

**CITY OF GRANDVIEW HEIGHTS  
FRANKLIN COUNTY, OHIO**

***GENERAL PURPOSE  
FINANCIAL STATEMENTS  
(Audited)***

*FOR THE YEARS ENDED  
DECEMBER 31, 2002 AND 2001*

**JAMES NICHOLSON, FINANCE DIRECTOR**





**Auditor of State  
Betty Montgomery**

Members of Council and Mayor  
City of Grandview Heights  
Grandview Heights, Ohio

We have reviewed the Independent Auditor's Report of the City of Grandview Heights, Franklin County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2001 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Grandview Heights is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

July 24, 2003

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**CITY OF GRANDVIEW HEIGHTS  
FRANKLIN COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor's Report.....	1
Combined Balance Sheet - All Fund Types and Account Groups - December 31, 2002.....	2 - 3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types - For the Year Ended December 31, 2002.....	5 - 6
Combined Balance Sheet - All Fund Types and Account Groups - December 31, 2001.....	7 - 8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types - For the Year Ended December 31, 2001.....	9
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types - For the Year Ended December 31, 2001.....	10 -11
Notes to the General Purpose Financial Statements.....	12 - 51
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	52 - 53
Schedule of Findings.....	54 - 55
Status of Prior Audit Findings.....	56

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# TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard  
Suite B  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 614.846.2799

## Independent Auditor’s Report

Members of Council and Mayor  
City of Grandview Heights  
1016 Grandview Avenue  
Grandview Heights, Ohio 43212

We have audited the accompanying general purpose financial statements of the City of Grandview Heights, Franklin County, Ohio, as of and for the years ended December 31, 2002 and 2001. These general purpose financial statements are the responsibility of the City of Grandview Heights’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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As disclosed in Note 3 to the general purpose financial statements for the year ended December 31, 2001, the City implemented GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions and GASB Statement No. 36, Recipient Reporting for Certain Shared Nonexchange Revenues, an amendment of GASB Statement No. 33.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Grandview Heights, Franklin County, Ohio, as of December 31, 2002 and 2001, and the results of its operations for the years 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 a report dated June 6, 2003, on our consideration of the City of Grandview Heights’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.

Trimble, Julian & Grube, Inc.  
June 6, 2003

**CITY OF GRANDVIEW HEIGHTS, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 2002**

**Governmental Fund Types**

	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>Assets and Other Debits</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 1,195,875	\$ 936,312	\$ 96,198	\$ 1,067,444
Cash and cash equivalents in segregated accounts . . . . .	-	-	-	-
Receivables (net of allowance for uncollectibles)				
Taxes . . . . .	2,201,253	107,260	-	-
Accounts . . . . .	17,183	59	-	1,105
Accrued interest . . . . .	17,699	-	-	-
Advance to . . . . .	145,970	-	-	-
Capital lease receivable . . . . .	-	-	930,000	-
Due from other funds . . . . .	10,430	770	-	-
Due from other governments . . . . .	586,448	224,255	-	4,038
Prepayments . . . . .	79,683	15,250	-	-
Property, plant and equipment (net of accumulated depreciation where applicable) . . . . .	-	-	-	-
<b>Other Debits:</b>				
Amount available in debt service fund . . . . .	-	-	-	-
Amount to be provided for retirement of general long-term obligations . . . . .	-	-	-	-
<b>Total assets and other debits . . . . .</b>	<b>\$ 4,254,541</b>	<b>\$ 1,283,906</b>	<b>\$ 1,026,198</b>	<b>\$ 1,072,587</b>
<b>Liabilities, equity and other credits</b>				
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 70,155	\$ 90,051	\$ -	\$ 108,859
Contracts payable . . . . .	-	90,224	-	184,247
Accrued wages and benefits . . . . .	76,293	-	-	-
Compensated absences payable . . . . .	47,594	-	-	-
Advance from . . . . .	-	144,836	-	1,134
Deferred revenue . . . . .	1,884,103	297,357	930,000	-
Due to other funds . . . . .	-	-	-	-
Due to other governments . . . . .	43,811	-	-	-
Pension obligation payable . . . . .	33,341	-	-	-
Capital lease obligation . . . . .	-	-	-	-
General obligation bonds payable . . . . .	-	-	-	-
Mortgage revenue bonds payable . . . . .	-	-	-	-
OPWC loans payable . . . . .	-	-	-	-
<b>Total liabilities . . . . .</b>	<b>2,155,297</b>	<b>622,468</b>	<b>930,000</b>	<b>294,240</b>
<b>Equity and other credits:</b>				
Investment in general fixed assets . . . . .	-	-	-	-
<b>Fund balances:</b>				
Reserved for encumbrances . . . . .	91,130	195,578	-	513,273
Reserved for advances . . . . .	145,970	-	-	-
Reserved for prepayments . . . . .	79,683	15,250	-	-
Reserved for debt service . . . . .	-	-	96,198	-
Unreserved - undesignated . . . . .	1,782,461	450,610	-	265,074
<b>Total equity and other credits . . . . .</b>	<b>2,099,244</b>	<b>661,438</b>	<b>96,198</b>	<b>778,347</b>
<b>Total liabilities, equity and other credits . . . . .</b>	<b>\$ 4,254,541</b>	<b>\$ 1,283,906</b>	<b>\$ 1,026,198</b>	<b>\$ 1,072,587</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	Agency	General Fixed Assets	
\$ -	\$ -	\$ -	\$ 3,295,829
2,624	-	-	2,624
-	-	-	2,308,513
8,576	-	-	26,923
-	-	-	17,699
-	-	-	145,970
-	-	-	930,000
-	-	-	11,200
-	-	-	814,741
-	-	-	94,933
-	5,755,619	-	5,755,619
-	-	96,198	96,198
-	-	2,977,715	2,977,715
<u>\$ 11,200</u>	<u>\$ 5,755,619</u>	<u>\$ 3,073,913</u>	<u>\$ 16,477,964</u>
\$ -	\$ -	\$ -	\$ 269,065
-	-	-	274,471
-	-	-	76,293
-	-	405,909	453,503
-	-	-	145,970
-	-	-	3,111,460
11,200	-	-	11,200
-	-	-	43,811
-	-	213,333	246,674
-	-	10,156	10,156
-	-	535,000	535,000
-	-	930,000	930,000
-	-	979,515	979,515
<u>11,200</u>	<u>-</u>	<u>3,073,913</u>	<u>7,087,118</u>
-	5,755,619	-	5,755,619
-	-	-	799,981
-	-	-	145,970
-	-	-	94,933
-	-	-	96,198
-	-	-	2,498,145
-	5,755,619	-	9,390,846
<u>\$ 11,200</u>	<u>\$ 5,755,619</u>	<u>\$ 3,073,913</u>	<u>\$ 16,477,964</u>

**CITY OF GRANDVIEW HEIGHTS, OHIO**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Revenues:</b>					
Municipal income taxes . . . . .	\$ 3,538,669	\$ -	\$ -	\$ -	\$ 3,538,669
Property and other taxes . . . . .	1,399,497	95,422	-	-	1,494,919
Charges for services . . . . .	594,891	18,169	-	-	613,060
Licenses, permits and fees . . . . .	26,286	-	-	-	26,286
Fines and forfeitures . . . . .	73,656	4,849	-	-	78,505
Intergovernmental . . . . .	1,127,199	293,675	-	10,077	1,430,951
Investment income . . . . .	140,797	29,101	-	-	169,898
Lease . . . . .	-	-	213,865	-	213,865
Donations . . . . .	-	30,885	-	1,000	31,885
Other . . . . .	122,741	1,995	-	-	124,736
Total revenues . . . . .	<u>7,023,736</u>	<u>474,096</u>	<u>213,865</u>	<u>11,077</u>	<u>7,722,774</u>
<b>Expenditures:</b>					
Current operations:					
General government . . . . .	1,211,297	2,785	-	-	1,214,082
Security of persons and property . . . . .	3,680,070	23,316	-	-	3,703,386
Public health and welfare . . . . .	-	36,835	-	-	36,835
Transportation . . . . .	963,193	127,651	-	-	1,090,844
Community environment . . . . .	-	90,224	-	-	90,224
Leisure time activity . . . . .	666,307	10,236	-	-	676,543
Utility services . . . . .	87,770	-	-	-	87,770
Capital outlay . . . . .	26,441	114,113	-	1,011,784	1,152,338
Debt service:					
Principal retirement . . . . .	12,738	14,495	160,000	-	187,233
Interest and fiscal charges . . . . .	9,446	-	91,850	-	101,296
Total expenditures . . . . .	<u>6,657,262</u>	<u>419,655</u>	<u>251,850</u>	<u>1,011,784</u>	<u>8,340,551</u>
Excess of revenues over/(under) expenditures . . . . .	<u>366,474</u>	<u>54,441</u>	<u>(37,985)</u>	<u>(1,000,707)</u>	<u>(617,777)</u>
<b>Other financing sources (uses):</b>					
Proceeds of loans . . . . .	-	-	-	113,853	113,853
Proceeds from capital lease transaction . . . . .	10,568	-	-	-	10,568
Operating transfers in . . . . .	-	154,492	133,185	1,274,782	1,562,459
Operating transfers out . . . . .	(1,562,459)	-	-	-	(1,562,459)
Total other financing sources (uses) . . . . .	<u>(1,551,891)</u>	<u>154,492</u>	<u>133,185</u>	<u>1,388,635</u>	<u>124,421</u>
Excess of revenues and other financing sources over/(under) expenditures and other financing/(uses) . . . . .	(1,185,417)	208,933	95,200	387,928	(493,356)
<b>Fund balances, January 1 . . . . .</b>	<u>3,284,661</u>	<u>452,505</u>	<u>998</u>	<u>390,419</u>	<u>4,128,583</u>
<b>Fund balances, December 31 . . . . .</b>	<u>\$ 2,099,244</u>	<u>\$ 661,438</u>	<u>\$ 96,198</u>	<u>\$ 778,347</u>	<u>\$ 3,635,227</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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**CITY OF GRANDVIEW HEIGHTS, OHIO**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Municipal income taxes . . . . .	\$ 3,914,000	\$ 3,405,969	\$ (508,031)	\$ -	\$ -	\$ -
Property and other taxes . . . . .	1,466,852	1,399,497	(67,355)	99,160	95,422	(3,738)
Charges for services . . . . .	642,200	599,674	(42,526)	16,500	18,169	1,669
Licenses, permits and fees . . . . .	25,200	26,286	1,086	-	-	-
Fines and forfeitures . . . . .	66,950	64,094	(2,856)	7,083	5,329	(1,754)
Intergovernmental . . . . .	931,949	1,220,357	288,408	402,424	290,064	(112,360)
Investment income . . . . .	90,000	151,749	61,749	34,500	29,101	(5,399)
Donations . . . . .	-	-	-	-	30,885	30,885
Other . . . . .	139,030	140,023	993	30,600	1,936	(28,664)
<b>Total revenues . . . . .</b>	<b>7,276,181</b>	<b>7,007,649</b>	<b>(268,532)</b>	<b>590,267</b>	<b>470,906</b>	<b>(119,361)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government . . . . .	1,522,984	1,384,294	138,690	3,400	2,785	615
Security of persons and property . . . . .	3,915,327	3,674,552	240,775	56,738	44,939	11,799
Public health and welfare . . . . .	-	-	-	33,500	30,462	3,038
Transportation . . . . .	1,075,659	963,413	112,246	164,810	82,726	82,084
Leisure time activity . . . . .	770,421	669,297	101,124	18,057	10,236	7,821
Utility services . . . . .	128,113	96,042	32,071	-	-	-
Other . . . . .	-	-	-	-	-	-
Capital outlay . . . . .	30,135	16,957	13,178	444,840	444,840	-
<b>Debt service:</b>						
Principal retirement . . . . .	-	-	-	14,503	14,495	8
Interest and fiscal charges . . . . .	-	-	-	-	-	-
<b>Total expenditures . . . . .</b>	<b>7,442,639</b>	<b>6,804,555</b>	<b>638,084</b>	<b>735,848</b>	<b>630,483</b>	<b>105,365</b>
Excess of revenues over (under) expenditures . . . . .	(166,458)	203,094	369,552	(145,581)	(159,577)	(13,996)
<b>Other financing sources (uses):</b>						
Proceeds from sale of fixed assets . . . . .	5,000	-	(5,000)	-	-	-
Proceeds of loans . . . . .	-	-	-	-	-	-
Operating transfers in . . . . .	110,080	-	(110,080)	152,742	154,492	1,750
Operating transfers out . . . . .	(1,582,479)	(1,584,001)	(1,522)	(110,000)	-	110,000
Advances in . . . . .	164,774	45,138	(119,636)	187,358	187,358	-
Advances out . . . . .	(169,774)	(191,108)	(21,334)	(161,024)	(42,522)	118,502
<b>Total other financing sources (uses) . . . . .</b>	<b>(1,472,399)</b>	<b>(1,729,971)</b>	<b>(257,572)</b>	<b>69,076</b>	<b>299,328</b>	<b>230,252</b>
Excess of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .	(1,638,857)	(1,526,877)	111,980	(76,505)	139,751	216,256
<b>Fund balance, January 1 . . . . .</b>	<b>2,401,981</b>	<b>2,401,981</b>	<b>-</b>	<b>358,110</b>	<b>358,110</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>164,162</b>	<b>164,162</b>	<b>-</b>	<b>62,598</b>	<b>62,598</b>	<b>-</b>
<b>Fund balance, December 31 . . . . .</b>	<b>\$ 927,286</b>	<b>\$ 1,039,266</b>	<b>\$ 111,980</b>	<b>\$ 344,203</b>	<b>\$ 560,459</b>	<b>\$ 216,256</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Debt Service			Capital Projects			Total (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,914,000	\$ 3,405,969	\$ (508,031)
-	-	-	-	-	-	1,566,012	1,494,919	(71,093)
-	-	-	-	-	-	658,700	617,843	(40,857)
-	-	-	-	-	-	25,200	26,286	1,086
-	-	-	-	-	-	74,033	69,423	(4,610)
-	-	-	177,616	6,039	(171,577)	1,511,989	1,516,460	4,471
-	-	-	-	-	-	124,500	180,850	56,350
-	-	-	-	1,000	1,000	-	31,885	31,885
-	-	-	-	-	-	169,630	141,959	(27,671)
-	-	-	177,616	7,039	(170,577)	8,044,064	7,485,594	(558,470)
-	-	-	-	-	-	1,526,384	1,387,079	139,305
-	-	-	-	-	-	3,972,065	3,719,491	252,574
-	-	-	-	-	-	33,500	30,462	3,038
-	-	-	-	-	-	1,240,469	1,046,139	194,330
-	-	-	-	-	-	788,478	679,533	108,945
-	-	-	-	-	-	128,113	96,042	32,071
200	-	200	-	-	-	200	-	200
-	-	-	1,742,549	1,602,748	139,801	2,217,524	2,064,545	152,979
95,000	-	95,000	12,326	12,326	-	121,829	26,821	95,008
37,985	37,985	-	9,216	9,216	-	47,201	47,201	-
133,185	37,985	95,200	1,764,091	1,624,290	139,801	10,075,763	9,097,313	978,450
(133,185)	(37,985)	95,200	(1,586,475)	(1,617,251)	(30,776)	(2,031,699)	(1,611,719)	419,980
-	-	-	-	-	-	5,000	-	(5,000)
-	-	-	113,853	113,853	-	113,853	113,853	-
133,185	133,185	-	1,296,324	1,296,324	-	1,692,331	1,584,001	(108,330)
-	-	-	-	-	-	(1,692,479)	(1,584,001)	108,478
-	-	-	3,750	3,750	-	355,882	236,246	(119,636)
-	-	-	(3,750)	(2,616)	1,134	(334,548)	(236,246)	98,302
133,185	133,185	-	1,410,177	1,411,311	1,134	140,039	113,853	(26,186)
-	95,200	95,200	(176,298)	(205,940)	(29,642)	(1,891,660)	(1,497,866)	393,794
998	998	-	(23,002)	(23,002)	-	2,738,087	2,738,087	-
-	-	-	537,430	537,430	-	764,190	764,190	-
\$ 998	\$ 96,198	\$ 95,200	\$ 338,130	\$ 308,488	\$ (29,642)	\$ 1,610,617	\$ 2,004,411	\$ 393,794

**CITY OF GRANDVIEW HEIGHTS, OHIO**

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 2001

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b><u>Assets and Other Debits</u></b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 2,571,486	\$ 420,708	\$ 998	\$ 514,428
Cash and cash equivalents in segregated accounts . . .	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Taxes . . . . .	2,098,590	99,460	-	-
Accounts . . . . .	35,882	500	-	-
Accrued interest . . . . .	18,620	-	-	-
Capital lease receivable . . . . .	-	-	1,090,000	-
Due from other funds . . . . .	2,229	750	-	-
Due from other governments . . . . .	763,518	142,160	-	-
Prepayments. . . . .	29,333	-	-	1,987
Property, plant and equipment (net of accumulated depreciation where applicable). . . . .	-	-	-	-
Amount available in debt service fund . . . . .	-	-	-	-
Amount to be provided for retirement of general long-term obligations . . . . .	-	-	-	-
Total assets and other debits. . . . .	<u>\$ 5,519,658</u>	<u>\$ 663,578</u>	<u>\$ 1,090,998</u>	<u>\$ 516,415</u>
<b><u>Liabilities, equity and other credits</u></b>				
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 49,565	\$ -	\$ -	\$ -
Contracts payable . . . . .	-	-	-	125,996
Accrued wages and benefits. . . . .	59,793	-	-	-
Compensated absences payable . . . . .	83,695	-	-	-
Deferred revenue . . . . .	1,996,920	211,073	1,090,000	-
Due to other funds . . . . .	-	-	-	-
Due to other governments. . . . .	31,288	-	-	-
Pension obligation payable . . . . .	13,736	-	-	-
General obligation bonds payable . . . . .	-	-	-	-
Mortgage revenue bonds payable. . . . .	-	-	-	-
OPWC loans payable. . . . .	-	-	-	-
Total liabilities . . . . .	<u>2,234,997</u>	<u>211,073</u>	<u>1,090,000</u>	<u>125,996</u>
<b>Equity and other credits:</b>				
Investment in general fixed assets . . . . .	-	-	-	-
Fund balances:				
Reserved for encumbrances . . . . .	163,950	62,541	-	411,434
Reserved for prepayments. . . . .	29,333	-	-	1,987
Reserved for debt service . . . . .	-	-	998	-
Unreserved - undesignated (deficit) . . . . .	3,091,378	389,964	-	(23,002)
Total equity and other credits . . . . .	<u>3,284,661</u>	<u>452,505</u>	<u>998</u>	<u>390,419</u>
Total liabilities, equity and other credits. . . . .	<u>\$ 5,519,658</u>	<u>\$ 663,578</u>	<u>\$ 1,090,998</u>	<u>\$ 516,415</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
Agency			
\$ -	\$ -	\$ -	\$ 3,507,620
2,179	-	-	2,179
-	-	-	2,198,050
800	-	-	37,182
-	-	-	18,620
-	-	-	1,090,000
-	-	-	2,979
-	-	-	905,678
-	-	-	31,320
-	5,194,456	-	5,194,456
-	-	998	998
-	-	3,061,642	3,061,642
<u>\$ 2,979</u>	<u>\$ 5,194,456</u>	<u>\$ 3,062,640</u>	<u>\$ 16,050,724</u>
\$ -	\$ -	\$ -	\$ 49,565
-	-	-	125,996
-	-	-	59,793
-	-	354,881	438,576
-	-	-	3,297,993
2,979	-	-	2,979
-	-	-	31,288
-	-	190,276	204,012
-	-	535,000	535,000
-	-	1,090,000	1,090,000
-	-	892,483	892,483
2,979	-	3,062,640	6,727,685
-	5,194,456	-	5,194,456
-	-	-	637,925
-	-	-	31,320
-	-	-	998
-	-	-	3,458,340
-	5,194,456	-	9,323,039
<u>\$ 2,979</u>	<u>\$ 5,194,456</u>	<u>\$ 3,062,640</u>	<u>\$ 16,050,724</u>

**CITY OF GRANDVIEW HEIGHTS, OHIO**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Revenues:</b>					
Municipal income taxes . . . . .	\$ 3,639,651	\$ -	\$ -	\$ -	\$ 3,639,651
Property and other taxes . . . . .	1,478,127	96,978	-	-	1,575,105
Charges for services . . . . .	578,393	3,696	-	-	582,089
Licenses, permits and fees . . . . .	25,049	-	-	-	25,049
Fines and forfeitures . . . . .	85,300	6,057	-	-	91,357
Intergovernmental . . . . .	1,161,189	267,546	-	352,045	1,780,780
Investment income . . . . .	138,753	16,822	-	-	155,575
Lease . . . . .	-	-	215,762	-	215,762
Other . . . . .	248,274	4,050	-	-	252,324
Total revenues . . . . .	<u>7,354,736</u>	<u>395,149</u>	<u>215,762</u>	<u>352,045</u>	<u>8,317,692</u>
<b>Expenditures:</b>					
Current operations:					
General government . . . . .	1,210,455	2,275	-	-	1,212,730
Security of persons and property . . . . .	3,534,646	1,202	-	-	3,535,848
Public health and welfare . . . . .	-	32,606	-	-	32,606
Transportation . . . . .	936,876	9,227	-	17,222	963,325
Leisure time activity . . . . .	645,443	9,279	-	-	654,722
Utility services . . . . .	95,769	-	-	-	95,769
Other . . . . .	98	1,493	-	-	1,591
Capital outlay . . . . .	-	334,609	-	1,123,321	1,457,930
Debt service:					
Principal retirement . . . . .	11,964	14,495	240,000	-	266,459
Interest and fiscal charges . . . . .	10,410	-	104,357	-	114,767
Total expenditures . . . . .	<u>6,445,661</u>	<u>405,186</u>	<u>344,357</u>	<u>1,140,543</u>	<u>8,335,747</u>
Excess of revenues over/(under) expenditures . . . . .	<u>909,075</u>	<u>(10,037)</u>	<u>(128,595)</u>	<u>(788,498)</u>	<u>(18,055)</u>
<b>Other financing sources (uses):</b>					
Proceeds of loans . . . . .	-	-	-	306,833	306,833
Proceeds from sale of fixed assets . . . . .	6,209	-	-	-	6,209
Operating transfers in . . . . .	106,378	43,200	128,595	453,284	731,457
Operating transfers out . . . . .	(625,079)	(106,378)	-	-	(731,457)
Total other financing sources/(uses) . . . . .	<u>(512,492)</u>	<u>(63,178)</u>	<u>128,595</u>	<u>760,117</u>	<u>313,042</u>
Excess of revenues and other financing sources over/(under) expenditures and other financing (uses) . . . . .	<u>396,583</u>	<u>(73,215)</u>	<u>-</u>	<u>(28,381)</u>	<u>294,987</u>
<b>Fund balances, January 1 (restated) . . . . .</b>	<u>2,888,078</u>	<u>525,720</u>	<u>998</u>	<u>418,800</u>	<u>3,833,596</u>
<b>Fund balances, December 31 . . . . .</b>	<u>\$ 3,284,661</u>	<u>\$ 452,505</u>	<u>\$ 998</u>	<u>\$ 390,419</u>	<u>\$ 4,128,583</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



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**CITY OF GRANDVIEW HEIGHTS, OHIO**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Municipal income taxes . . . . .	\$ 3,898,292	\$ 3,694,122	\$ (204,170)	\$ -	\$ -	\$ -
Property and other taxes . . . . .	1,476,208	1,478,127	1,919	107,000	96,978	(10,022)
Charges for services . . . . .	620,000	604,927	(15,073)	16,000	3,696	(12,304)
Licenses, permits and fees. . . . .	25,200	25,049	(151)	-	-	-
Fines and forfeitures. . . . .	68,882	88,235	19,353	5,500	5,167	(333)
Intergovernmental . . . . .	1,000,999	1,007,022	6,023	201,000	267,420	66,420
Investment income . . . . .	100,000	139,132	39,132	40,711	20,985	(19,726)
Other. . . . .	136,750	225,211	88,461	13,362	4,050	(9,312)
Total revenues . . . . .	<u>7,326,331</u>	<u>7,261,825</u>	<u>(64,506)</u>	<u>383,573</u>	<u>398,296</u>	<u>14,723</u>
<b>Expenditures:</b>						
Current:						
General government:						
General government . . . . .	1,584,547	1,329,844	254,703	5,550	2,275	3,275
Security of persons and property. . . . .	3,732,451	3,547,456	184,995	10,202	1,202	9,000
Public health and welfare . . . . .	-	-	-	32,816	32,606	210
Transportation . . . . .	1,126,565	943,737	182,828	153,907	66,411	87,496
Leisure time activity. . . . .	730,559	656,665	73,894	21,486	9,822	11,664
Utility services. . . . .	131,560	98,967	32,593	-	-	-
Other. . . . .	-	-	-	2,000	1,493	507
Capital outlay . . . . .	-	-	-	361,814	362,936	(1,122)
Debt service:						
Principal retirement . . . . .	-	-	-	14,550	14,495	55
Interest and fiscal charges. . . . .	-	-	-	-	-	-
Total expenditures . . . . .	<u>7,305,682</u>	<u>6,576,669</u>	<u>729,013</u>	<u>602,325</u>	<u>491,240</u>	<u>111,085</u>
Excess of revenues over (under) expenditures . . . . .	<u>20,649</u>	<u>685,156</u>	<u>664,507</u>	<u>(218,752)</u>	<u>(92,944)</u>	<u>125,808</u>
<b>Other financing sources (uses):</b>						
Proceeds from sale of fixed assets. . . . .	5,700	6,209	509	-	-	-
Proceeds of loans. . . . .	-	-	-	-	-	-
Operating transfers in . . . . .	111,070	124,829	13,759	61,550	61,650	100
Operating transfers out . . . . .	(665,904)	(665,904)	-	(125,320)	(124,828)	492
Total other financing sources (uses). . . . .	<u>(549,134)</u>	<u>(534,866)</u>	<u>14,268</u>	<u>(63,770)</u>	<u>(63,178)</u>	<u>592</u>
Excess of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .	<u>(528,485)</u>	<u>150,290</u>	<u>678,775</u>	<u>(282,522)</u>	<u>(156,122)</u>	<u>126,400</u>
<b>Fund balance, January 1 . . . . .</b>	<u>2,068,248</u>	<u>2,068,248</u>	<u>-</u>	<u>363,609</u>	<u>363,609</u>	<u>-</u>
<b>Prior year encumbrances appropriated . . . . .</b>	<u>183,443</u>	<u>183,443</u>	<u>-</u>	<u>150,623</u>	<u>150,623</u>	<u>-</u>
<b>Fund balance, December 31 . . . . .</b>	<u>\$ 1,723,206</u>	<u>\$ 2,401,981</u>	<u>\$ 678,775</u>	<u>\$ 231,710</u>	<u>\$ 358,110</u>	<u>\$ 126,400</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Debt Service			Capital Projects			Total (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,898,292	\$ 3,694,122	\$ (204,170)
-	-	-	-	-	-	1,583,208	1,575,105	(8,103)
-	-	-	-	-	-	636,000	608,623	(27,377)
-	-	-	-	-	-	25,200	25,049	(151)
-	-	-	-	-	-	74,382	93,402	19,020
-	-	-	639,764	352,045	(287,719)	1,841,763	1,626,487	(215,276)
-	-	-	-	-	-	140,711	160,117	19,406
-	-	-	-	-	-	150,112	229,261	79,149
-	-	-	639,764	352,045	(287,719)	8,349,668	8,012,166	(337,502)
-	-	-	-	-	-	1,590,097	1,332,119	257,978
-	-	-	-	-	-	3,742,653	3,548,658	193,995
-	-	-	-	-	-	32,816	32,606	210
-	-	-	50,681	17,222	33,459	1,331,153	1,027,370	303,783
-	-	-	-	-	-	752,045	666,487	85,558
-	-	-	-	-	-	131,560	98,967	32,593
200	-	200	-	-	-	2,200	1,493	707
-	-	-	1,607,816	1,526,788	81,028	1,969,630	1,889,724	79,906
85,000	85,000	-	11,964	11,964	-	111,514	111,459	55
43,595	43,595	-	10,410	10,410	-	54,005	54,005	-
128,795	128,595	200	1,680,871	1,566,384	114,487	9,717,673	8,762,888	954,785
(128,795)	(128,595)	200	(1,041,107)	(1,214,339)	(173,232)	(1,368,005)	(750,722)	617,283
-	-	-	-	-	-	5,700	6,209	509
-	-	-	306,833	306,833	-	306,833	306,833	-
128,595	128,595	-	475,658	475,658	-	776,873	790,732	13,859
-	-	-	-	-	-	(791,224)	(790,732)	492
128,595	128,595	-	782,491	782,491	-	298,182	313,042	14,860
(200)	-	200	(258,616)	(431,848)	(173,232)	(1,069,823)	(437,680)	632,143
998	998	-	(700,471)	(700,471)	-	1,732,384	1,732,384	-
-	-	-	1,109,317	1,109,317	-	1,443,383	1,443,383	-
\$ 798	\$ 998	\$ 200	\$ 150,230	\$ (23,002)	\$ (173,232)	\$ 2,105,944	\$ 2,738,087	\$ 632,143

## **CITY OF GRANDVIEW HEIGHTS, OHIO**

### **NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

#### **NOTE 1 - THE REPORTING ENTITY**

The City of Grandview Heights, Franklin County, Ohio, (the “City”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City is a home rule municipal corporation established under the laws of the State of Ohio that operates under its own Charter. The current Charter, which provides for a mayor-council-administrator form of government, was adopted by the electorate November 2, 1993 and became effective January 1, 1994. It replaced the original Charter which was adopted by the electorate July 28, 1931 and became effective January 1, 1932. The City provides the following services to its residents: Public Safety, Public Service, Parks and Recreation, and Building and Zoning. The City is also responsible for the construction, maintenance, and repairs associated with the water and sewer lines, while the City of Columbus provides water and sewer treatment services. Council and the Mayor have direct responsibility for these activities.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The general purpose financial statements (GPFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant of the City’s accounting policies are described below.

##### **A. Reporting Entity**

For financial reporting purposes, the reporting entity is defined to include the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading consistent with GASB Statement No. 14, “The Financial Reporting Entity”. Based on application of the criteria set forth in GASB Statement No. 14, the City evaluated potential component units (PCU) for inclusion based on financial accountability, the nature and significance of their relationship to the City, and whether exclusion would cause the general purpose financial statements to be misleading or incomplete. Among the factors considered were whether the City holds the PCU’s corporate powers, appoints a voting majority of the PCU’s board, is able to impose its will on the PCU, or whether a financial benefit/burden relationship exists between the City and the PCU.

## CITY OF GRANDVIEW HEIGHTS, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. The primary government includes the City departments and agencies that provide the following services: police and fire protection, street maintenance and repairs, zoning, and parks and recreation. The preceding financial statements include all funds and account groups of the City (the primary government). Additionally, the Grandview Heights Mayor's Court has been included in the City's financial statements as an agency fund. The Mayor is an elected City official who has a fiduciary responsibility for the collection and distribution of court fees and fines. The City has no component units, but is a member of an insurance purchasing pool, described in Note 15.

Based on the foregoing criteria, the financial activities of the following PCUs have been reflected in the accompanying financial statements as follows:

#### *JOINTLY GOVERNED ORGANIZATIONS*

##### FRANKLIN COUNTY GENERAL HEALTH DISTRICT

The Franklin County General Health District (the "District") provides health services to citizens within the County, including the City. The Board of Health, with representatives from throughout the County, oversees the operation of the District. The City contributed \$30,462 during fiscal year 2002 and \$30,989 during fiscal year 2001 for the operation of the District. The City does not have any financial interest in or responsibility for the District. The County Commissioners serve as the taxing authority, and the County Auditor and Treasurer serve as fiscal officers.

##### MID-OHIO REGIONAL PLANNING COMMISSION

The Mid-Ohio Regional Planning Commission (MORPC) provides innovative solutions to 39 local governments. The City contributed \$2,550 to MORPC during fiscal year 2002 and \$7,883 for fiscal year 2001. The City does not have any financial interest in or responsibility for the Commission. The Board of MORPC is made up of representatives from its participating governments. The City had two employees serve on the Board in 2002 and 2001.

**CITY OF GRANDVIEW HEIGHTS, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

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

*RELATED ORGANIZATION*

GRANDVIEW HEIGHTS PUBLIC LIBRARY

The Grandview Heights Public Library (the "Library") is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the mayor of the City. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the City for operational subsidies. Although the City does serve as the taxing authority and has issued debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Grandview Heights Public Library, c/o Clerk/Treasurer, at 1685 W. First Ave., Grandview Heights, Ohio 43212.

The City and the Library have entered into a capital lease arrangement for the building which houses the Library, described in Note 17.

**B. Basis of Presentation - Fund Accounting**

The accounts of the City are maintained on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

## CITY OF GRANDVIEW HEIGHTS, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories of governmental and fiduciary. The City has no proprietary funds.

#### *GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use and balance of the City's expendable financial resources and the related current liabilities are accounted for through governmental funds. The following are the City's governmental fund types:

*General Fund* - The general fund is used to account for all activities of the City not required to be included in another fund.

*Special Revenue Funds* - The special revenue funds are used to account for proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

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

*Capital Projects Funds* - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

## CITY OF GRANDVIEW HEIGHTS, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

##### *FIDUCIARY FUND*

Agency Fund – The agency fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. The agency fund has no measurement focus (i.e., assets equal liabilities), and is presented on a budgetary basis, with note disclosure, if applicable, regarding items which, in other funds, would be subject to accrual.

##### *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 Asset Account Group - The general fixed assets account group is used to account for all general fixed assets of the City.

General Long-Term Obligations Account Group - The general long-term obligations account group is used to account for all long-term obligations of the City.

#### **C. Measurement Focus and Basis of Accounting**

The accounting and 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 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.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, the recognition of revenue, the recording of deferred revenue, and in the reporting of expenditures, are recorded as follows:



**CITY OF GRANDVIEW HEIGHTS, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

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

*REVENUES - EXCHANGE AND NON-EXCHANGE TRANSACTIONS*

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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from income taxes is recognized in the period in which the income is earned and the amounts are available (See Note 6). Revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the amounts are available (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the amounts are available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), licenses, permits, fees and rentals.

*DEFERRED REVENUE*

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

## CITY OF GRANDVIEW HEIGHTS, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of December 31, 2002 and 2001, respectively, but which were levied to finance year 2003 and 2002, respectively, operations, have been recorded as deferred revenues. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

#### *EXPENDITURES*

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. On the modified accrual basis of accounting, 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 governmental funds.

#### **D. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that the appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department for the general fund, and the Sewer Improvement capital projects fund. The primary level of budgetary control is at the activity level for the Street Construction, Maintenance and Repair special revenue fund, the Board of Health special revenue fund, the General Improvement capital projects fund, the E. Goodale Project capital projects fund and the W. Goodale Project capital projects fund. All other funds are budgeted at the fund level. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

## CITY OF GRANDVIEW HEIGHTS, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

##### *TAX BUDGET*

During the first Council meeting in July, the City Auditor presents the annual operating budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

##### *ESTIMATED RESOURCES*

The County Budget Commission determines if the budget justifies the need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the City Auditor determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased.

##### *APPROPRIATIONS*

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council. The City had numerous appropriation modifications during 2002 and 2001, respectively.

**CITY OF GRANDVIEW HEIGHTS, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

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

*LAPSING OF APPROPRIATIONS*

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 appropriations. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

*ENCUMBRANCES*

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balances for subsequent-year expenditures.

Note 14 provides a reconciliation of the budgetary-basis and GAAP-basis of accounting.

**E. Cash and Cash Equivalents**

Cash balances of the City's funds, except cash held in segregated accounts, are pooled in order to provide improved cash management. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal years 2002 and 2001, investments were limited to repurchase agreements, the State Treasury Asset Reserve (STAR Ohio), federal agency securities, and non-negotiable certificates of deposit.

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

## CITY OF GRANDVIEW HEIGHTS, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

The City has invested funds in STAR Ohio during fiscal years 2002 and 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 December 31, 2002 and 2001.

Following Ohio statutes and other legal provisions, the City Council has specified the funds to receive an allocation of interest earnings. During fiscal years 2002 and 2001, interest revenue credited to the general fund amounted to \$140,797 and \$138,753, respectively which includes \$46,724 and \$26,514, respectively assigned from other City funds.

The City has a segregated bank account for Mayor's Court monies held separate from the City's central bank account. This interest bearing depository account is presented on the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts" since it is not required to be deposited into the City treasury.

For presentation on the combined balance sheet, investments with original maturities of three months or less, and investments from the City's cash management pool are considered to be cash equivalents.

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

#### **F. Prepayments**

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefiting from the advance payment. At year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

## CITY OF GRANDVIEW HEIGHTS, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

##### **G. Fixed Assets**

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the general fixed assets account group. No depreciation is recognized for assets in the general fixed assets account group. The City has not included infrastructure in the general fixed assets account group.

The City's fixed assets are described in Note 8.

##### **H. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, capital leases payable, compensated absences, and contractually required pension contributions are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Bonds and long-term loans are recognized as a liability of the general long-term obligations account group until due or until resources have been accumulated in the fund for payment early in the following year.

##### **I. Compensated Absences**

The liability for compensated absences is based on 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 employees' rights 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 leave accumulated at December 31 by those employees who are currently eligible to receive termination payments as well as the sick leave accumulated by those employees expected to become eligible to receive termination benefits in the future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by city ordinance and/or policy, plus applicable additional salary related payments.

## CITY OF GRANDVIEW HEIGHTS, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group.

#### **J. Fund Equity**

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriations or expenditure, including amounts that are legally segregated for a specific future use. As a result, encumbrances, advances, debt service, and prepayments are recorded as reservations of fund balance.

#### **K. Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds. The most significant may include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another (quasi-external transactions) are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Amounts outstanding at year-end are reported on the combined balance sheet as due to/from other funds.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as interfund loans receivable or payable on the combined balance sheet.
4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of interfund transactions is presented in Note 5.

**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

**L. Estimates**

The preparation of the GPFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**M. Memorandum Only - Total Columns**

The "total" columns on the GPFS 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 GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in aggregation of this data.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principle**

GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", and GASB Statement No. 36 "Recipient Reporting for Certain Shared Nonexchange Revenues, an amendment of GASB Statement No. 33", were implemented during fiscal 2001. These statements pertain to the financial reporting of certain types of revenue received by the City for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions and voluntary nonexchange transactions. The adoption of these statements had the following effect on fund balances as previously reported by the City at December 31, 2000:

	<u>General</u>	<u>Special Revenue</u>
Fund balances as previously reported	\$2,784,420	\$501,646
GASB No. 33 and No. 36 implementation	<u>103,658</u>	<u>24,074</u>
Restated fund balances as of January 1, 2001	<u>\$2,888,078</u>	<u>\$525,720</u>



**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

**B. Budgetary Non-Compliance**

The following funds had expenditures in excess of appropriations for the years ended December 31, 2002 and 2001, contrary to Section 5705.41(B) of the Ohio Revised Code:

**2002:**

<u>Fund Type/Fund/Department</u>	<u>Excess</u>
<u>General Fund</u>	
General Government	
Finance/Other	\$ 53,753
Service Sanitation	
Other	2,613

**2001:**

<u>Fund Type/Fund/Department</u>	<u>Excess</u>
<u>General Fund</u>	
General Government	
Finance/Personal Services/Supplies and Materials	\$ 184,564
Parks & Recreation/Personal Services/Supplies and Materials	32,832
Parks & Recreation/Personal Services/Capital Outlay	31,072

**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

**C. Deficit Fund Balance**

The following funds had a deficit fund balance as of December 31, 2002 and 2001:

	Deficit <u>Fund Balance</u>
<u>2002</u>	
<u>Special Revenue Funds</u>	
Law Enforcement	\$ 6,213
Juvenile Task Force	4,111
Domestic Violence	1,427
 <u>Capital Projects Fund</u>	
West Goodale Project	43,385
 <u>2001</u>	
<u>Capital Projects Fund</u>	
West Goodale Project	\$ 194,269

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end.

The deficit fund balances in the Law Enforcement, Juvenile Task Force and Domestic Violence special revenue funds are a result of the application of GAAP, namely in the recognition of a liability for interfund loans attributable to the current year. These deficits will be eliminated by intergovernmental revenues not recognized at December 31.

The deficit fund balances in the West Goodale Project capital project fund is a result of the application of GAAP, namely in the recognition of a liability for contracts payable at year-end. This deficit will be eliminated by intergovernmental revenues and other resources not recognized at December 31.

## **CITY OF GRANDVIEW HEIGHTS, OHIO**

### **NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

#### **NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

##### **A. Legal Requirements**

Monies held by the City are classified by state statute into three categories:

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City 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 that Council has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must 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 in 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 monies may be deposited or invested in the following:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

## CITY OF GRANDVIEW HEIGHTS, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

#### NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. High grade commercial paper for a period not to exceed 180 days in an amount not to exceed twenty-five percent of the City's interim monies available for investment; and
8. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the City's interim monies available for investment.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons;
3. Obligations of the City.

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

*Cash on Hand:* At years ended December 31, 2002 and 2001, respectively, the City had \$900 and \$900 in undeposited cash on hand, which is included on the combined balance sheet of the City as part of "Equity in Pooled Cash and Cash Equivalents", but is not considered part of the City's carrying amount of deposits at year-end.

**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

Cash in Segregated Accounts: For the years ended December 31, 2002 and 2001, \$2,624 and \$2,179, respectively, was on deposit in segregated accounts for the Mayor's Court, and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

**B. Deposits**

For the years ended December 31, 2002 and 2001, the carrying amounts of the City's deposits were \$2,214,845 and \$919,644, respectively and the bank balances were \$2,449,474 and \$1,449,011. Both amounts include non-negotiable certificates of deposits and deposits in segregated accounts, but exclude cash on hand. Of the bank balance:

1. At years ending December 31, 2002 and 2001, \$1,935,059 and \$807,486, respectively were covered by federal depository insurance; and
2. At years ending December 31, 2002 and 2001, \$514,415 and \$641,525, respectively were uninsured and uncollateralized as defined by GASB even though it was covered by collateral held by third party trustees pursuant to Section 135.81, Ohio Revised Code at December 31, 2002. At December 31, 2001, the City had uninsured and uncollateralized deposits contrary to Ohio Revised Code Section 135.18, Revised Code. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

**C. Investments**

The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name.

**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

<u>2002</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
Federal agency securities	\$ 390,010	\$ -	\$ 390,010
GNMA Pool	27,272	-	27,272
Repurchase agreement	-	108,000	108,000
STAR Ohio	<u>-</u>	<u>-</u>	<u>557,426</u>
Total investments	<u>\$ 417,282</u>	<u>\$ 108,000</u>	<u>\$ 1,082,708</u>

<u>2002</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
Federal agency securities	\$ 1,498,293	\$ -	\$ 1,498,293
GNMA Pool	36,247	-	36,247
Repurchase agreement	-	952,000	952,000
U.S. Treasury bills	<u>102,715</u>	<u>-</u>	<u>102,715</u>
Total investments	<u>\$ 1,637,255</u>	<u>\$ 952,000</u>	<u>\$ 2,589,255</u>

STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or bank entry form.

The federal securities have maturity dates ranging from February, 2003 through October, 2006.

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classifications of pooled cash and cash equivalents and investments on the combined balance sheet per GASB Statement No. 9 and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

<b><u>2002</u></b>	Cash and Cash Equivalents/ <u>Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 3,298,453	\$ -
Investments of the cash management pool:		
Federal agency securities	(390,010)	390,010
STAR Ohio	(557,426)	557,426
GNMA Pool	(27,272)	27,272
Repurchase agreement	(108,000)	108,000
Cash on hand	<u>(900)</u>	<u>-</u>
GASB Statement No. 3	<u>\$ 2,214,845</u>	<u>\$ 1,082,708</u>
	Cash and Cash Equivalents/ <u>Deposits</u>	<u>Investments</u>
<b><u>2001</u></b>		
GASB Statement No. 9	\$ 3,509,799	\$ -
Investments of the cash management pool:		
Federal agency securities	(1,498,293)	1,498,293
STAR Ohio	-	-
GNMA Pool	(36,247)	36,247
Repurchase agreement	(952,000)	952,000
U.S. Treasury bills	(102,715)	102,715
Cash on hand	<u>(900)</u>	<u>-</u>
GASB Statement No. 3	<u>\$ 919,644</u>	<u>\$ 2,589,255</u>

**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 5 - INTERFUND TRANSACTIONS**

A. The following is a summarized reconciliation of the City's operating transfers for the years ended December 31, 2002 and 2001:

<u>2002</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ <u>          -</u>	\$ <u>1,562,459</u>
<u>Special Revenue Funds</u>		
Board of Health	33,500	-
Mayor's Court Computer	3,000	-
Local Law Enforcement Block Grant	2,778	-
Juvenile Task Force	2,564	-
Violence Against Women Act	2,650	-
Buck Park Trust	<u>110,000</u>	<u>          -</u>
Total Special Revenue Funds	<u>154,492</u>	<u>          -</u>
<u>Debt Service Fund</u>		
General Debt Service	<u>133,185</u>	<u>          -</u>
<u>Capital Projects Funds</u>		
General Improvement	1,244,774	-
Sewer Improvement	<u>30,008</u>	<u>          -</u>
Total Capital Projects Funds	<u>1,274,782</u>	<u>          -</u>
Total	<u>\$ 1,562,459</u>	<u>\$ 1,562,459</u>



**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>2001</u>		
General Fund	\$ <u>106,378</u>	\$ <u>625,079</u>
<u>Special Revenue Funds</u>		
Board of Health	30,000	-
Mayor's Court Computer	9,000	-
Pierce Field Park Trust	4,200	-
Police Pension	-	53,189
Fire Pension	-	<u>53,189</u>
Total Special Revenue Funds	<u>43,200</u>	<u>106,378</u>
<u>Debt Service Fund</u>		
General Debt Service	<u>128,595</u>	<u>-</u>
<u>Capital Projects Funds</u>		
General Improvement	445,658	-
Sewer Improvement	<u>7,626</u>	<u>-</u>
Total Capital Projects Funds	<u>453,284</u>	<u>-</u>
Total	<u>\$ 731,457</u>	<u>\$ 731,457</u>

**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

**B.** The following is a reconciliation of the City's advances loans outstanding at December 31, 2002:

<u>2002</u>	Advance To <u>Receivable</u>	Advance From <u>Payable</u>
General Fund	\$ 145,970	\$ -
<u>Special Revenue Funds</u>		
Law Enforcement	-	26,334
NIBRS	-	6
JAIBG	-	7,844
VAWA	-	5,652
Buck Park Trust	-	105,000
Total Special Revenue Funds	-	144,836
<u>Capital Projects Funds</u>		
Capital Improvements	-	1,134
Total	\$ 145,970	\$ 145,970

There were no outstanding advances at December 31, 2001.

**C.** Interfund balances at December 31, 2002 and 2001 which relate to quasi-external transactions consist of the following individual fund receivables and payables:

<u>2002</u>	Due From <u>Other Funds</u>	Due To <u>Other Funds</u>
General Fund	\$ 10,430	\$ -
<u>Special Revenue Funds</u>		
DUI Education & Enforcement	375	-
Mayor's Court Computer	395	-
Total Special Revenue Funds	770	-
<u>Agency Fund</u>		
Mayor's Court	-	11,200
Total	\$ 11,200	\$ 11,200

**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

<u>2001</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 2,229	\$ -
<u>Special Revenue Funds</u>		
DUI Education & Enforcement	625	-
Mayor's Court Computer	<u>125</u>	<u>-</u>
Total Special Revenue Funds	<u>750</u>	<u>-</u>
<u>Agency Fund</u>		
Mayor's Court	<u>-</u>	<u>2,979</u>
Total	<u>\$ 2,979</u>	<u>\$ 2,979</u>

**NOTE 6 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of the preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20.

**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the year preceding the tax collection year, the lien date. Public utility tangible personal property currently is assessed at 88% of true value for taxable transmission and distribution property and 25% of true value for all other taxable property. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Franklin County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City. The Franklin County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the years ended December 31, 2002 and 2001, were \$10.70 and \$10.70, respectively, per \$1,000.00 of assessed value. The assessed values of real and tangible personal property upon which 2002 and 2001 property tax receipts were based are as follows:

	2002	2001
Real property	\$ 173,661,630	\$ 144,948,730
Public utility	6,961,490	7,402,870
Tangible personal property	18,155,918	18,279,628
Total valuation	\$ 198,779,038	\$ 170,631,228

**B. Income Taxes**

The City levies and collects an income tax of two percent on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

The City of Columbus and the Regional Income Tax Agency (RITA) administers and collects income taxes for the City. Payments, net of a 1.36% collection fee for the City of Columbus and 3% for RITA, are remitted monthly for tax revenues received by Columbus and RITA in the prior month. Income tax revenue is credited to the general fund and totaled \$3,538,669 and \$3,639,651, respectively in fiscal years 2002 and 2001, respectively.

**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2002 and 2001 primarily consisted of taxes, interest, accounts (billings for user charged services), intergovernmental receivables, and a capital lease receivable. Intergovernmental receivables have been presented as “Due From Other Governments” on the combined balance sheet. Receivables have been recorded to the extent eligibility requirements have been met by year-end and the amounts are measurable.

A summary of receivables follows:

	2002	2001
<u>General Fund</u>		
Real and other taxes	\$ 1,455,173	\$ 1,522,055
Income taxes	746,080	576,535
Accounts	17,183	35,882
Accrued interest	17,699	18,620
Advances to	145,970	-
Due from other funds	10,430	2,229
Due from other governments	586,448	763,518
<u>Special Revenue Funds</u>		
Real and other taxes	107,260	99,460
Accounts	59	500
Due from other funds	770	750
Due from other governments	224,255	142,160
<u>Debt Service Fund</u>		
Capital lease receivable	930,000	1,090,000
<u>Capital Projects Fund</u>		
Accounts	1,105	-
Due from other governments	4,038	-

**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 8 - FIXED ASSETS**

A summary by class of the changes in general fixed assets during the years ending December 31, 2002 and 2001 are as follows:

	<u>Balance at</u> <u>1/1/2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/2002</u>
Land	\$ 1,548,969	\$ -	\$ -	\$ 1,548,969
Buildings	529,005	9,561	-	538,566
Improvements other than buildings	56,845	10,963	-	67,808
Machinery and equipment	1,380,973	157,339	(33,177)	1,505,135
Furniture and fixtures	28,677	15,274	-	43,951
Vehicles	1,649,987	182,403	-	1,832,390
Construction-in-progress	<u>-</u>	<u>218,800</u>	<u>-</u>	<u>218,800</u>
Total fixed assets	<u>\$ 5,194,456</u>	<u>\$ 594,340</u>	<u>\$ (33,177)</u>	<u>\$ 5,755,619</u>

  

	<u>Balance at</u> <u>1/1/2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/2001</u>
Land	\$ 1,548,969	\$ -	\$ -	\$ 1,548,969
Buildings	527,429	1,576	-	529,005
Improvements other than buildings	56,845	-	-	56,845
Machinery and equipment	1,291,943	92,942	(3,912)	1,380,973
Furniture and fixtures	29,268	-	(591)	28,677
Vehicles	<u>1,528,243</u>	<u>121,744</u>	<u>-</u>	<u>1,649,987</u>
Total fixed assets	<u>\$ 4,982,697</u>	<u>\$ 216,262</u>	<u>\$ (4,503)</u>	<u>\$ 5,194,456</u>

**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 9 - LONG TERM OBLIGATIONS**

A. Changes in long-term obligations of the City during years ending December 31, 2002 and 2001, were as follows:

	Balance at <u>1/1/2002</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>12/31/2002</u>
Compensated absences	\$ 354,881	\$ 51,028	\$ -	\$ 405,909
1993 Mortgage revenue refunding bonds - 4.5% -6.70%	1,090,000	-	(160,000)	930,000
1999 OPWC Loan - 0%	275,402	-	(14,495)	260,907
2000 OPWC Loan - 3%	310,248	-	(12,326)	297,922
2001 OPWC Loan - 0%	306,833	113,853	-	420,686
Pension obligation	190,276	213,333	(190,276)	213,333
1991 General obligation bonds - street lighting improvements 6.74% - 6.78%	535,000	-	-	535,000
Capital lease obligation	<u>-</u>	<u>10,568</u>	<u>(412)</u>	<u>10,156</u>
<b>Total general long-term obligations</b>	<b><u>\$ 3,062,640</u></b>	<b><u>\$ 388,782</u></b>	<b><u>\$(377,509)</u></b>	<b><u>\$ 3,073,913</u></b>
	Balance at <u>1/1/2001</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>12/31/2001</u>
Compensated absences	\$ 444,684	\$ -	\$ (89,803)	\$ 354,881
1993 Mortgage revenue refunding bonds - 4.5% -6.70%	1,245,000	-	(155,000)	1,090,000
1999 OPWC Loan - 0%	289,897	-	(14,495)	275,402
2000 OPWC Loan - 3%	322,212	-	(11,964)	310,248
2001 OPWC Loan - 0%	-	306,833	-	306,833
Pension obligation	162,516	190,276	(162,516)	190,276
1991 General obligation bonds - street lighting improvements 6.74% - 6.78%	<u>620,000</u>	<u>-</u>	<u>(85,000)</u>	<u>535,000</u>
<b>Total general long-term obligations</b>	<b><u>\$ 3,084,309</u></b>	<b><u>\$ 497,109</u></b>	<b><u>\$(518,778)</u></b>	<b><u>\$ 3,062,640</u></b>

## CITY OF GRANDVIEW HEIGHTS, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

#### **NOTE 9 - LONG TERM OBLIGATIONS - (Continued)**

The General obligation bonds are direct obligations of the City and will be paid from the debt service fund using property tax revenues. Compensated absences reported in the "compensated absences payable" account will be paid from the fund from which the employees' salaries are paid. The capital lease obligation will be paid from operating revenues of the general fund.

The mortgage revenue refunding bonds are repaid through a capital lease arrangement with the Grandview Heights Public Library described in Note 17.

The City has entered into three debt financing arrangements through the Ohio Public Works Commission (OPWC). Two of these loans are to fund Goodale Blvd. street improvements. The third is to fund the sewer rehabilitation project. The amounts due to the OPWC are payable solely from operating revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2002 the City has outstanding borrowings of \$962,773 and total permissible borrowings of \$1,095,939. The total permissible borrowing on the 2001 loan is \$537,110, however, as of December 31, 2002, the City has borrowed only \$420,686 of this total. The 1999 OPWC loan is being repaid from the Street Construction, Maintenance and Repair special revenue fund and the 2000 OPWC loan is being repaid from the general fund. No payments on the 2001 OPWC loan were made in 2002. The loan agreements require semi-annual payments based on the actual amount loaned. The OPWC loans for the street improvements are interest free, but the sewer project loan has an interest rate of 3%.



**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 9 - LONG TERM OBLIGATIONS - (Continued)**

**B.** The following is a summary of the City's future annual debt service requirements to maturity for general obligation bonds, mortgage revenue bonds, and OPWC loans. The future annual debt service requirements for the OPWC loans are based on total permissible borrowing and may differ from the actual amount borrowed as of year-end.

Fiscal Year Ending December 31	General Long-Term Obligations			
	General Obligation Bonds	Mortgage Revenue Bonds	OPWC Loans	Total
2003	\$ 226,240	\$ 216,505	\$ 62,891	\$ 505,636
2004	129,140	213,430	62,892	405,462
2005	131,685	214,855	62,891	409,431
2006	128,520	215,605	62,893	407,018
2007	-	215,660	62,891	278,551
2008-2012	-	-	314,459	314,459
2013-2017	-	-	314,457	314,457
2018-2021	-	-	242,384	242,384
Total	615,585	1,076,055	1,185,758	2,877,398
Less: interest	(80,585)	(146,055)	(89,419)	(316,459)
Less: remaining permissible borrowing	-	-	(116,824)	(116,824)
Total	<u>\$ 535,000</u>	<u>\$ 930,000</u>	<u>\$ 979,515</u>	<u>\$ 2,444,115</u>

**C.** The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. 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 December 31, 2002 and 2001, the City's total debt margin was \$20,432,997 and \$17,382,277, respectively and the unvoted debt margin was \$10,397,847 and \$8,849,718, respectively; both amounts include available funds of \$96,198 and \$998, respectively.

**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In 2002, the City entered into a capitalized lease agreement for the acquisition of a copier, which was accounted for as a capital outlay expenditure and other financing source - proceeds of capital lease in the general fund.

The terms of the lease agreement provides an option to purchase the copier. This lease meets the criteria of capital leases as defined by FASB No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances for the Governmental Fund Types. General fixed assets acquired by lease have been capitalized in the general fixed assets account group in an amount equal to the present value of the future minimum lease payments as of the date of their inception in the amount of \$10,568. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in 2002 totaled \$412. This amount is reflected as debt service principal retirement in the general fund.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of December 31, 2002:

General Long-Term Obligations Account Group

Year Ending	<u>Total</u>
2003	\$ 2,568
2004	2,568
2005	2,568
2006	2,568
2007	<u>1,926</u>
Total future minimum lease payments	12,198
Less: amount representing interest	<u>(2,042)</u>
Present value of future minimum lease payments	<u>\$10,156</u>

The City does not have capitalized lease obligations after fiscal year 2007.

## **CITY OF GRANDVIEW HEIGHTS, OHIO**

### **NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

#### **NOTE 11 - DEFINED BENEFIT PENSION PLANS**

##### **A. Ohio Public Employees Retirement System**

All City full-time employees, other than uniformed employees, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system created by the State of Ohio. OPERS provides basic 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 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2002 was 8.5% for employees other than law enforcement and public safety. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. Public safety division members contribute at 9%. The employer contribution rate for employees other than law enforcement and public safety division was 13.55% of covered payroll and 8.55% was the portion used to fund pension obligations for 2002. The employer contribution rate for law enforcement and public safety divisions was 16.70% of covered payroll and 11.70% was the portion used to fund pension obligations for 2002. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The City's contributions to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$215,312, \$176,704, and \$160,999, respectively; 73% has been contributed for 2002 and 100% for 2001 and 2000. \$58,305, representing the unpaid contribution for 2002, is recorded as a liability within the respective funds.

##### **B. Ohio Police and Fire Pension Fund**

Full-time uniformed employees of the City participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. The OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

## CITY OF GRANDVIEW HEIGHTS, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

#### NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.0% for police officers and firefighters, respectively. The City's contributions to OP&F for the years ended December 31, 2002, 2001, and 2000 were \$479,302, \$332,818, and \$458,913, respectively; 69% has been contributed for 2002 and 100% for the years 2001 and 2000. \$155,028, representing the unpaid contributions for 2002, is recorded as a liability within the general long-term obligations account group.

#### NOTE 12 - POSTRETIREMENT BENEFIT PLANS

##### A. Ohio Public Employees Retirement System

OPERS provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2002 employer contribution rate for local government employers was 13.55% of covered payroll and 5.00% was the portion that was used to fund health care. For both the public safety and law enforcement divisions the 2002 employer rate was 16.70% of covered payroll and 5.00% was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The City's contribution actually made to fund postemployment benefits was \$79,451.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. OPEB's are advance funded on an actuarially determined basis.

## CITY OF GRANDVIEW HEIGHTS, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

#### **NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

As of December 31, 2001 (the latest information available), the actuarial value of the Retirement System's net assets available for future OPEB payments were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively at December 31, 2001 (the latest information available). The number of benefit recipients eligible for OPEB at December 31, 2001 (the latest information available) was 402,041.

In December 2001, the OPERS Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of health care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

Additional information on the OPERS, including historical trend information showing the progress in accumulating sufficient assets to pay benefits when due is available in the OPERS, December 31, 2002, Comprehensive Annual Financial Report.

**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

**B. Ohio Police and Fire Pension Fund**

The OP&F provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides that health care cost paid from the funds of the OP&F shall be included in the employer's contribution rate. The total police officer employer contribution rate is 19.5% of covered payroll and the total firefighter's employer contribution rate is 24.0% of covered payroll. The Ohio Revised Code provides the authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses.

The Board defined allocation was 7.50% and 7.75% of covered payroll in 2001 and 2002, respectively. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2001 (the latest information available), is 13,174 for police officers and 10,239 for firefighters. The amount of employer contributions used to pay postemployment benefits for police officers and firefighters were \$92,396 and \$79,703, respectively. OP&F's total health care expense for the year ending December 31, 2001 (the latest information available), was \$122.299 million, which was net of member contributions of \$6.875 million.

## **CITY OF GRANDVIEW HEIGHTS, OHIO**

### **NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

#### **NOTE 13 - OTHER EMPLOYEE BENEFITS**

##### **Compensated Absences**

Employees earn vacation and sick leave at different rates which are also affected by length of service. Vacation can be carried over at different rates depending on the department. Police and dispatchers may carry over 40 hours for use during the first three months of the following year. Sick leave accrual is continuous, with a limit of 500 hours. Overtime worked is always paid to employees on the paycheck for the period in which it was worked.

Upon retirement, an employee can be paid for 42 percent of his/her accumulated hours of sick leave, except fire department employees, who are part time and do not accumulate sick leave. Upon retirement, termination, or death of the employee, accrued vacation is paid for time the employees have earned but not yet used.

As of December 31, 2002, the total liability for unpaid compensated absences was \$453,503. The current portion of \$47,594 is reported as a liability of the general fund, and the balance of \$405,909 is reported in general long-term obligations account group.

#### **NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non – GAAP Budgetary Basis) - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis are:

- 1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- 2) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- 3) Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

EXCESS OF REVENUES AND OTHER FINANCING SOURCES  
OVER/(UNDER) EXPENDITURES AND OTHER FINANCING (USES)

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>Capital</u>
<u>2002</u>	<u>Fund</u>	<u>Revenue</u>	<u>Service</u>	<u>Projects</u>
		<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Budget basis	\$ (1,526,877)	\$ 139,751	\$ 95,200	\$ (205,940)
Adjustments:				
Net adjustment for revenue accruals	16,087	3,190	213,865	4,038
Net adjustment for expenditure accruals	(14,004)	(165,025)	(213,865)	(146,450)
Net adjustment for other financing sources/(uses)	178,080	(144,836)	-	(22,676)
Encumbrances	<u>161,297</u>	<u>375,853</u>	<u>-</u>	<u>758,956</u>
GAAP basis	<u>\$ (1,185,417)</u>	<u>\$ 208,933</u>	<u>\$ 95,200</u>	<u>\$ 387,928</u>

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>Capital</u>
<u>2001</u>	<u>Fund</u>	<u>Revenue</u>	<u>Service</u>	<u>Projects</u>
		<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Budget basis	\$ 150,290	\$ (156,122)	\$ -	\$ (431,848)
Adjustments:				
Net adjustment for revenue accruals	92,911	(3,147)	215,762	-
Net adjustment for expenditure accruals	(33,154)	23,456	(215,762)	(111,589)
Net adjustment for other financing sources/(uses)	22,374	-	-	(22,374)
Encumbrances	<u>164,162</u>	<u>62,598</u>	<u>-</u>	<u>537,430</u>
GAAP basis	<u>\$ 396,583</u>	<u>\$ (73,215)</u>	<u>\$ -</u>	<u>\$ (28,381)</u>



**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 15 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2002, the City was a member of the Ohio Government Risk Management Plan, an insurance purchasing pool. The Pool shops for insurance as a group with the intention of securing better rates than if each participant purchased insurance separately.

The type of coverage, deductible and limit of coverage for each is as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Limit</u>
Property	\$1,000	\$2,107,374
General Liability	2,500	3,000,000
Automobile	250	3,000,000
Bond	0	150,000
Crime	0	5,000
Inland Marine	100	924,504
Fire Vehicle RC	100	927,762
EDP	100	365,000

Settlements have not exceeded coverage in any of the last three years. There has been no significant reduction in coverage from the prior year.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

## **CITY OF GRANDVIEW HEIGHTS, OHIO**

### **NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

#### **NOTE 16 - CONTINGENCIES**

##### **A. Grants**

The City receives financial assistance from various federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires the compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2002.

##### **B. Litigation**

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations. The City's management and legal counsel is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material adverse effect on the financial condition of the City.

#### **NOTE 17 - CAPITAL LEASE RECEIVABLE**

The City leases property to the Grandview Heights Public Library. This property houses the Library, which was built by bond proceeds issued in 1987. In 1993, the original bond issue was defeased by placing the proceeds into an irrevocable trust for the purpose of retiring the original 1987 issue. Per the lease agreement, the Library pays the annual principal and interest payments on the 1993 debt issue.

The lease period is fourteen years. At the conclusion of the lease period, the Library may purchase the leased property for \$1. The City has classified these agreements as direct financing capital leases. The lease payments to the City are paid to the Trustee and will be used to retire the debt.

**CITY OF GRANDVIEW HEIGHTS, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 17 - CAPITAL LEASE RECEIVABLE - (Continued)**

The City has recognized the future minimum lease payments, less unearned interest, as leases receivable in the capital projects fund type. That portion (other than unearned interest income) which is not available at year-end is classified as deferred revenue.

	<u>12/31/2002</u>	<u>12/31/2001</u>
Total minimum lease payments to be received	\$1,076,055	\$ 1,289,920
Less: unearned interest	<u>(146,055)</u>	<u>(199,920)</u>
Net investment in direct financing leases	<u>\$ 930,000</u>	<u>\$ 1,090,000</u>

**NOTE 18 - CONTRACTUAL COMMITMENTS**

During the fiscal year, the City entered into agreements to construct a new service department complex and the C. Ray Buck Sports Building. Estimated total cost of these projects at December 31, 2002 was \$714,333.

As of December 31, 2002 City funds expended totaled \$282,906. These projects will be capitalized upon completion.

Contracts related to this project outstanding at December 31, 2002 were as follows:

<u>Project</u>	<u>Total Contract Amount</u>	<u>Amount Paid 12/31/02</u>	<u>Balance of Contract 12/31/02</u>
Service Complex	\$ 473,556	\$282,906	\$ 190,650
C. Ray Buck Sports Building	<u>240,777</u>	-	<u>240,777</u>
Total contractual commitments	<u>\$ 714,333</u>	<u>\$282,906</u>	<u>\$ 431,427</u>

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard  
Suite B  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 614.846.2799

## **Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance With *Government Auditing Standards***

Members of Council and Mayor  
City of Grandview Heights  
1016 Grandview Avenue  
Grandview Heights, Ohio 43212

We have audited the general purpose financial statements of the City of Grandview Heights, Franklin County, Ohio as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 6, 2003. The City of Grandview Heights implemented Governmental Accounting Standards Board GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions and GASB Statement No. 36, Recipient Reporting for Certain Shared Nonexchange Revenues, an amendment of GASB Statement No. 33 for the year ended December 31, 2001. 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 City of Grandview Heights's general purpose 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2002-COGH-001 and 2002-COGH-002. We also noted certain immaterial instances of noncompliance, which we have reported to the management of the City of Grandview Heights in a separate letter dated June 6, 2003.

Members of Council and Mayor  
The City of Grandview Heights

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Grandview Heights'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 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. However, we noted certain matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City of Grandview Heights in a separate letter dated June 6, 2003.

This report is intended for the information of the Council and management of the City of Grandview Heights, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.  
June 6, 2003

**CITY OF GRANDVIEW HEIGHTS  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>1. FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2002-COGH-001

Ohio Revised Code Section 5705.41(B) in part requires that expenditures should not exceed appropriations.

It was noted during the audit that the City had expenditures in excess of appropriations within the following funds at December 31, 2002 and 2001, respectively:

2002:

<u>Fund Type/Fund/Department</u>	<u>Excess</u>
<u>General Fund</u>	
General Government	
Finance/Other	\$ 53,753
Service Sanitation	
Other	2,613

2001:

<u>Fund Type/Fund/Department</u>	<u>Excess</u>
<u>General Fund</u>	
General Government	
Finance/Personal Services/Supplies and Materials	\$ 184,564
Parks & Recreation/Personal Services/Supplies and Materials	32,832
Parks & Recreation/Capital Outlay	31,072

With expenditures exceeding appropriations, the City is expending monies that have not been approved by Council.

**CITY OF GRANDVIEW HEIGHTS  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>1. FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2002-COGH-001 - (Continued)

We recommend that the City comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

Finding Number	2002-COGH-002
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Ohio Revised Code Section 135.18 states that at the time any institution receives a deposit of public monies shall pledge to and deposit with the investing authority, as security for the repayment of all public monies to be deposited, eligible securities of aggregate fair value equal to or in excess of the amount of public monies to be at the time so deposited. Any securities listed in division (B) of Ohio Revised Code Section 135.18 are eligible for such purpose. The collateral so pledged or deposited may be in an amount that when added to the portion of the deposit insured by the federal deposit insurance corporation (FDIC) or any other agency or instrumentality of the federal government will, in the aggregate, equal or exceed the amount of public monies so deposited.

At December 31, 2001, the City had monies on deposit with the Arlington Bank of which \$500,000 was uninsured and uncollateralized.

We recommend the City establish control procedures to ensure the bank has pledged sufficient collateral to cover the City's balances in excess of the FDIC insurance.

**CITY OF GRANDVIEW HEIGHTS  
FRANKLIN COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2000-COGH-001	Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated revenues.	Yes	Finding no longer valid.
2000-COGH-002	Ohio Revised Code Section 5705.41 (B) requires that no subdivision is to expend money unless it has been appropriated.	No	Re-issued as finding number 2002-COGH-001.
2000-C0GH-003	Ohio Revised Code Section 5705.10 in part requires that money paid into any fund shall be expended only after such fund receives monies to cover expenditures.	Yes	Finding no longer valid.





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CITY OF GRANDVIEW HEIGHTS**

**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  
SEPTEMBER 23, 2003**