0	3,420	3,420	516 Title VI-B
0	5,554	5,554	524 Carl Perkins
0	4,925	4,925	573 Title VI IEP
0	424	424	599 Title VI-R
0	67	67	599 Service Learning
	<u>\$112,615</u>	<u>\$112,615</u>	Total Special Revenue Funds
			Capital Projects Fund:
0	<u>\$20,173</u>	<u>\$20,173</u>	450 School Net Plus/Praise
	<u>20,173</u>	<u>20,173</u>	Total Capital Projects Funds
	<u>\$132,788</u>	<u>\$132,788</u>	Grand Total Adjustments

**GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

19. CHANGE IN ACCOUNTING PRINCIPLE (Continued)

The restatement had no material effect on the excess of revenues and other financing sources over (under) expenditures as previously reported for the fiscal year ended June 30, 2000.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

We have audited the general purpose financial statements of Grandview Heights City School District, Franklin County, Ohio (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated March 14, 2003, wherein we noted the District implemented GASB 33. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated March 14, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

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

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

BETTY MONTGOMERY
Auditor of State

March 14, 2003



**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

GRANDVIEW HEIGHTS CITY SCHOOL DISTRICT

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 12, 2003**