

***CITY OF
GRANDVIEW HEIGHTS***

***GENERAL PURPOSE
FINANCIAL STATEMENTS***

***FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998***

J. MIKAL TOWNSLEY, DIRECTOR OF FINANCE



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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City Council
City of Grandview Heights
Grandview Heights, Ohio 43212

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, 1998 through December 31, 1999. 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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

JIM PETRO
Auditor of State

September 7, 2000

CITY OF GRANDVIEW HEIGHTS

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Independent Auditor's Report

City Council
City of Grandview Heights
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We have audited the accompanying general purpose financial statements of the City of Grandview Heights as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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.

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, as of December 31, 1999 and 1998, and the results of its operations for the years then ended in conformity with generally accepted accounting principles. As disclosed in Note 2 to the general purpose financial statements, during 1998, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 30, 2000 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.

Trimble, Julian & Grube, Inc.
August 30, 2000

CITY OF GRANDVIEW HEIGHTS, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types				Fiduciary Fund Type	Account Groups			Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects		General			
						Fixed Assets	Long-Term Obligations		
ASSETS AND OTHER DEBITS									
ASSETS:									
Equity in pooled cash and cash equivalents	\$1,587,248	\$428,808	\$998	\$421,943	\$0	\$0	\$0	\$2,438,997	
Cash and cash equivalents in segregated accounts	0	0	0	0	9,604	0	0	9,604	
Receivables:									
Taxes	2,047,120	102,182	0	0	0	0	0	2,149,302	
Accounts	3,164	0	0	15,225	0	0	0	18,389	
Due from other governments	109,644	18,992	0	0	0	0	0	128,636	
Accrued interest	24,315	8,993	0	0	0	0	0	33,308	
Capital leases	0	0	1,395,000	0	0	0	0	1,395,000	
Due from other funds	8,151	490	0	0	0	0	0	8,641	
Interfund receivable	9,811	0	0	0	0	0	0	9,811	
Prepaid items	17,860	0	0	0	0	0	0	17,860	
Fixed assets	0	0	0	0	0	4,901,606	0	4,901,606	
OTHER DEBITS:									
Amount available in debt service fund for retirement of general obligation bonds	0	0	0	0	0	0	998	998	
Amount to be provided from general government resources	0	0	0	0	0	0	3,161,471	3,161,471	
Total assets and other debits	\$3,807,313	\$559,465	\$1,395,998	\$437,168	\$9,604	\$4,901,606	\$3,162,469	\$14,273,623	

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

CITY OF GRANDVIEW HEIGHTS, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 FOR THE YEAR ENDED DECEMBER 31, 1999
 (Continued)

	Governmental Fund Types				Fiduciary Fund Type	Account Groups			Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects		Agency	General Fixed Assets	Long-Term Obligations	
LIABILITIES, EQUITY AND OTHER CREDITS									
LIABILITIES:									
Accounts payable	\$43,901	\$7,903	\$0	\$71,598	\$0	\$0	\$0	\$0	\$123,402
Contracts payable	0	72,870	0	4,954	0	0	0	0	77,824
Accrued wages	44,373	0	0	0	0	0	0	0	44,373
Compensated absences payable	9,910	0	0	0	0	0	512,914	0	522,824
Due to other funds	0	0	0	0	8,641	0	0	0	8,641
Due to other governments	72,172	2,179	0	0	0	0	184,410	0	258,761
Deferred revenue	1,542,780	102,182	1,395,000	0	0	0	0	0	3,039,962
Deposits held and due to others	0	0	0	0	963	0	0	0	963
Interfund payable	0	9,811	0	0	0	0	0	0	9,811
Police and fire pension liability	0	0	0	0	0	0	116,075	0	116,075
Capital leases payable	0	0	0	0	0	0	849	0	849
OPWC loans payable	0	0	0	0	0	0	258,221	0	258,221
General obligation bonds payable	0	0	0	0	0	0	695,000	0	695,000
Mortgage revenue bonds payable	0	0	0	0	0	0	1,395,000	0	1,395,000
Total liabilities	1,713,136	194,945	1,395,000	76,552	9,604	0	3,162,469	0	6,551,706
FUND EQUITY AND OTHER CREDITS:									
Investment in general fixed assets	0	0	0	0	0	\$4,901,606	0	0	4,901,606
Fund balance:									
Reserved for encumbrances	75,847	91,500	0	234,449	0	0	0	0	401,796
Unreserved-undesignated	2,018,330	273,020	998	126,167	0	0	0	0	2,418,515
Total fund equity and other credits	2,094,177	364,520	998	360,616	0	4,901,606	0	0	7,721,917
Total liabilities, fund equity and other credits	\$3,807,313	\$559,465	\$1,395,998	\$437,168	\$9,604	\$4,901,606	\$3,162,469	\$0	\$14,273,623

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

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, 1999

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Property taxes	\$1,436,107	\$85,312	\$0	\$0	\$1,521,419
Municipal income tax	3,669,203	0	0	0	3,669,203
Intergovernmental	941,504	298,830	0	319,207	1,559,541
Charges for services	591,012	14,558	0	0	605,570
Licenses and permits	25,710	0	0	0	25,710
Fines and forfeitures	103,221	5,516	0	0	108,737
Special assessments	1,128	0	0	0	1,128
Interest	98,711	36,833	0	0	135,544
Lease	0	0	212,953	0	212,953
Miscellaneous	83,240	9,272	0	120,622	213,134
Total revenues	6,949,836	450,321	212,953	439,829	8,052,939
Expenditures:					
Current operations and maintenance:					
Security of persons and property	2,742,350	408,626	0	0	3,150,976
Public health	0	43,976	0	0	43,976
Leisure time activities	631,636	10,178	0	0	641,814
Basic utility services	449,302	0	0	0	449,302
Transportation	422,644	459,069	0	0	881,713
General government	1,168,917	5,750	0	0	1,174,667
Capital outlay	13,899	0	0	883,843	897,742
Debt service:					
Principal retirement	4,875	1,389	215,000	0	221,264
Interest and fiscal charges	259	4,977	126,223	0	131,459
Total expenditures	5,433,882	933,965	341,223	883,843	7,592,913
Excess of revenues over/(under) expenditures	1,515,954	(483,644)	(128,270)	(444,014)	460,026
Other financing sources (uses):					
Sale of fixed assets	125	0	0	0	125
Proceeds of loans	0	0	0	258,221	258,221
Operating transfers - in	0	348,060	117,270	64,923	530,253
Operating transfers - out	(530,253)	0	0	0	(530,253)
Total other financing sources (uses)	(530,128)	348,060	117,270	323,144	258,346
Excess of revenues and other financing sources over/(under) expenditures and other financing uses	985,826	(135,584)	(11,000)	(120,870)	718,372
Fund balances, January 1	1,108,351	500,104	11,998	481,486	2,101,939
Fund balances, December 31	<u>\$2,094,177</u>	<u>\$364,520</u>	<u>\$998</u>	<u>\$360,616</u>	<u>\$2,820,311</u>

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

CITY OF GRANVIEW 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, 1999

	General				Special Revenue				Debt Service				Capital Projects				Total (Memorandum Only)			
	Revised	Actual	Variance: Favorable (Unfavorable)		Revised	Actual	Variance: Favorable (Unfavorable)		Revised	Actual	Variance: Favorable (Unfavorable)		Revised	Actual	Variance: Favorable (Unfavorable)		Revised	Actual	Variance: Favorable (Unfavorable)	
	Budget				Budget				Budget				Budget				Budget			
Revenues:																				
Property taxes	\$1,404,925	\$1,436,107	\$31,182	\$85,312	\$1,852	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,488,385	\$1,521,419	\$33,034	
Municipal income tax	3,506,125	3,690,857	184,732	0	0	0	0	0	0	0	0	0	0	0	0	0	3,506,125	3,690,857	184,732	
Intergovernmental	769,416	897,434	128,018	295,062	(53,760)	0	0	0	0	0	0	0	319,207	319,207	0	0	1,437,445	1,511,703	74,258	
Charges for services	593,672	593,672	0	16,000	14,538	(1,442)	0	0	0	0	0	0	0	0	0	0	609,672	608,230	(1,442)	
Licenses and permits	32,530	32,530	0	0	0	0	0	0	0	0	0	0	0	0	0	0	32,530	32,530	0	
Fines and forfeitures	115,000	96,546	(18,454)	8,000	(2,599)	0	0	0	0	0	0	0	0	0	0	0	123,000	101,947	(21,053)	
Special assessments	500	1,128	628	0	0	0	0	0	0	0	0	0	0	0	0	0	500	1,128	628	
Interest	88,312	88,312	0	40,000	(6,461)	0	0	0	0	0	0	0	0	0	0	0	128,312	121,851	(6,461)	
Miscellaneous	82,282	82,999	717	8,700	8,700	0	0	0	0	0	0	0	105,207	107,096	1,889	0	82,282	82,999	717	
Total revenues	6,592,762	6,919,585	326,823	442,572	(53,710)	0	0	0	0	0	0	0	319,207	424,604	105,397	0	7,408,251	7,786,761	378,510	
Expenditures:																				
Current operations and maintenance																				
Security of persons and property	2,934,799	2,780,447	154,352	437,797	22,805	0	0	0	0	0	0	0	0	0	0	0	3,372,596	3,195,439	177,157	
Public health	0	0	0	49,305	45,604	3,701	0	0	0	0	0	0	0	0	0	0	49,305	45,604	3,701	
Leisure time activities	685,506	637,107	48,399	18,081	10,179	7,902	0	0	0	0	0	0	0	0	0	0	703,587	647,286	56,301	
Basic utility services	530,121	463,888	66,233	0	0	0	0	0	0	0	0	0	0	0	0	0	530,121	463,888	66,233	
Transportation	500,731	438,544	62,187	673,116	152,156	0	0	0	0	0	0	0	0	0	0	0	1,173,847	959,504	214,343	
General government	1,450,551	1,230,366	220,185	0	0	0	0	0	0	0	0	0	0	0	0	0	1,450,551	1,230,366	220,185	
Capital outlay	29,330	20,695	8,635	14,500	7,996	6,504	0	0	0	0	0	0	1,236,015	1,152,738	83,277	0	1,239,845	1,181,429	58,416	
Debt service:																				
Principal retirement	0	0	0	0	0	0	0	75,000	75,000	0	0	0	0	0	0	0	0	75,000	75,000	0
Interest and fiscal charges	0	0	0	0	0	0	0	53,470	53,470	0	0	0	0	0	0	0	0	53,470	53,470	0
Total expenditures	6,131,038	5,571,047	559,991	1,192,799	999,731	193,068	128,470	128,470	128,470	128,470	193,068	128,470	1,236,015	1,152,738	83,277	0	8,688,322	7,851,786	836,536	
Excess of revenues over (under) expenditures	461,724	1,348,538	886,814	(696,517)	(139,358)	(128,470)	(128,470)	(128,470)	(128,470)	(128,470)	(139,358)	(128,470)	(916,808)	(728,134)	188,674	(65,025)	(1,280,071)	(65,025)	1,215,046	
Other financing sources (uses):																				
Sale of fixed assets	125	125	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	125	125	0
Proceeds of loans	0	0	0	0	0	0	0	0	0	0	0	0	319,207	258,221	(60,986)	0	319,207	258,221	(60,986)	
Operating transfers - in	7,900	7,900	0	346,885	(18,825)	117,270	117,270	117,270	117,270	117,270	(18,825)	0	64,923	64,923	0	0	556,978	538,153	(18,825)	
Operating transfers - out	(552,133)	(530,123)	22,010	(346,885)	(18,825)	117,270	117,270	117,270	117,270	117,270	(18,825)	0	384,130	323,144	(60,986)	0	(552,133)	(538,153)	13,980	
Total other financing sources (uses)	(544,108)	(530,123)	13,985	346,885	(18,825)	117,270	117,270	117,270	117,270	117,270	(18,825)	0	384,130	323,144	(60,986)	0	324,177	258,346	(65,831)	
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	(82,384)	818,415	900,799	(329,632)	(209,099)	120,533	(11,200)	(11,200)	(11,200)	(11,200)	120,533	200	(532,678)	(404,990)	127,688	(955,894)	193,321	1,149,215		
Fund balances (deficit), January 1	558,259	558,259	0	197,818	197,818	0	11,998	11,998	11,998	11,998	0	0	(254,301)	(254,301)	0	0	513,774	513,774	0	
Prior year encumbrances appropriated	108,101	108,101	0	285,252	285,252	0	0	0	0	0	0	0	748,673	748,673	0	0	1,142,026	1,142,026	0	
Fund balances, December 31	\$583,976	\$1,484,770	\$900,794	\$153,438	\$273,971	\$120,533	\$798	\$998	\$998	\$998	\$200	\$200	(\$38,306)	\$89,382	\$127,688	\$699,906	\$1,849,121	\$1,149,215		

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

CITY OF GRANDVIEW HEIGHTS, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE YEAR ENDED DECEMBER 31, 1998

	Governmental Fund Types				Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Agency	General Fixed Assets	General Long-Term Obligations	
ASSETS AND OTHER DEBITS								
ASSETS:								
Equity in pooled cash and cash equivalents	\$660,926	\$488,974	\$11,998	\$494,372	\$0	\$0	\$0	\$1,656,270
Cash and cash equivalents in segregated accounts	0	0	0	0	14,404	0	0	14,404
Receivables:								
Taxes	1,960,850	85,372	0	0	0	0	0	2,046,222
Accounts	1,325	0	0	0	0	0	0	1,325
Due from other governments	68,943	15,199	0	0	0	0	0	84,142
Special assessments	415	0	0	0	0	0	0	415
Accrued interest	15,947	5,886	0	0	0	0	0	21,833
Capital leases	0	0	1,535,000	0	0	0	0	1,535,000
Due from other funds	9,206	400	0	0	0	0	0	9,606
Interfund receivable	5,908	0	0	0	0	0	0	5,908
Prepaid items	13,540	0	0	0	0	0	0	13,540
Fixed assets	0	0	0	0	0	4,726,396	0	4,726,396
OTHER DEBITS:								
Amount available in debt service fund for retirement of general obligation bonds	0	0	0	0	0	0	11,998	11,998
Amount to be provided from general government resources	0	0	0	0	0	0	3,022,485	3,022,485
Total assets and other debits	<u>\$2,737,060</u>	<u>\$595,831</u>	<u>\$1,546,998</u>	<u>\$494,372</u>	<u>\$14,404</u>	<u>\$4,726,396</u>	<u>\$3,034,483</u>	<u>\$13,149,544</u>

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

CITY OF GRANDVIEW HEIGHTS, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 FOR THE YEAR ENDED DECEMBER 31, 1998

(Continued)

	Governmental Fund Types				Fiduciary	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Agency	General Fixed Assets	General Long-Term Obligations	
LIABILITIES, EQUITY AND OTHER CREDITS								
LIABILITIES:								
Accounts payable	\$54,411	\$4,447	\$0	\$12,886	\$0	\$0	\$0	\$71,744
Contracts payable	28,175	0	0	0	0	0	0	28,175
Compensated absences payable	37,348	0	0	0	0	0	428,442	465,790
Due to other funds	0	0	0	0	9,606	0	0	9,606
Due to other governments	73,504	0	0	0	0	0	177,853	251,357
Deferred revenue	1,435,271	85,372	1,535,000	0	0	0	0	3,055,643
Deposits held and due to others	0	0	0	0	4,798	0	0	4,798
Interfund payable	0	5,908	0	0	0	0	0	5,908
Police and fire pension liability	0	0	0	0	0	0	117,464	117,464
Capital leases payable	0	0	0	0	0	0	5,724	5,724
General obligation bonds payable	0	0	0	0	0	0	770,000	770,000
Mortgage revenue bonds payable	0	0	0	0	0	0	1,535,000	1,535,000
Total liabilities	1,628,709	95,727	1,535,000	12,886	14,404	0	3,034,483	6,321,209
FUND EQUITY AND OTHER CREDITS:								
Investment in general fixed assets	0	0	0	0	0	4,726,396	0	4,726,396
Fund balance:								
Reserved for encumbrances	71,903	280,806	0	735,787	0	0	0	1,088,496
Unreserved-undesignated	1,036,448	219,298	11,998	(254,301)	0	0	0	1,013,443
Total fund equity and other credits	1,108,351	500,104	11,998	481,486	0	4,726,396	0	6,828,335
Total liabilities, fund equity and other credits	\$2,737,060	\$595,831	\$1,546,998	\$494,372	\$14,404	\$4,726,396	\$3,034,483	\$13,149,544

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

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, 1998

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Property taxes	\$1,080,020	\$87,712	\$0	\$0	\$1,167,732
Municipal income tax	3,382,604	0	0	0	3,382,604
Intergovernmental	854,229	370,946	0	0	1,225,175
Charges for services	558,870	5,245	0	0	564,115
Licenses and permits	23,460	137	0	0	23,597
Fines and forfeitures	115,217	7,415	0	0	122,632
Interest	90,071	35,797	0	0	125,868
Lease	0	0	213,218	0	213,218
Miscellaneous	132,043	1,118	0	9,375	142,536
Total revenues	6,236,514	508,370	213,218	9,375	6,967,477
Expenditures:					
Current operations and maintenance:					
Security of persons and property	2,669,977	386,168	0	0	3,056,145
Public health	0	41,313	0	0	41,313
Leisure time activities	598,122	9,821	0	0	607,943
Basic utility services	417,615	0	0	0	417,615
Transportation	386,702	355,085	0	0	741,787
General government	1,040,971	0	0	0	1,040,971
Capital outlay	25,349	2,528	0	586,062	613,939
Debt service:					
Principal retirement	4,530	1,332	210,000	0	215,862
Interest and fiscal charges	603	5,034	136,213	0	141,850
Total expenditures	5,143,869	801,281	346,213	586,062	6,877,425
Excess of revenues over/(under) expenditures	1,092,645	(292,911)	(132,995)	(576,687)	90,052
Other financing sources (uses):					
Sale of fixed assets	9,149	0	0	0	9,149
Operating transfers - in	0	351,804	132,995	614,799	1,099,598
Operating transfers - out	(1,099,598)	0	0	0	(1,099,598)
Total other financing sources (uses)	(1,090,449)	351,804	132,995	614,799	9,149
Excess of revenues and other financing sources over expenditures and other financing uses	2,196	58,893	0	38,112	99,201
Fund balances, January 1	1,106,155	441,211	11,998	443,374	2,002,738
Fund balances, December 31	<u>\$1,108,351</u>	<u>\$500,104</u>	<u>\$11,998</u>	<u>\$481,486</u>	<u>\$2,101,939</u>

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

CITY OF GRANDVIEW HEIGHTS, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 1998

	General			Special Revenue			Debt Service			Capital Projects			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:															
Property Taxes	\$1,068,770	\$1,080,020	\$11,250	\$86,724	\$87,712	\$988	\$0	\$0	\$0	\$0	\$0	\$0	\$1,155,494	\$1,167,732	\$12,238
Municipal Income Tax	3,295,000	3,290,161	(4,839)	0	0	0	0	0	0	0	0	0	3,295,000	3,290,161	(4,839)
Other Local Taxes															
Intergovernmental	849,710	849,026	(684)	374,900	371,177	(3,723)	0	0	0	0	0	0	1,224,610	1,220,203	(4,407)
Charges For Services	545,000	580,505	35,505	16,000	5,245	(10,755)	0	0	0	0	0	0	561,000	585,750	24,750
Licenses And Permits	42,500	29,877	(12,623)	400	137	(263)	0	0	0	0	0	0	42,900	30,014	(12,886)
Fees And Forfeitures	115,000	113,982	(1,018)	9,000	8,055	(945)	0	0	0	0	0	0	124,000	122,037	(1,963)
Special Assessments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	25,000	83,371	58,371	38,000	33,475	(4,525)	0	0	0	0	0	0	63,000	116,846	53,846
Miscellaneous	45,759	131,758	85,999	2,000	1,118	(882)	0	0	0	0	0	0	47,759	142,251	94,492
Total Revenues	5,986,739	6,158,700	171,961	527,024	506,919	(20,105)	0	0	0	0	0	0	6,513,763	6,674,994	161,231
Expenditures:															
Current Operations And Maintenance:															
Safety Of Persons And Property	2,762,967	2,630,813	132,154	496,368	392,534	103,834	0	0	0	0	0	0	3,259,335	3,023,347	235,988
Public Health	0	0	0	47,133	42,889	4,244	0	0	0	0	0	0	47,133	42,889	4,244
Leisure Time Activities	654,925	601,738	53,187	15,500	9,902	5,598	0	0	0	0	0	0	670,425	611,640	58,785
Community Development															
Basic Utility Services	503,730	421,813	81,917	0	0	0	0	0	0	0	0	0	503,730	421,813	81,917
Transportation	488,613	398,557	90,056	728,604	667,610	60,994	0	0	0	0	0	0	1,217,217	1,066,167	151,050
General Government	1,286,852	1,064,038	222,814	0	0	0	0	0	0	0	0	0	1,286,852	1,064,038	222,814
Capital Outlay	31,505	26,978	4,527	2,811	2,528	283	0	0	0	0	0	0	2,020,179	1,677,119	343,060
Debt Service:															
Principal Retirement	0	0	0	0	0	0	0	0	0	0	0	0	75,000	75,000	0
Interest And Fiscal Charges	0	0	0	0	0	0	0	0	0	0	0	0	58,195	57,995	200
Total Expenditures	5,728,592	5,143,937	584,655	1,290,716	1,115,463	175,253	0	0	0	0	0	0	1,985,863	1,647,613	338,250
Excess Of Revenues Over (under) Expenditures	258,147	1,014,763	756,616	(763,692)	(608,544)	155,148	(133,195)	(132,995)	200	(1,985,863)	(1,638,238)	347,625	(2,624,603)	(1,365,014)	1,259,589
Other Financing Sources (uses):															
Sale Of Fixed Assets	0	9,149	9,149	0	0	0	0	0	0	0	0	0	0	9,149	9,149
Other Financing Sources															
Proceeds Of Bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds Of Notes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds From Disposition Of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advances - In	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advances - Out	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Transfers - In	0	0	0	435,724	351,804	(83,920)	132,995	132,995	(83,920)	504,769	614,799	110,030	1,073,488	1,099,598	26,110
Operating Transfers - Out	(1,099,598)	(1,099,598)	0	0	0	0	0	0	0	0	0	0	(1,099,598)	(1,099,598)	0
Total Other Financing Sources (uses)	(1,099,598)	(1,090,449)	9,149	435,724	351,804	(83,920)	132,995	132,995	0	504,769	614,799	110,030	(26,110)	9,149	35,259
Excess Of Revenues And Other Financing Sources Over (under) Expenditures And Other Financing Uses	(841,451)	(75,686)	765,765	(327,968)	(256,740)	71,228	(200)	(1,023,439)	457,655	(1,481,094)	(1,023,439)	457,655	(2,650,713)	(1,355,865)	1,294,848
Fund Balances At Beginning Of Year	570,595	570,595	0	392,191	392,191	0	11,998	11,998	0	32,075	32,075	0	1,006,859	1,006,859	0
Residual Equity Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Year Encumbrances Appropriated	63,350	63,350	0	62,367	62,367	0	0	0	0	737,063	737,063	0	862,780	862,780	0
Fund Balances (Deficit) At End Of Year	(8207,506)	(8,558,259)	\$765,765	(8126,590)	(8,197,818)	\$71,228	(811,798)	(811,998)	\$200	(871,956)	(8254,301)	\$457,655	(8781,074)	(8,513,774)	\$1,294,848

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

CITY OF GRANDVIEW HEIGHTS, OHIO

***Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Grandview Heights have been prepared in conformity with generally accepted accounting principles (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 more significant of the City's accounting policies are described below.

A. THE REPORTING ENTITY

The City of Grandview Heights 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.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading.

The primary government of the City consists of all funds, departments and activities which are not legally separate from the City. They comprise the City's legal entity which provides various services including a police department, a fire department, a public service department, a parks and recreation department, and a building and zoning department. The City of Grandview Heights 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.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt or the levying of its taxes.

The following potential component units have been excluded from the City's financial statements because the City is not financially accountable for them nor are the entities fiscally dependent on the City:

- ▶ Grandview Heights City School District
- ▶ Grandview Heights Public Library

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 is a member of the Ohio Government Risk Management Plan (the "Pool"), an insurance purchasing pool which shops for insurances as a group with the intention of securing better rates than if each participant purchased insurance separately. The Pool, which commenced business on June 1, 1988, has 564 members consisting of various cities, villages and townships. The pool is governed by a Board of Directors consisting of nine directors. Directors of the Board assume the positions on a volunteer basis for a two year period. After two years, a Director can remain as a Director or choose to resign. The Board elects a chairman, a vice chairman and a secretary. The Board is responsible for its own financial matters, and the Pool maintains its own books of accounts. Budgeting and financing of the Pool is subject to the approval of the Board. The City has no explicit and measurable equity interest in the Pool. See Note 14.

The Franklin County General Health District, a jointly governed organization, provides health services within the County. The Board of Health, with representatives from throughout the County, oversees 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. See Note 16.

The Mid-Ohio Regional Planning Commission (MORPC), a jointly governed organization, provides planning, programing and brokerage services in the areas of housing, transportation, water, land use, zoning, environmental and technology issues. The Board of MORPC, with representatives from 39 local governments, oversees the operations of the Commission. The City does not have any financial interest in or responsibility for the Commission. See Note 16.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

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 government functions and activities.

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.

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City's funds are classified into two categories: governmental and fiduciary. Each category, in turn, is divided into separate "fund types." The following categories and fund types are used by the City:

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in fiduciary funds) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position. The following are the City's governmental fund types:

GENERAL FUND

The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter of the City of Grandview Heights and/or the general laws of Ohio.

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for revenues derived from specific taxes, grants, or other sources (other than amounts relating to major capital projects) whose use is restricted. The uses and limitations of each special revenue fund are specified by City ordinances or federal and state statutes.

DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

CAPITAL PROJECTS FUNDS

The capital projects funds are used to account for the 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, 1999 and 1998
(Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City's only fiduciary funds are agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

ACCOUNT GROUPS

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

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is used to account for all general fixed assets of the City. These assets do not represent financial resources available for expenditure.

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

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

C. BASIS OF ACCOUNTING

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

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

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The modified accrual basis of accounting is used for reporting purposes by the governmental fund types and agency funds. Under this basis of accounting, the City recognizes revenue when it becomes both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is considered to be 31 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Unmatured principal and interest on general long-term debt is recognized when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: income taxes withheld by employers, interest on investments, intergovernmental revenues (including motor vehicle license fees, estate taxes, gasoline tax, and local government assistance), grants, fines and forfeitures, and reimbursements due from federal and state funded projects for which corresponding expenditures have been made.

Other revenues, including licenses, permits, special assessments, certain charges for services, income taxes other than those withheld by employers, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Special assessment installments to be received in governmental funds are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of December 31, 1999 and 1998, respectively, and delinquent property taxes, whose availability is indeterminate and which are not intended to finance the current year, have also been recorded as deferred revenue as further described in Note 6.

D. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reported in the combined financial statements:

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

TAX BUDGET

A tax budget of estimated revenue and expenditures for each fund 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. All funds, except agency funds, are legally required to be budgeted.

ESTIMATED RESOURCES

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund.

On or about January 1 the certificate of estimated resources is amended to include unencumbered fund cash balances at December 31. Further amendments may be made during the year if the finance director determines that revenue to be collected will be greater than or less than the prior estimates, and the budget commission finds the revised estimates to be reasonable. The amounts set forth in the financial statements represent estimates from the final amended certificate issued during 1999 and 1998.

APPROPRIATIONS

An appropriation ordinance (the appropriated budget) to control the level of expenditures for all funds, except agency funds, must be legally enacted on or about January 1. Appropriations may not exceed estimated resources as established in the amended certificate of estimated resources. Supplemental appropriations may be adopted by Council action. Amounts shown in the financial statements represent the appropriated budgeted amounts and all supplemental appropriations. Several supplemental appropriation measures were legally enacted during 1999 and 1998 by Council.

BUDGETED LEVEL OF EXPENDITURE

Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For all funds, Council appropriations are made to personal services, supplies and materials, capital outlay, and other operating charges. The appropriations set by Council remain fixed unless amended by Council ordinance. More detailed appropriation allocations may be made by the Director of Finance as long as the allocations are within Council's appropriated amount.

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ENCUMBRANCES

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds.

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 outstanding at year end are carried forward to the subsequent year and are not reappropriated.

E. CASH AND CASH EQUIVALENTS

Cash received by the City is deposited in a central bank account. Monies for all funds, except cash held by a trustee or fiscal agent, are maintained in the account or temporarily used to purchase investments. 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 balance sheet.

During the year, investments were limited to money market mutual funds, certificates of deposit, and U. S. Government Securities. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

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.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the general fund during fiscal years 1999 and 1998 amounted to \$98,711 and \$90,071, respectively, which includes \$37,572 and \$30,601, respectively, assigned from other funds. The special revenue funds also received \$36,833 and \$35,797, in 1999 and 1998, respectively, in interest revenue.

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 1999 and 1998, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

G. INTERFUND ASSETS/LIABILITIES

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans are classified as “interfund receivables” or “interfund payables.”

H. FIXED ASSETS

Fixed asset values were initially determined at December 31, 1992, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency are capitalized at cost.

GENERAL FIXED ASSETS

General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. Assets in the General Fixed Assets Account Group are not depreciated.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized or reported, as these assets are immovable and of value only to the City.

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. COMPENSATED ABSENCES

The City accrues a liability for compensated absences in accordance with 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 City 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 includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy.

For governmental funds, the current portion of unpaid compensated absences is the amount to be paid using available expendable resources and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. The balance of the liability is reported in the General Long-Term Obligations Account Group.

J. 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, claims and judgements, compensated absences, special termination benefits 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. Payments made more than thirty-one days after year end are generally considered not to have been paid with current available financial resources. Bonds, capital leases and long-term pension obligations are recognized as a liability of the General Long-Term Obligations Account Group until due.

K. RESERVES AND DESIGNATIONS OF FUND EQUITY

Reserves of fund equity in governmental funds indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for encumbrances.

L. INTERFUND TRANSACTIONS

During the course of normal operations, the City has transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers.

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nonrecurring and nonroutine transfers of equity between funds and the transfer of residual balances of discontinued funds or projects to the general fund, general capital improvement capital projects fund, or debt service funds (when financed with debt proceeds) are classified as residual equity transfers.

Transactions that constitute reimbursements for expenditures or expenses initially made from a fund that are properly allocable to another fund are recorded as expenditures in the reimbursing fund and as reductions of the expenditures in the fund that is reimbursed.

M. INTERGOVERNMENTAL REVENUES

In governmental funds, federal and state grants awarded on a non-reimbursement basis, state shared revenues, and federal entitlements are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are made.

N. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principals 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.

O. MEMORANDUM ONLY-TOTAL COLUMNS ON COMBINED FINANCIAL STATEMENTS

Total columns on the Combined Statements Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CHANGE IN ACCOUNTING PRINCIPLES

For 1998, the City has implemented *GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools."* The statement established accounting and reporting guidelines for government investments and investment pools. Certain investments which were reported at cost in previous years are now reported at fair value. The implementation of this statement required no material change in the City's financial statements from the prior year.

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 2 - CHANGE IN ACCOUNTING PRINCIPLES (continued)

GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" provides accounting for deferred compensation plans. The City participates in the AETNA Life Insurance and Annuity Company, the Prudential Deferred Compensation Plan, and the Ohio Public Employees Deferred Compensation Program. During 1998, the AETNA Life Insurance and Annuity Company, the Prudential Deferred Compensation Plan, and the Ohio Public Employees Deferred Compensation Program created a trust for the assets of the plan for which the City has no fiduciary responsibility. Therefore, plan assets are no longer presented on the balance sheet.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. ACCOUNTABILITY - FUND EQUITY DEFICITS

At December 31, 1999, the Permissive Tax and Mayor's Court Computer Special Revenue Funds had deficit fund balances of \$2,480 and \$6,918, respectively. At December 31, 1998, the Permissive Tax and the Mayor's Court Computer Special Revenue Funds, and the East Goodale Capital Projects Fund had deficit fund balances of \$103,818, \$5,908, and \$638,414, respectively, because of the application of generally accepted accounting principles. The General Fund is liable for the deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

B. COMPLIANCE

The following funds had appropriations in excess of estimated revenues and unencumbered cash for the year ended December 31, 1999 in noncompliance with Ohio Revised Code Section 5705.39:

<u>Fund Type/Fund</u>	<u>Estimated Revenues and Unencumbered Cash</u>	<u>Appropriations</u>	<u>Excess Appropriations</u>
<u>SPECIAL REVENUE FUND:</u>			
Mayor's Court Computer	\$ 92	\$ 11,000	(\$10,908)
<u>CAPITAL PROJECTS FUND:</u>			
General Improvements	272,561	391,342	(118,781)

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (continued)

The following funds had appropriations in excess of estimated revenues and unencumbered cash for the year ended December 31, 1998 in noncompliance with Ohio Revised Code Section 5705.39:

<u>Fund Type</u>	<u>Estimated Revenues and Unencumbered Cash</u>	<u>Appropriations</u>	<u>Excess Appropriations</u>
<u>GENERAL FUND</u>	\$6,543,998	\$6,764,851	(\$220,853)
<u>SPECIAL REVENUE FUNDS:</u>			
County Vehicle Permissive Tax	76,662	180,000	(103,338)
Mayor Court Computer	(2,221)	2,195	(4,416)
<u>CAPITAL PROJECTS FUNDS:</u>			
General Improvement	364,950	397,992	(33,042)
Sewer Improvement	169,421	212,394	(42,973)
East Goodale Project	0	638,414	(638,414)

C. BUDGETARY (NON-GAAP) BASIS RESTATEMENT

Balances at January 1, 1998, in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis)- All Governmental Fund Types have been restated to present true unencumbered cash balances at January 1, 1998 for the General and Capital Projects fund types.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City 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 either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

State statute permits interim monies to be deposited or invested in the following securities:

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 and 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;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section 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).

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

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; and
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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At December 31, 1999, the carrying amount of the City's deposits was \$1,566,474, and the bank balance was \$1,711,390. Of the bank balance, \$1,320,000 was covered by federal depository insurance. The remaining amount of \$391,390 was uninsured and uncollateralized. Although the balance was collateralized by securities held by the financial institutions trust departments in the City's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the City to a successful claim by the FDIC.

At December 31, 1998, the carrying amount of the City's deposits was \$879,538, and the bank balance was \$1,007,218. Of the bank balance \$200,000 was uninsured and uncollateralized. The remaining amount of \$807,218 was uninsured and uncollateralized. Although the balance was collateralized by securities held by the financial institutions trust departments in the City's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the City to a successful claim by the FDIC.

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Investments

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that local governments disclose the carrying amounts and market value of investments, classified by risk. The City's investments are categorized as either (1) insured or registered or for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name or (3) uninsured and unregistered for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name.

At December 31, 1999:

	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Carrying Value</u>	<u>Market Value</u>
Repurchase Agreements			\$425,000	\$425,000	\$425,000
U.S. Government Securities		\$457,127		457,127	457,127
Total Investments	<u>\$0</u>	<u>\$457,127</u>	<u>\$425,000</u>	<u>\$882,127</u>	<u>\$882,127</u>

At December 31, 1998:

	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Carrying Value</u>	<u>Market Value</u>
Repurchase Agreements			\$210,000	\$210,000	\$210,000
U.S. Government Securities		\$581,136		581,136	581,136
Total Investments	<u>\$0</u>	<u>\$581,136</u>	<u>\$210,000</u>	<u>\$791,136</u>	<u>\$791,136</u>

The classification of cash and cash equivalents, and investments on the financial statements is based on criteria set forth in *GASB Statement No. 9*. Cash equivalents are defined to include investments with original maturities of three months or less, and the City's cash management pool.

As of December 31, 1999, a reconciliation between classifications of cash and investments on the financial statements and the classifications according to *GASB Statement No. 3* is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
<i>GASB Statement No. 9</i>	\$2,448,601	\$ 0
Investments:		
Repurchase Agreements	(425,000)	425,000
U.S. Government Securities	<u>(457,127)</u>	<u>457,127</u>
<i>GASB Statement No. 3</i>	<u>\$1,566,474</u>	<u>\$882,127</u>

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

As of December 31, 1998, a reconciliation between classifications of cash and investments on the financial statements and the classifications according to *GASB Statement No. 3* is as follows:

	<i>Cash and Cash Equivalents/Deposits</i>	<i>Investments</i>
<i>GASB Statement No. 9</i>	\$1,670,674	\$ 0
Investments:		
Repurchase Agreements	(210,000)	210,000
U.S. Government Securities	<u>(581,136)</u>	<u>581,136</u>
<i>GASB Statement No. 3</i>	<u>\$ 879,538</u>	<u>\$791,136</u>

NOTE 5 - MUNICIPAL INCOME TAX

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 of Grandview Heights. 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.

NOTE 6 - PROPERTY TAX

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 1999 and 1998 for real and public utility property taxes represents collections of 1998 and 1997 taxes, respectively. Property tax payments received during 1999 and 1998 for tangible personal property (other than public utility property) is for 1999 and 1998 taxes, respectively.

1999 and 1998 real property taxes are levied after October 1, 1999 and 1998 on the assessed value as of January 1, 1999 and 1998, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 1999 and 1998 real property taxes are collected in and intended to finance 2000 and 1999, respectively.

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 6 - PROPERTY TAX (continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 1999 and 1998 public utility property taxes became a lien December 31, 1998 and 1997, respectively, are levied after October 1, 1999 and 1998, and are collected in 2000 and 1999 with real property taxes.

1999 and 1998 tangible personal property taxes are levied after October 1, 1998 and 1997, on the value as of December 31, 1998 and 1997, respectively. Collections are made in 1999 and 1998, respectively. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the years ended December 31, 1999 and 1998, was \$10.70 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 and 1998 property tax receipts were based are as follows:

<u>Category</u>	<u>1999 Assessed Value</u>	<u>1998 Assessed Value</u>
Real Estate	\$144,256,980	\$124,598,770
Public Utility Property	13,033,330	12,893,620
Tangible Personal	<u>21,776,607</u>	<u>19,719,237</u>
Total Property Taxes	<u>\$179,066,917</u>	<u>\$157,211,627</u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes 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 at September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Grandview Heights. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 1999 and 1998. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 1999 and 1998, operations, respectively. The receivable is offset by deferred revenue.

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 7 - RECEIVABLES

Receivables at December 31, 1999 and 1998, consisted of taxes, accounts, intergovernmental receivables arising from grants, entitlements or shared revenues, special assessments, interest on investments, and interfund. All receivables are considered fully collectible.

A summary of intergovernmental receivables follows:

<u>Fund Type / Fund</u>	<u>1999 Amount</u>	<u>1998 Amount</u>
General Fund		
Local Government	\$38,095	\$37,482
Local Government Revenue Assistance	3,849	3,788
Fines and Forfeitures	0	1,235
Personal Property Tax State Reimbursement	11,404	0
Ohio Department of Public Safety	4,500	0
Service Maintenance	240	2,374
COPS Grant	0	8,439
Estate Taxes	<u>51,556</u>	<u>15,625</u>
Total General Fund	<u>109,644</u>	<u>68,943</u>
Special Revenue Funds		
Street Maintenance Fund		
Gasoline Tax	9,785	10,926
Motor Vehicle License Tax	<u>5,187</u>	<u>2,249</u>
Total Street Maintenance Fund	<u>14,972</u>	<u>13,175</u>
State Highway Fund		
Gasoline Tax	793	886
Motor Vehicle License Tax	<u>421</u>	<u>182</u>
Total State Highway Fund	<u>1,214</u>	<u>1,068</u>
Permissive Tax Fund		
Permissive Motor Vehicle License Taxes	<u>2,103</u>	<u>956</u>
Police Pension Fund		
Personal Property Tax State Reimbursement	<u>339</u>	<u>0</u>
Fire Pension Fund		
Personal Property Tax State Reimbursement	<u>339</u>	<u>0</u>
DUI Education Fund		
Franklin County Municipal Court	<u>25</u>	<u>0</u>
Total Special Revenue Funds	<u>18,992</u>	<u>15,199</u>
Total Intergovernmental Receivables	<u><u>\$128,636</u></u>	<u><u>\$84,142</u></u>

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 8 - FIXED ASSETS

Changes in general fixed assets during 1999 were as follows:

	<i>Balance For The Year Ended <u>12/31/98</u></i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance For The Year Ended <u>12/31/99</u></i>
Land	\$1,548,969	\$0	\$0	\$1,548,969
Buildings	523,589	3,840	0	527,429
Improvements Other Than Buildings	56,845	0	0	56,845
Machinery And Equipment	1,140,099	93,719	2,600	1,231,218
Furniture And Fixtures	29,268	0	0	29,268
Vehicles	<u>1,427,626</u>	<u>80,251</u>	<u>0</u>	<u>1,507,877</u>
Total General Fixed Assets	<u>\$4,726,396</u>	<u>\$177,810</u>	<u>\$2,600</u>	<u>\$4,901,606</u>

Changes in general fixed assets during 1998 were as follows:

	<i>Balance For The Year Ended <u>12/31/97</u></i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance For The Year Ended <u>12/31/98</u></i>
Land	\$1,473,915	\$ 75,054	\$0	\$1,548,969
Buildings	518,419	5,170	0	523,589
Improvements Other Than Buildings	52,375	4,470	0	56,845
Machinery And Equipment	1,012,942	132,996	5,839	1,140,099
Furniture And Fixtures	24,458	4,810	0	29,268
Vehicles	<u>1,353,284</u>	<u>213,332</u>	<u>138,990</u>	<u>1,427,626</u>
Total General Fixed Assets	<u>\$4,435,393</u>	<u>\$435,832</u>	<u>\$144,829</u>	<u>\$4,726,396</u>

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The City of Grandview Heights contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614)466-2085 or 1-800-222-PERS (7377).

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 9.35 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were \$136,820, \$117,923, and \$111,686, respectively. At December 31, 1999, the full amount has been contributed for 1998 and 1997. 73.67 percent has been contributed for 1999 with the remainder being reported as a fund liability and within the general long-term obligations account group.

B. POLICE AND FIREMEN'S DISABILITY AND PENSION FUND

The City of Grandview Heights contributes to the Police and Firemen's Disability and Pension Fund of Ohio (the "Fund"), a cost-sharing multiple employer public employee retirement system administered by the Fund's Board of Trustees. The Fund provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on eligible service credit and are established by Chapter 742 of the Ohio Revised Code. The Fund issues a publicly available financial report that includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 13 percent for police, 17.5 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 1999, 1998, and 1997 were \$289,636, \$263,623, and \$257,688, respectively. At December 31, 1999, the full amount has been contributed for 1998 and 1997. 69.22 percent has been contributed for 1999, with the remainder being reported within the general long-term obligations account group.

In addition to the current contribution, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. As of December 31, 1999 and 1998, the liability of the City was \$53,569 and \$54,210 for police, and \$62,506 and \$63,254 for firefighters respectively, payable in semiannual installments through the year 2035. This is an accounting liability of the City which will not vary. The liability is reported in the general long-term obligations account group.

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability 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*. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 1999 and 1998 employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was 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 PERS. OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1998, OPEB expenditures made by PERS were \$440,596,663. As of December 31, 1998, the unaudited estimated net assets available for future OPEB payments were \$9,447,325,318. At December 31, 1998, the total number of benefit recipients eligible for OPEB through PERS was 115,579. The City's actual contributions for 1998 which were used to fund OPEB were \$71,396.

B. POLICE AND FIREMEN'S DISABILITY AND PENSION FUND

The Police and Firemen's Disability and Pension Fund (the "Fund") 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 eighteen whether or not he is attending school or under twenty-two 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 as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Police and Firemen's Disability and Pension Fund's Board of Trustees to provide health care coverage and states that health care costs paid from the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firemen's employer contribution rate is 24 percent of covered payroll, of which 6.5 percent of covered payroll is applied to the postemployment health care program. 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.

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 10 - POSTEMPLOYMENT BENEFITS (continued)

The number of participants eligible to receive health care benefits as of December 31, 1998, (the latest information available) was 11,424 for police and 9,186 for firefighters. The City's actual contributions for 1999 and 1998 that were used to fund postemployment benefits were \$139,697 and \$131,812 for police and fire, respectively. The Fund's total health care expenses for the year ending December 31, 1998, were \$78,596,790, which was net of member contributions of \$5,331,515.

NOTE 11 - EMPLOYEE BENEFITS

A. DEFERRED COMPENSATION PLAN

Employees of the City may elect to participate in the AETNA Life Insurance and Annuity Company, Ohio Public Employees Deferred Compensation Program, or the Prudential Deferred Compensation plans created in accordance with Internal Revenue Code Section 457. Under these programs, employees elect to defer a portion of their pay. The deferred pay and any income earned on it is not subject to federal and state income taxation until actually received by the employee. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

B. COMPENSATED ABSENCES

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy credits vacation leave on the employee's anniversary date and allows the unused balance to be accrued at levels which depend upon years of service. City employees are paid for earned, unused vacation leave at the time of termination of employment.

Sick leave is earned at the rate of four and six-tenths hours for every eighty hours worked and can be accumulated without limit. Each non-union or police employee with ten or more years of service, and in good standing with the City, is paid at one-fourth of the employee's earned unused sick leave up to a maximum accrual of 2,400 hours upon termination from the City. Each fire medic covered under the IAFF contract with ten or more years of service and in good standing with the City is paid one-fourth of the employee's earned unused sick leave up to 2,000 hours, and one-third of the earned unused sick leave in excess of 2,000 hours up to a maximum of 2,800 hours. The full balance may be transferred to another governmental agency. In the event that a police officer or firefighter dies as the result of injuries sustained on the job, his or her estate will be paid the total allowable amount of all earned unused sick leave.

Unpaid compensated absences of \$9,910 and \$37,348 at December 31, 1999 and 1998, respectively, were reported as an accrued liability in the governmental fund types. The balance of the liability is reported in the general long-term obligations account group in the amount of \$512,914 and \$302,786 at December 31, 1999 and 1998, respectively.

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 11 - EMPLOYEE BENEFITS (continued)

C. HEALTH CARE/DENTAL/VISION/LIFE INSURANCE

The City provides health care coverage for its employees through United Health Care and dental, vision, and life coverage through Mutual of Omaha.

NOTE 12 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the City has entered into capitalized leases for equipment and furniture and fixtures. Each lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases"*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of equipment and furniture and fixtures have been capitalized in the general fixed assets account group in the amount of \$37,965. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal years 1999 and 1998 totaled \$4,875 and \$4,530, respectively, in the governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 1999 and 1998.

Fiscal Year Ending December 31,	1999 GLTOAG	1998 GLTOAG
1999	\$0	\$5,133
2000	856	856
Total	856	5,989
Less: Amount Representing Interest	(7)	(265)
Present Value of Net Minimum Lease Payments	\$849	\$5,724

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 13 - OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS

Bonded debt and other long-term obligations payable activity for the year ended December 31, 1999, was as follows:

<u>Types / Issues</u>	<u>Balance 12/31/98</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/99</u>
<u>GENERAL LONG-TERM OBLIGATIONS</u>				
<u>Ohio Public Works Commission Loan</u>				
1999 - 0%	\$ 0	\$258,221	\$ 0	\$ 258,221
 <u>General Obligation Bonds</u>				
Street Lighting Improvement Bonds				
1991 - 6.74%-6.78%	770,000	0	75,000	695,000
 <u>Mortgage Revenue Bonds</u>				
Mortgage Revenue Refunding Bonds				
1993 - 4.50%-6.70%	1,535,000	0	140,000	1,395,000
 <u>Other Long-Term Obligations</u>				
Police And Fire Pension Liability	117,464	0	1,389	116,075
Pension Obligation	177,853	184,410	177,853	184,410
Capital Lease	5,724	0	4,875	849
Compensated Absences	302,786	210,128	0	512,914
Total Other Long-Term Obligations	603,827	394,538	184,117	814,248
Total All General Long-Term Obligations	<u>\$2,908,827</u>	<u>\$652,759</u>	<u>\$399,117</u>	<u>\$3,162,469</u>

The City's overall legal debt margin was \$18,108,024 at December 31, 1999.

Annual debt service requirements to maturity for general long-term obligations including interest of \$648,409 are:

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Mortgage Revenue Bonds</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total</u>
2000	\$123,700	\$ 217,213	\$ 2,938	\$ 3,428	\$ 347,279
2001	128,595	215,762	2,938	3,428	350,723
2002	132,985	213,865	2,938	3,428	353,216
2003	131,240	216,505	2,938	3,428	354,111
2004	129,140	213,430	2,938	3,428	348,936
2005 - 2009	260,205	646,120	14,691	17,142	938,158
2010 - 2014	0	0	14,691	17,142	31,833
2015 - 2019	0	0	14,691	17,142	31,833
2020 - 2035	0	0	45,409	52,986	98,395
Total	<u>\$905,865</u>	<u>\$1,722,895</u>	<u>\$104,172</u>	<u>\$121,552</u>	<u>\$2,854,484</u>

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 13 - OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS (continued)

Because the City has not received the entire proceeds of the 1999 OPWC loan (E Goodale Project), no debt service payment schedule has been prepared and neither principal nor interest is included in the above schedules.

Bonded debt and other long-term obligations payable activity for the year ended December 31, 1998, was as follows:

<u>Types / Issues</u>	<u>Balance</u> <u>12/31/97</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>12/31/98</u>
GENERAL LONG-TERM OBLIGATIONS				
General Obligation Bonds				
Street Lighting Improvement Bonds				
1991 - 6.74%-6.78%	\$ 845,000	\$ 0	\$ 75,000	\$ 770,000
Mortgage Revenue Bonds				
Mortgage Revenue Refunding Bonds				
1993 - 4.50%-6.70%	1,670,000	0	135,000	1,535,000
Other Long-Term Obligations				
Police And Fire Pension Liability	118,796	0	1,332	117,464
Pension Obligation	160,919	177,853	160,919	177,853
Capital Lease	10,254	0	4,530	5,724
Compensated Absences	429,731	0	1,289	428,442
Total Other Long-Term Obligations	<u>719,700</u>	<u>177,853</u>	<u>168,070</u>	<u>729,483</u>
Total All General Long-Term Obligations	<u>\$3,234,700</u>	<u>\$177,853</u>	<u>\$378,070</u>	<u>\$3,034,483</u>

The City's overall legal debt margin was \$15,749,219 at December 31, 1998.

Annual debt service requirements to maturity for general long-term obligations including interest of \$779,609 are:

<u>Year</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Mortgage</u> <u>Revenue</u> <u>Bonds</u>	<u>Police</u> <u>Pension</u>	<u>Fire</u> <u>Pension</u>	<u>Total</u>
1999	\$ 128,270	\$ 212,953	\$ 2,938	\$ 3,428	\$ 347,589
2000	123,700	217,213	2,938	3,428	347,279
2001	128,595	215,762	2,938	3,428	350,723
2002	132,985	213,865	2,938	3,428	353,216
2003	131,240	216,505	2,938	3,428	354,111
2004 - 2008	389,345	859,550	14,691	17,142	1,280,728
2009 - 2013	0	0	14,691	17,142	31,833
2014 - 2018	0	0	14,691	17,142	31,833
2019 - 2035	0	0	48,347	56,414	104,761
Total	<u>\$1,034,135</u>	<u>\$1,935,848</u>	<u>\$107,110</u>	<u>\$124,980</u>	<u>\$3,202,073</u>

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 13 - OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS (continued)

A. GENERAL OBLIGATION BONDS

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City for repayment. These bonds are generally issued as 20 year serial bonds with equal amounts of principal maturing each year and are paid with property taxes from the Debt Service Fund. These bonds were issued in 1991 for the amount of \$1,200,000.

B. MORTGAGE REVENUE BONDS

Payment of the 1993 bonds is made by the City of Grandview Heights Library, who leases the property (see note 18). At least five days before each semi-annual interest payment date until the principal of and interest on the bonds has been fully paid, the Library is required to pay an amount which, when added to the balance (if any) which is then in the Bond Fund (held by a Trustee) and available for such purpose, shall be equal to the amount payable as principal of and premium, if any, and interest due on the Bonds on such semi-annual interest payment date.

C. COMPENSATED ABSENCES / PENSION OBLIGATION

Additions and deletions of accrued vacation and sick leave are shown net since it is impractical for the City to determine these amounts separately. Compensated absences and the pension obligations will be paid from the funds from which the employees' salaries are paid.

D. OHIO PUBLIC WORKS COMMISSION (OPWC) LOANS

During 1999, the City received OPWC loan proceeds to cover costs for the E. Goodale construction project. This is a 20 year zero percent loan.

NOTE 14 - 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 1999 and 1998, 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.

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 14 - RISK MANAGEMENT - (continued)

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

<u>Type of Coverage</u>	<u>Deductible</u>	<u>1999 Limit</u>	<u>1998 Limit</u>
Property	\$1,000	\$2,107,374	\$2,102,374
General Liability	2,500	3,000,000	3,000,000
Automobile	250	3,000,000	3,000,000
Bond		150,000	150,000
Crime		5,000	5,000
Inland Marine	100	924,504	691,504
Fire Vehicle RC	100	927,762	937,762
EDP	100	365,000	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.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, appropriations and encumbrances.

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING (continued)

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP Basis).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the governmental funds are as follows:

*Excess Of Revenues And Other Financing Sources
Over (Under) Expenditures And Other Financing Uses
All Governmental Fund Types*

December 31, 1999

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$ 985,826	(\$135,584)	(\$11,000)	(\$120,870)
<u>Increases (decreases) Due To:</u>				
Revenue Accruals	(30,251)	(7,749)	(212,953)	(15,225)
Expenditure Accruals	(27,402)	78,504	212,953	63,666
Encumbrances Outstanding At Year End (Budget Basis)	<u>(109,763)</u>	<u>(144,270)</u>	<u>0</u>	<u>(332,561)</u>
Budget Basis	<u>\$ 818,410</u>	<u>(\$209,099)</u>	<u>(\$11,000)</u>	<u>(\$404,990)</u>

December 31, 1998

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$ 2,196	\$ 58,893	\$ 0	\$ 38,112
<u>Increases (decreases) Due To:</u>				
Revenue Accruals	(77,814)	(1,451)	(213,218)	0
Expenditure Accruals	108,509	(28,930)	213,218	(312,878)
Encumbrances Outstanding At Year End (Budget Basis)	<u>(108,577)</u>	<u>(285,252)</u>	<u>0</u>	<u>(748,673)</u>
Budget Basis	<u>(\$75,686)</u>	<u>(\$256,740)</u>	<u>\$ 0</u>	<u>(\$1,023,439)</u>

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 16 - JOINTLY GOVERNED ORGANIZATION

FRANKLIN COUNTY GENERAL HEALTH DISTRICT

The Franklin County General Health District, a jointly governed organization, provides health services to citizens within the County. The Board of Health, with representatives from throughout the County, oversees the operation of the District. The City contributed \$26,500 and \$23,611 during 1999 and 1998, respectively, 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), a jointly governed organization, provides innovation solutions to 39 local governments. The City contributed \$4,995 and \$2,389 during 1999 and 1998, respectively, to MORPC. 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 1999 and 1998.

NOTE 17 - INTERFUND TRANSACTIONS

December 31, 1999:

Fund Type/Fund	Receivables		Payables	
	Interfund	Due From Other Funds	Interfund	Due To Other Funds
General Fund	\$9,811	\$8,151	\$0	\$0
Special Revenue Funds:				
Permissive Tax	0	0	6,028	0
DUI Education	0	490	0	0
Mayor's Court Computer	0	0	3,783	0
Total Special Revenue	0	490	9,811	0
Agency Fund:				
Mayor's Court	0	0	0	8,641
Total All Funds	\$9,811	\$8,641	\$9,811	\$8,641

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 17 - INTERFUND TRANSACTIONS - (continued)

December 31, 1998:

Fund Type/Fund	Receivables		Payables	
	Interfund	Due From Other Funds	Interfund	Due To Other Funds
General Fund	\$5,908	\$9,206	\$ 0	\$ 0
Special Revenue Funds:				
DUI Education	0	400	0	0
Mayor's Court Computer	0	0	5,908	0
Total Special Revenue	0	400	5,908	0
Agency Fund:				
Mayor's Court	0	0	0	9,606
Total All Funds	<u>\$5,908</u>	<u>\$9,606</u>	<u>\$5,908</u>	<u>\$9,606</u>

NOTE 18 - 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.

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>1999</u>	<u>1998</u>
Total Minimum Lease Payments to be Received	\$1,722,897	\$1,935,849
Less: Unearned Interest	<u>327,897</u>	<u>400,849</u>
Net Investment in Direct Financing Leases	<u>\$1,395,000</u>	<u>\$1,535,000</u>

CITY OF GRANDVIEW HEIGHTS, OHIO

**Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 and 1998
(Continued)**

NOTE 19 - CONTINGENT LIABILITIES

A. LITIGATION

The City of Grandview Heights is party to various legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The ultimate disposition of such proceedings is not presently determinable, but will not, in the opinion of the City Law Director, have a material adverse effect on the financial condition of the City.

B. FEDERAL AND STATE GRANTS

For the period January 1, 1999 to December 31, 1999 and January 1, 1998 to December 31, 1998, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 20 - SUBSEQUENT EVENTS

On May 17, 2000, the City paid off the Police and Firemen's Pension liability. The amount of the liability at December 31, 1999, was \$116,075. The amount of the payment to satisfy the debt was \$78,444, thus giving the City a discount of \$37,631 at the date of payment.

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the City of Grandview Heights as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 30, 2000. During 1998, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. We conducted our audit in accordance with generally accepted auditing standards 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 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 1999-GH-001 and 1998-GH-001. We also noted certain immaterial instances of noncompliance, which we have reported to management of the City of Grandview Heights in a separate letter dated August 30, 2000.

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 over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Grandview Heights in a separate letter dated August 30, 2000.

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

Trimble, Julian & Grube, Inc.
August 30, 2000

**CITY OF GRANDVIEW HEIGHTS
FRANKLIN COUNTY, OHIO
DECEMBER 31, 1999 AND 1998**

SCHEDULE OF FINDINGS

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

Finding Number	1999-GH-001
----------------	-------------

Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated revenues plus available balances.

It was noted during the audit that during the year ended December 31, 1999, the total appropriations exceeded the total estimated revenues plus available balances in the following funds:

<u>Fund Type/Fund</u>	<i>Estimated Revenues and Unencumbered Cash</i>	<u>Appropriations</u>	<i>Excess Appropriations</i>
<u>SPECIAL REVENUE FUND:</u>			
Mayor's Court Computer	\$ 92	\$ 11,000	(\$10,908)
<u>CAPITAL PROJECTS FUND:</u>			
General Improvements	272,561	391,342	(118,781)

With appropriations exceeding revenues plus available balances, the City is spending monies that are not lawfully appropriated for those purposes and thus could cause a fund deficit.

We recommend that the City comply with the Ohio Revised Code by keeping more accurate appropriations versus estimated revenue plus available balances records. If it is determined that estimated revenues plus available balances will be greater than initially anticipated, the City should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated revenues plus available balances.

**CITY OF GRANDVIEW HEIGHTS
FRANKLIN COUNTY, OHIO
DECEMBER 31, 1999 AND 1998**

SCHEDULE OF FINDINGS

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

Finding Number	1998-GH-001
----------------	-------------

Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated revenues plus available balances.

It was noted during the audit that during the year ended December 31, 1998, the total appropriations exceeded the total estimated revenues plus available balances in the following funds:

<u>Fund Type</u>	<u>Estimated Revenues and Unencumbered Cash</u>	<u>Appropriations</u>	<u>Excess Appropriations</u>
<u>GENERAL FUND</u>	\$6,543,998	\$6,764,851	(\$220,853)
<u>SPECIAL REVENUE FUNDS:</u>			
County Vehicle Permissive Tax	76,662	180,000	(103,338)
Mayor Court Computer	(2,221)	2,195	(4,416)
<u>CAPITAL PROJECTS FUNDS:</u>			
General Improvement	364,950	397,992	(33,042)
Sewer Improvement	169,421	212,394	(42,973)
East Goodale Project	0	638,414	(638,414)

With appropriations exceeding revenues plus available balances, the City is spending monies that are not lawfully appropriated for those purposes and thus could cause a fund deficit.

We recommend that the City comply with the Ohio Revised Code by keeping more accurate appropriations versus estimated revenue plus available balances records. If it is determined that estimated revenues plus available balances will be greater than initially anticipated, the City should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated revenues plus available balances.



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
NOVEMBER 21, 2000**