

***CITY OF
GRANDVIEW HEIGHTS***

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

***FOR THE YEAR ENDED
DECEMBER 31, 2000***

SUSAN PAHWA, DIRECTOR OF FINANCE



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490
www.auditor.state.oh.us

Members of Council and Mayor
City of Grandview Heights
1016 Grandview Avenue
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, 2000 through December 31, 2000. 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.

JIM PETRO
Auditor of State

July 11, 2001

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CITY OF GRANDVIEW HEIGHTS

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TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor's Report

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

We have audited the accompanying general purpose financial statements of the City of Grandview Heights as of and for the year ended December 31, 2000. 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, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 22, 2001, on our consideration of the City of Grandview Heights's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Trimble, Julian & Grube, Inc.
June 22, 2001

CITY OF GRANDVIEW HEIGHTS, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2000

	Governmental Fund Types			Fiduciary Fund Type	Account Groups		Total (Memorandum Only)	
	General	Special Revenue	Debt Service		Capital Projects	General		Long-Term Obligations
						Fixed Assets		
ASSETS AND OTHER DEBITS								
ASSETS:								
Equity in pooled cash and cash equivalents	\$2,247,526	\$520,870	\$998	\$408,846			\$3,178,240	
Cash and cash equivalents								
in segregated accounts			\$2,346				2,346	
Receivables (net of allowances for uncollectibles):								
Taxes	2,180,011	104,221					2,284,232	
Accounts	99,706						103,167	
Accrued interest	21,856	4,163			3,461		26,019	
Interfund loans	6,638						6,638	
Capital lease receivable			1,245,000				1,245,000	
Due from other funds	5,447	360					5,807	
Due from other governments.	91,349	6,347		9,954			97,696	
Prepayments	23,427						33,381	
Property, plant and equipment (net of accumulated depreciation where applicable)						\$4,982,697	4,982,697	
OTHER DEBITS:								
Amount available in debt service fund.						\$998	998	
Amount to be provided for retirement of general long-term obligations.						3,083,311	3,083,311	
Total assets and other debits.	\$4,675,960	\$635,961	\$1,245,998	\$418,800	\$5,807	\$4,982,697	\$15,049,532	

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
 DECEMBER 31, 2000

	Governmental Fund Types			Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service		Capital Projects	Agency	
LIABILITIES, EQUITY AND OTHER CREDITS							
LIABILITIES:							
Accounts payable	\$38,101	\$13,814					\$51,915
Contracts payable		7,560					7,560
Accrued wages and benefits	50,438						50,438
Compensated absences payable	65,524					\$444,684	510,208
Interfund loans payable		6,638					6,638
Deferred revenue	1,670,149	104,221	\$1,245,000				3,019,370
Due to other funds					\$5,807		5,807
Due to other governments	56,071	2,082					58,153
Pension obligation payable	11,257						173,773
General obligation bonds payable						162,516	620,000
Mortgage revenue bonds payable						1,245,000	1,245,000
OPWC loans payable						612,109	612,109
Total liabilities	1,891,540	134,315	1,245,000		5,807	3,084,309	6,360,971
EQUITY AND OTHER CREDITS:							
Investment in general fixed assets							
Fund balances:						\$4,982,697	4,982,697
Reserved for encumbrances	46,496	23,456					69,952
Reserved for tax revenue unavailable for appropriation	84,241	5,482					89,723
Reserved for prepayments	23,427			\$9,954			33,381
Reserved for debt service			998				998
Unreserved-undesignated	2,630,256	472,708		408,846			3,511,810
Total equity and other credits	2,784,420	501,646	998	418,800		4,982,697	8,688,561
Total liabilities, equity and other credits	\$4,675,960	\$635,961	\$1,245,998	\$418,800	\$5,807	\$4,982,697	\$15,049,532

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, 2000

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Municipal income tax	\$3,876,770				\$3,876,770
Property and other taxes	1,468,616	\$95,722			1,564,338
Charges for services	642,319	7,494		\$6,850	656,663
Licenses, permits and fees	19,295				19,295
Fines and forfeitures	75,570	7,314			82,884
Intergovernmental	951,076	237,551		491,955	1,680,582
Investment income	115,161	40,471			155,632
Lease			\$217,213		217,213
Other	106,046	14,507		10,692	131,245
Total revenues	7,254,853	403,059	217,213	509,497	8,384,622
Expenditures:					
Current operations:					
General government	928,113	2,885			930,998
Security of persons and property.	2,911,365	381,921			3,293,286
Public health and welfare.		44,904			44,904
Transportation	919,399	7,560		43,150	970,109
Leisure time activity	589,336	7,997			597,333
Capital outlay	18,722	144,542		1,090,501	1,253,765
Utility services.	74,907				74,907
Other.	270,914	1,304			272,218
Debt service:					
Principal retirement	849	79,160	225,000		305,009
Interest and fiscal charges	7	2,466	115,683		118,156
Total expenditures	5,713,612	672,739	340,683	1,133,651	7,860,685
Excess (deficiency) of revenues over (under) expenditures	1,541,241	(269,680)	(123,470)	(624,154)	523,937
Other financing sources (uses):					
Proceeds of notes.				353,888	353,888
Proceeds from sale of fixed assets	7,728				7,728
Operating transfers in		406,806	123,470	328,450	858,726
Operating transfers out.	(858,726)				(858,726)
Total other financing sources (uses).	(850,998)	406,806	123,470	682,338	361,616
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.	690,243	137,126		58,184	885,553
Fund balances, January 1.	2,094,177	364,520	998	360,616	2,820,311
Fund balances, December 31.	<u>\$2,784,420</u>	<u>\$501,646</u>	<u>\$998</u>	<u>\$418,800</u>	<u>\$3,705,864</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 COMPARISON (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum Only)	
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Actual	Variance: Favorable (Unfavorable)
Revenues:														
Municipal income tax	\$3,846,000	\$3,804,974	(\$41,026)										\$3,804,974	(\$41,026)
Property and other taxes	1,491,664	1,468,616	(23,048)	\$98,920	\$95,722	(\$3,198)							1,564,338	(26,246)
Charges for services	743,000	611,800	(131,200)	16,000	7,494	(8,506)	\$0	\$6,850	\$6,850				626,144	(132,856)
Licenses, permits and fees	30,000	29,205	(795)										30,000	(795)
Fines and forfeitures	115,000	70,135	(44,865)	8,000	7,469	(531)							123,000	(45,396)
Intergovernmental	1,001,022	975,053	(25,969)	272,000	250,934	(21,066)	1,558,898	434,513	(1,124,385)				1,660,500	(1,171,420)
Special assessments	500	0	(500)										500	(500)
Investment income	79,000	117,187	38,187	42,500	45,301	2,801							121,500	40,988
Other	90,400	99,946	9,546	2,000	14,509	12,509							113,950	140,372
Total revenues	7,396,586	7,176,916	(219,670)	439,420	421,429	(17,991)	1,580,448	467,280	(1,113,168)				8,065,625	(1,350,829)
Expenditures:														
Current:														
General government	1,248,036	977,018	271,018	107,45	6,935	3,810							1,258,781	983,953
Security of persons and property	3,118,244	2,934,692	183,552	452,649	460,364	(7,715)							3,570,893	3,595,056
Public health and welfare				50,978	48,182	2,796							50,978	48,182
Transportation	1,062,261	956,244	106,017	116,132	62,879	53,253							1,056,917	205,902
Leisure time activity	695,550	613,170	82,380	16,000	7,997	8,003							715,550	625,167
Capital outlay	20,275	17,190	3,085	447,959	292,015	155,944							2,904,775	2,519,443
Utility services	125,217	105,568	19,649										125,217	105,568
Other	305,875	270,890	34,985	2,130	1,304	826	\$200	\$0	\$200				308,205	272,194
Debt services:														
Principal retirement				75,000	75,000	0							75,000	75,000
Interest and fiscal charges				48,470	48,470	0							48,470	48,470
Total expenditures	6,575,458	5,854,772	720,686	1,096,593	879,676	216,917	2,524,967	2,272,032	252,935				10,520,688	9,129,950
Excess (deficiency) of revenues over (under) expenditures	821,128	1,322,144	501,016	(657,173)	(458,247)	198,926	(944,519)	(1,804,752)	(860,233)				(904,234)	(1,064,325)
Other financing sources (uses):														
Proceeds of notes	5,000	7,728	2,728				383,198	353,888	(29,310)				383,198	353,888
Proceeds from sale of fixed assets	1,100	1,200	100										5,000	7,728
Operating transfers in	(856,759)	(856,742)	17	392,844	403,622	10,778	123,470	123,470	0				845,864	856,742
Operating transfers (out)	(850,659)	(847,814)	2,845	392,844	403,622	10,778	123,470	123,470	(29,310)				(856,759)	(856,742)
Total other financing sources (uses)	(29,511)	474,330	503,861	(264,329)	(54,625)	209,704	(200)	(232,871)	(1,122,414)				(526,931)	(702,709)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	1,485,005	1,485,005	0	273,964	273,964	0	998	89,382	89,382				1,849,349	1,849,349
Fund balances, January 1 (Restated)	108,913	108,913	0	144,270	144,270	0	332,561	332,561	0				585,744	585,744
Prior year encumbrances appropriated														0
Fund balances, December 31	\$1,564,387	\$2,068,248	\$503,861	\$153,905	\$363,609	\$209,704	\$798	\$998	(\$889,543)				\$1,908,162	(\$175,778)

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 YEAR ENDED DECEMBER 31, 2000

NOTE 1 - THE REPORTING ENTITY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government 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. REPORTING ENTITY

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

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. The primary government includes the City departments and agencies that provide the following services: police and fire protection, street maintenance and repairs, zoning, and parks and recreation. The preceding financial statements include all funds and account groups of the City (the primary government). Additionally, the Grandview Heights Mayor's Court has been included in the City's financial statements as an agency fund. The Mayor is an elected City official who has a fiduciary responsibility for the collection and distribution of court fees and fines. The City has no component units, but is a member of an insurance purchasing pool, described in Note 14.

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

Jointly Governed Organizations

FRANKLIN COUNTY GENERAL HEALTH DISTRICT

The Franklin County General Health District provides health services to citizens within the County, including the City. The Board of Health, with representatives from throughout the County, oversees the operation of the District. The City contributed \$26,984 during fiscal year 2000 for the operation of the District. The City does not have any financial interest in or responsibility for the District. The County Commissioners serve as the taxing authority, and the County Auditor and Treasurer serve as fiscal officers.

MID-OHIO REGIONAL PLANNING COMMISSION

The Mid-Ohio Regional Planning Commission (MORPC) provides innovative solutions to 39 local governments. The City contributed \$5,100 to MORPC during fiscal year 2000. 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 2000.

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

Related Organization

GRANDVIEW HEIGHTS PUBLIC LIBRARY

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

The City and the Library have agreed to a capital lease arrangement for the building which houses the Library (See Note 16).

B. BASIS OF PRESENTATION - FUND ACCOUNTING

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

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

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

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

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

GOVERNMENTAL FUNDS:

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

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

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

Debt Service Funds - The debt service funds are used to account for the accumulation of financial resources for, and the payment of, general obligation long-term debt principal, interest and related costs.

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

CITY OF GRANDVIEW HEIGHTS, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

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

FIDUCIARY FUNDS:

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

ACCOUNT GROUPS:

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

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

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

C. BASIS OF ACCOUNTING

The accounting and 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 or expenses 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 YEAR ENDED DECEMBER 31, 2000

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

The modified accrual basis of accounting is utilized for reporting purposes by the governmental funds. Under this method of accounting, the City recognizes revenue and other financing sources when they become both measurable and available (i.e., collectible within the current period or within 60 days thereafter) to finance current City operations. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Revenues considered susceptible to accrual at the end of the year include income taxes, interest on investments, state-levied locally shared taxes (including motor vehicle license fees, gasoline taxes, and local government assistance), and reimbursements due from federally funded projects for which corresponding expenditures have been made. Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Delinquent special assessments and property taxes as well as special assessment installments not due in the current year are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of December 31, 2000 but not intended to finance 2000 activities have also been recorded as deferred revenue. 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.

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

D. BUDGETS

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

TAX BUDGET

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

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

ESTIMATED RESOURCES

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

APPROPRIATIONS

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the object level within each department for the General Fund, and the Capital Projects fund type: Sewer Improvement fund; the activity level for Special Revenue fund type: Street Construction, Maintenance and Repair, State Highway Improvement, and Board of Health; Capital Projects fund type: General Improvement, E. Goodale Project and W. Goodale Project; the fund level for all other funds. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council.

LAPSING OF APPROPRIATIONS

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

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

ENCUMBRANCES

As part of formal budgetary control, purchases orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types" in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis "Combined Balance Sheet - All Fund Types and Account Groups", encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balances for subsequent-year expenditures.

Note 13 provides a reconciliation of the budgetary-basis and GAAP-basis of accounting.

E. CASH AND CASH EQUIVALENTS

To improve cash management, cash received by the City is pooled. Monies for all funds except the Mayor's Court are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 2000, investments were limited to repurchase agreements, U.S. Government Agency securities, and certificates of deposit.

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

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.

Following Ohio statutes and other legal provisions, the City Council has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund, during fiscal year 2000 amounted to \$115,161, which includes \$27,328 assigned from other City funds.

CITY OF GRANDVIEW HEIGHTS, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

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

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

The change in fair value of applicable investments during fiscal year 2000 per GASB Statement No. 31 is as follows:

Fair Value at December 31, 2000	\$1,131,828
Proceeds of investments sold and matured in fiscal year 2000	212,241
Cost of investments purchased in fiscal year 2000	(890,331)
Fair value at December 31, 1999	<u>(457,127)</u>
Change in fair value of investments during fiscal year 2000	<u>\$ (3,389)</u>

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

F. PREPAYMENTS

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

G. FIXED ASSETS

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

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

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

H. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

I. COMPENSATED ABSENCES

The liability for compensated absences is based on the provisions of GASB Statement No. 16, Accounting for Compensated Absences. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments as well as the sick leave accumulated by those employees expected to become eligible to receive termination benefits in the future.

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

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

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

J. FUND EQUITY

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

K. INTERFUND TRANSACTIONS

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

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

An analysis of interfund transactions is presented in Note 5.

CITY OF GRANDVIEW HEIGHTS, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

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

L. ESTIMATES

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

M. MEMORANDUM ONLY - TOTAL COLUMNS

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. BUDGETARY NON-COMPLIANCE

1. The following fund had appropriations in excess of estimated revenues plus available balances for the fiscal year ended December 31, 2000, contrary to Section 5705.39 of the Ohio Revised Code:

<u>Fund Type/Fund</u>	<u>Excess</u>
<u>Special Revenue Fund</u>	
State Highway Improvement	\$66,715

2. The following fund had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.41(B) of the Ohio Revised Code:

<u>Fund Type/Fund</u>	<u>Excess</u>
<u>Special Revenue Fund</u>	
Fire Pension/Administration	\$9,776

CITY OF GRANDVIEW HEIGHTS, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. DEFICIT FUND BALANCE

Fund balance at December 31, 2000 included the following individual fund deficit, contrary to Section 5705.10 of the Ohio Revised Code:

	<u>Deficit Fund Balance</u>
<u>Special Revenue Fund</u>	
Mayor's Court Computer	\$ (6,328)

C. BUDGETARY (NON-GAAP) BASIS RESTATEMENT

Balances at January 1, 2000 on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types has been restated to present true unencumbered cash balances at January 1, 2000.

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

A. LEGAL REQUIREMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are deposits in interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

CITY OF GRANDVIEW HEIGHTS, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

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

Interim monies may be deposited or invested in the following:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. High grade commercial paper for a period not to exceed 180 days in an amount not to exceed twenty-five percent of the City's interim monies available for investment; and
8. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the City's interim monies available for investment.

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (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;
3. Obligations of the City.

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

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

Cash in Segregated Accounts: At year end, \$2,346 was on deposit in segregated accounts for the Mayor's Court, and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents".

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

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

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

B. DEPOSITS

At year-end, the carrying amount of the City's deposits was \$1,374,858 and the bank balance was \$1,415,925. Both amounts include non-negotiable certificates of deposit and deposits in segregated accounts, but exclude cash on hand. Of the bank balance:

1. \$912,392 was covered by federal depository insurance; and
2. \$503,533 was uninsured and uncollateralized as defined by GASB even though it was covered by collateral held by third party trustees pursuant to Section 135.81, Ohio Revised Code. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

C. INVESTMENTS

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

	<u>Category 3</u>	<u>Fair Value</u>
U.S. Government Agency Securities	\$1,131,828	\$1,131,828
Repurchase Agreement	<u>673,000</u>	<u>673,000</u>
Total Investments	<u>\$1,804,828</u>	<u>\$1,804,828</u>

The U.S. Government Agency Securities have maturity dates ranging from January, 2001 to February, 2003.

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

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

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

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

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 3,178,240	\$ 0
Combined Balance Sheet Reclassifications:		
Investments of the Cash Management Pool:		
U.S. Government Agency Securities	(1,131,828)	1,131,828
Repurchase Agreement	<u>(673,000)</u>	<u>673,000</u>
Total GASB Statement No. 3 Investments		<u>\$1,804,828</u>
Cash on Hand	(900)	
Cash in Segregated Accounts	<u>2,346</u>	
GASB Statement No. 3	<u>\$ 1,374,858</u>	

NOTE 5 - INTERFUND TRANSACTIONS

A. The following is a summarized reconciliation of the City's operating transfers for 2000:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund		\$(858,726)
<u>Special Revenue Funds</u>		
Board of Health	\$ 48,000	
Buck Park	1,000	
Police Pension	166,826	
Fire Pension	<u>190,980</u>	
Total Special Revenue Funds	<u>406,806</u>	
<u>Debt Service Fund</u>		
General Debt Service	<u>123,470</u>	

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers (Out)</u>
<u>Capital Projects Funds</u>		
General Improvement	\$298,450	
Sewer Improvement	<u>30,000</u>	
Total Capital Projects Funds	<u>328,450</u>	<u> </u>
Totals	<u>\$858,726</u>	<u>\$(858,726)</u>

B. Interfund balances at December 31, 2000 which relate to quasi-external transactions, consist of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	<u>\$5,447</u>	
<u>Special Revenue Funds</u>		
DUI Education & Enforcement	50	
Mayor's Court Computer	<u>310</u>	
Total Special Revenue Funds	<u>360</u>	
<u>Agency Fund</u>		
Mayor's Court	<u> </u>	<u>\$(5,807)</u>
Total All Funds	<u>\$5,807</u>	<u>\$(5,807)</u>

C. The following is a summarized reconciliation of the City's interfund loans for 2000:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$6,638	
<u>Special Revenue Fund</u>		
Mayor's Court Computer	<u> </u>	<u>\$(6,638)</u>
Total Interfund Loans	<u>\$6,638</u>	<u>\$(6,638)</u>

CITY OF GRANDVIEW HEIGHTS, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 6 - TAXES

A. PROPERTY TAXES

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

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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 collected.

The full tax rate for all City operations for the year ended December 31, 2000 was \$10.70 per \$1,000.00 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

Real Property	\$144,256,980
Public Utility	13,033,330
Tangible Personal Property	<u>21,776,607</u>
Total Valuation	<u>\$179,066,917</u>

CITY OF GRANDVIEW HEIGHTS, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 6 - TAXES - (Continued)

B. INCOME TAXES

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

The City of Columbus and the Regional Income Tax Agency (RITA) administers and collects income taxes for the City 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. Income tax revenue is credited to the General fund and totaled \$3,876,770 in fiscal year 2000.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2000 primarily consisted of taxes, interest, accounts (billings for user charged services) and intergovernmental receivables. All receivables are considered fully collectible.

A summary of principal receivables follows:

<u>General Fund</u>	
Real and Other Taxes	\$2,180,011
<u>Special Revenue Funds</u>	
Real and Other Taxes	104,221

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 8 - FIXED ASSETS

A summary by class of the changes in general fixed assets during the fiscal year is as follows:

	Balance <u>1/1/00</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/00</u>
Land	\$1,548,969			\$1,548,969
Buildings	527,429			527,429
Improvements other than Buildings	56,845			56,845
Machinery and Equipment	1,231,218	\$ 78,720	\$ (17,995)	1,291,943
Furniture and Fixtures	29,268			29,268
Vehicles	<u>1,507,877</u>	<u>153,955</u>	<u>(133,589)</u>	<u>1,528,243</u>
Total General Fixed Assets	<u>\$4,901,606</u>	<u>\$232,675</u>	<u>\$(151,584)</u>	<u>\$4,982,697</u>

NOTE 9 - LONG-TERM OBLIGATIONS

A. Changes in long-term obligations of the City during 2000 were as follows:

	Outstanding <u>1/1/00</u>	<u>Additions</u>	<u>(Reductions)</u>	Outstanding <u>12/31/00</u>
<u>General Long-Term Obligations:</u>				
Compensated Absences	\$ 512,914	\$174,361	\$ (242,591)	\$ 444,684
Police and Fire Accrued Liability	116,075		(116,075)	0
1993 Mortgage Revenue Refunding Bonds - 4.5% -6.70%	1,395,000		(150,000)	1,245,000
1999 OPWC Loan - 0%	258,221	31,676		289,897
2000 OPWC Loan	0	322,212	0	322,212
Capital Lease	849		(849)	0
Pension obligation	184,410	162,516	(184,410)	162,516
1991 General obligation bonds - Street Lighting Improvements 6.74% - 6.78%	<u>695,000</u>		<u>(75,000)</u>	<u>620,000</u>
Total General Long-Term Obligations	<u>\$3,162,469</u>	<u>\$690,765</u>	<u>\$(768,925)</u>	<u>\$3,084,309</u>

CITY OF GRANDVIEW HEIGHTS, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

General obligation bonds are direct obligations of the City and will be paid from the Debt Service fund using property tax revenues. Compensated absences reported in the "compensated absences payable" account will be paid from the fund from which the employees' salaries are paid.

The mortgage revenue refunding bonds are repaid through a capital lease arrangement with the Grandview Heights Public Library (See Note 16).

The City has entered into two debt financing arrangements through the Ohio Public Works Commission (OPWC) to fund Goodale Blvd. street improvements. The amounts due to the OPWC are payable solely from operating revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2000, the City has outstanding borrowings of \$612,109 in the capital projects funds. The loan agreement requires semi-annual payments based on the actual amount loaned. The OPWC loan is interest free.

During fiscal year 2000, the City retired its police and fire pension liability by taking advantage of a \$36,915 discount and making a payment of \$79,160 to the Ohio Police and Fire Pension Fund. This liability was paid from taxes receipted into the Police Pension special revenue fund.

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

B. The following is a summary of the City's future annual debt service requirements to maturity for general obligation bonds, mortgage revenue bonds, and OPWC loans:

Fiscal Year Ending December 31	General Long-Term Obligations			
	General Obligation Bonds	Mortgage Revenue Bonds	OPWC Loans	Total
2001	\$ 128,595	\$ 215,762	\$ 11,603	\$ 355,960
2002	132,985	213,865	36,066	382,916
2003	131,240	216,505	36,036	383,781
2004	129,140	213,430	36,037	378,607
2005	131,685	214,855	36,036	382,576
2006 - 2010	128,520	215,605	188,342	532,467
2011 - 2015		215,660	211,721	427,381
2016 - 2020			137,099	137,099
2021 - 2023			10,770	10,770
Total	782,165	1,505,682	703,710	2,991,557
Less: Interest	(162,165)	(260,682)	(91,601)	(514,448)
Total	<u>\$ 620,000</u>	<u>\$1,245,000</u>	<u>\$612,109</u>	<u>\$2,477,109</u>

C. The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2000, the City's total debt margin was \$18,183,024, and the unvoted debt margin was \$9,848,680; both amounts include available funds of \$998.

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

All Grandview Heights City full-time employees, other than uniformed employees and part-time employees, participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer public employee retirement system created by the State of Ohio. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2000 was 8.5% for applicable employees. The PERS Retirement Board instituted a temporary employer rate rollback for calendar year 2000. The rate rollback was 20% for local government subdivisions and 6% for law enforcement divisions. The employer contribution rate for employees other than law enforcement was 10.84% of covered payroll; 6.54% was the portion used to fund pension obligations for 2000. The employer contribution rate for law enforcement employees was 15.70% of covered payroll; 11.40% was the portion used to fund pension obligations for 2000. The City's contributions for pension obligations to PERS for the years ended December 31, 2000, 1999, and 1998 were \$160,999, \$136,820 and \$117,923, respectively. The full amount has been contributed for 1999 and 1998. 80% has been contributed for 2000 with the remainder being reported as a fund liability and within the General Long-Term Debt Account Group.

B. POLICE AND FIREMEN'S DISABILITY AND PENSION FUND

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

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 10% of their annual covered salary, while the City is required to contribute 19.5% and 24.0% for police officers and firefighters, respectively. The City's contributions for pension obligations to the OP&F for the years ended December 31, 2000, 1999 and 1998 were \$458,913, \$289,636, and \$263,623, respectively. The full amount has been contributed for 1999 and 1998. 71% has been contributed for 2000 with the remainder being reported as a liability within the General Long-Term Debt Account Group.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

PERS provides post-retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. 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, Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The employer contribution rate was rolled back for the year 2000. The 2000 employer contribution rate for local government employers was 10.84% of covered payroll; 4.30% was the portion that was used to fund health care. The law enforcement employer rate for 2000 was 15.70% of covered payroll; 4.30% was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The City's contribution actually made to fund post employment benefits was \$63,806.

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

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 11 - POSTEMPLOYMENT BENEFITS - (Continued)

As of December 31, 1999 (the latest information available), the unaudited estimated net assets available for future OPEB payments were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively, at December 31, 1999 (the latest information available). The number of benefit recipients eligible for OPEB at December 31, 1999 (the latest information available) was 401,339.

During 2000, the PERS Retirement Board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates was based upon a December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for both the state and local government divisions and 6% for law enforcement divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

B. POLICE AND FIREMEN'S DISABILITY AND PENSION FUND

OP&F provides post-retirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides that health care cost paid from the funds of the OP&F shall be included in the employer's contribution rate. The total police officer employer contribution rate is 19.5% of covered payroll and the total firefighter's employer contribution rate is 24.0% of covered payroll. The Ohio Revised Code provides the authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.0% and 7.25% of covered payroll in 1999 and 2000, respectively. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 11 - POSTEMPLOYMENT BENEFITS - (Continued)

The number of participants eligible to receive health care benefits as of December 31, 1999 was 12,467 for police and 9,807 for firefighters. The City's actual contributions for 2000 that were used to fund postemployment benefits were \$80,096 for police and \$73,568 for fire. The PFDPF's total health care expense for the year ended December 31, 1999 (the latest information available) was \$95 million.

NOTE 12 - OTHER EMPLOYEE BENEFITS

COMPENSATED ABSENCES

Employees earn vacation and sick leave at different rates which are also affected by length of service. Vacation can be carried over at different rates depending on the department. Police and dispatchers may carry over 40 hours for use during the first three months of the following year. Sick leave accrual is continuous, with a limit of 500 hours. Overtime worked is always paid to employees on the paycheck for the period in which it was worked. However, employees may elect to bank compensatory time at the overtime rate with some exceptions. The City's police and fire contract overrule the salary ordinances that this applies to.

In accordance with City salary ordinance, all full-time non-uniform employees after 10 years of service receive 1/4 accrued hours to a maximum of 2400 hours to be paid at rate of pay. This is also consistent for all police employees. Fire employees after 10 years of service received 1/4 accrued hours up to a maximum of 2000 hours; those hours in excess of 2000, but no more than 2800 are paid at 1/3 the total accrued. The City has a sick leave reciprocity option, where an employee can elect to receive payment for a limited amount of unused sick leave, based on various requirements.

As of December 31, 2000, the total liability for unpaid compensated absences was \$510,208. The current portion of \$65,524 is reported as a liability of the respective funds, and the balance in the General Long-Term Obligations Account Group.

CITY OF GRANDVIEW HEIGHTS, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

	Governmental Fund Types			
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Funds
Budget Basis	\$474,330	\$ (54,625)	\$ 0	\$(1,122,414)
Adjustments:				
Net Adjustment for				
Revenue Accruals	77,937	(18,370)	217,213	42,217
Net Adjustment for				
Expenditure Accruals	(42,283)	56,314	(217,213)	29,064
Net Adjustment for Other				
Financing Sources/(Uses)	(3,184)	3,184	0	0
Encumbrances	<u>183,443</u>	<u>150,623</u>	<u>0</u>	<u>1,109,317</u>
GAAP Basis	<u>\$690,243</u>	<u>\$137,126</u>	<u>\$ 0</u>	<u>\$ 58,184</u>

CITY OF GRANDVIEW HEIGHTS, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

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 2000, the City was a member of the Ohio Government Risk Management Plan, an insurance purchasing pool. The Pool shops for insurance as a group with the intention of securing better rates than if each participant purchased insurance separately.

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

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

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

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

CITY OF GRANDVIEW HEIGHTS, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 15 - CONTINGENT LIABILITIES

A. GRANTS

The City receives financial assistance from various federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires the compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2000.

B. LITIGATION

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

NOTE 16 - CAPITAL LEASE RECEIVABLE

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

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

CITY OF GRANDVIEW HEIGHTS, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 16 - CAPITAL LEASE RECEIVABLE - (Continued)

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

December 31, 2000

Total Minimum Lease Payments to be Received	\$1,505,682
Less: Unearned Interest	<u>(260,682)</u>
Net Investment in Direct Financing Leases	<u>\$1,245,000</u>

NOTE 17 - SIGNIFICANT SUBSEQUENT EVENTS

On January 24, 2001, Susan K. Pahwa was appointed Finance Director of the City.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

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

Members of Council and Mayor
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 year ended December 31, 2000, and have issued our report thereon dated June 22, 2001. 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 2000-GH-001, 2000-GH-002, and 2000-GH-003. 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 June 22, 2001.

Members of Council and Mayor
The City of Grandview Heights

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Grandview Heights's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-GH-001, 2000-GH-002, and 2000-GH-003.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are not material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the management of the City of Grandview Heights's in a separate letter dated June 22, 2001.

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

Trimble, Julian & Grube, Inc.
June 22, 2001

**CITY OF GRANDVIEW HEIGHTS
FRANKLIN COUNTY, OHIO
DECEMBER 31, 2000**

SCHEDULE OF FINDINGS

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

Finding Number	2000-GH-001
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Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated revenues.

It was noted during the audit that during the year ended December 31, 2000, the total appropriations exceeded the total estimated revenues in the following fund:

<u>Fund Type/Fund</u>	<u>Estimated Revenues</u>	<u>Appropriations</u>	<u>Excess Appropriations</u>
<u>Special Revenue Fund</u>			
State Highway Improvement	\$111,285	\$178,000	(\$66,715)

With appropriations exceeding estimated revenues, 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 resources.

**CITY OF GRANDVIEW HEIGHTS
FRANKLIN COUNTY, OHIO
DECEMBER 31, 2000**

SCHEDULE OF FINDINGS

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

Finding Number	2000-GH-002
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Ohio Revised Code Section 5705.41 (B) requires that no subdivision is to expend money unless it has been appropriated.

It was noted during the audit that for the year ended December 31, 2000, the City had expenditures plus encumbrances exceeding appropriations in the following fund:

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
<u>Special Revenue Fund</u>			
Fire Pension/Administration	\$ 232,419	\$ 242,195	(\$ 9,776)

With expenditures plus encumbrances exceeding appropriations, the City is unlawfully expending monies that have not been appropriated.

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

**CITY OF GRANDVIEW HEIGHTS
FRANKLIN COUNTY, OHIO
DECEMBER 31, 2000**

SCHEDULE OF FINDINGS

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

Finding Number	2000-GH-003
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Ohio Revised Code Section 5705.10 in part requires that money paid into any fund shall be expended only after such fund receives monies to cover expenditures.

It was noted during the audit that at December 31, 2000, the City maintained a negative cash fund balance in the Special Revenue fund: Mayor's Court Computer Fund in the amount of \$6,328.

The City has spent monies not available to that fund and thus causing noncompliance. No fund should have a negative cash fund balance throughout the year or at year end.

We recommend that the City properly expend monies only after funds have been received and subsequent to proper appropriation. If funds are anticipated, but not yet received and expenditures are necessary, the City should advance or transfer funds from the General Fund with proper Council approval.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CITY OF GRANDVIEW HEIGHTS

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 31, 2001**