

# **City Of Greenville, Ohio**

**General-Purpose Financial Statements**

**December 31, 2002**





**Auditor of State  
Betty Montgomery**

Honorable Mayor and Members of City Council  
City of Greenville  
Greenville, Ohio

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

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

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

July 3, 2003

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# **CITY OF GREENVILLE, OHIO**

## GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

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Creating economic value through  
knowledge, innovation, commitment, and service

CIUNI & PANICHI  
INC.

CERTIFIED PUBLIC ACCOUNTANTS  
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

## Independent Auditors' Report

Honorable Mayor and  
Members of City Council  
City of Greenville, Ohio

We have audited the accompanying general-purpose financial statements of the City of Greenville, Ohio, as of and for the year ended December 31, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City of Greenville, Ohio's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and the 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 Greenville, Ohio, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2003 on our consideration of the City of Greenville's internal control over financial reporting and on 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.

*Ciuni & Panichi, Inc.*

Cleveland, Ohio  
April 18, 2003



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# **CITY OF GREENVILLE, OHIO**

## **GENERAL-PURPOSE FINANCIAL STATEMENTS**

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The general-purpose financial statements of the City include the basic combined financial statements, presented by fund type and account group, and notes to the financial statements that are essential to the fair presentation of financial position and results of operations and cash flows of its proprietary fund types.

# CITY OF GREENVILLE, OHIO

## COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

**DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<u>ASSETS AND OTHER DEBITS</u>			
<u>Assets</u>			
Cash and Cash Equivalents	\$ 3,717,069	\$ 1,021,835	\$ 242,798
Restricted Cash and Investments	400,000	-	-
Taxes Receivable	2,074,043	140,640	-
Accounts Receivable	14,459	5,649	-
Intergovernmental Receivable	464,211	207,712	-
Interest Receivable	6,087	604	-
Materials and Supplies Inventory	19,639	58,060	-
Prepaid Items	36,609	54	-
Fixed Assets (Net of Accumulated Depreciation)	-	-	-
<u>Other Debits</u>			
Amount Available in the Debt Service Fund	-	-	-
Amount Provided for General Long – Term Debt Obligations	-	-	-
Total Assets	\$ <u>6,732,117</u>	\$ <u>1,434,554</u>	\$ <u>242,798</u>

See accompanying notes to the General Purpose Financial Statements

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Non-Expendable Trust</u>	<u>General Fixed Assets</u>	<u>General Long-term Obligations</u>	
\$ 7,863,917	\$ 634,453	\$ 58,896	\$ -	\$ -	\$ 13,538,968
289,944	-	-	-	-	689,944
-	-	-	-	-	2,214,683
500,286	48	-	-	-	520,442
-	-	-	-	-	671,923
12,104	114	713	-	-	19,622
108,460	-	-	-	-	186,159
9,467	-	-	-	-	46,130
5,225,776	-	-	7,982,936	-	13,208,712
-	-	-	-	242,798	242,798
-	-	-	-	4,189,046	4,189,046
<u>\$ 14,009,954</u>	<u>\$ 634,615</u>	<u>\$ 59,609</u>	<u>\$ 7,982,936</u>	<u>\$ 4,431,844</u>	<u>\$ 35,528,427</u>

Continued

# CITY OF GREENVILLE, OHIO

## COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)

**DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<b><u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 59,773	\$ 147,501	\$ -
Claims Payable	-	-	-
Accrued Wages	45,885	9,309	-
Accrued Compensated Absences	45,590	2,854	-
Due to Other Governments	13,812	1,897	-
Deferred Revenue	1,785,198	280,716	-
Accrued Pension	16,726	1,648	-
Accrued Interest Payable	-	-	-
Lease Purchase Agreement	-	-	-
OPWC Loan Payable	-	-	-
Bonds Payable	-	-	-
Total Liabilities	<u>1,966,984</u>	<u>443,925</u>	<u>-</u>
<b><u>Fund Equity and Other Credits</u></b>			
Investment in General Fixed Assets	-	-	-
Contributed Capital	-	-	-
Retained Earnings	-	-	-
<b>Fund Balances:</b>			
Reserve for Encumbrances	1,527,995	192,593	-
Reserve for Inventory	19,639	58,060	-
Reserve for Prepaid Items	36,609	54	-
Reserve for Debt Service	-	-	242,798
Reserve for Capital Improvements	400,000	-	-
Reserve for Endowments	-	-	-
Unreserved/Undesignated	<u>2,780,890</u>	<u>739,922</u>	<u>-</u>
Total Fund Equity and Other Credits	<u>4,765,133</u>	<u>990,629</u>	<u>242,798</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$ 6,732,117</u>	<u>\$ 1,434,554</u>	<u>\$ 242,798</u>

See accompanying notes to the General Purpose Financial Statements

<u>Proprietary Fund Types</u>		<u>Fiduciary</u>	<u>Account Groups</u>		<u>Total</u> <u>(Memorandum</u> <u>Only)</u>
<u>Enterprise</u>	<u>Internal</u> <u>Service</u>	<u>Fund Type</u> <u>Non-Expendable</u> <u>Trust</u>	<u>General</u> <u>Fixed</u> <u>Assets</u>	<u>General</u> <u>Long-term</u> <u>Obligations</u>	
\$ 60,862	\$ -	\$ -	\$ -	\$ -	\$ 268,136
-	44,015	-	-	-	44,015
11,636	-	-	-	-	66,830
116,515	-	-	-	502,703	667,662
3,504	-	-	-	-	19,213
346	4	9	-	-	2,066,273
43,172	-	-	-	237,316	298,862
9,674	-	-	-	-	9,674
-	-	-	-	400,000	400,000
-	-	-	-	436,825	436,825
<u>2,835,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,855,000</u>	<u>5,690,000</u>
<u>3,080,709</u>	<u>44,019</u>	<u>9</u>	<u>-</u>	<u>4,431,844</u>	<u>9,967,490</u>
-	-	-	7,982,936	-	7,982,936
1,519,891	-	-	-	-	1,519,891
9,409,354	590,596	-	-	-	9,999,950
-	-	-	-	-	1,720,588
-	-	-	-	-	77,699
-	-	-	-	-	36,663
-	-	-	-	-	242,798
-	-	-	-	-	400,000
-	-	59,600	-	-	59,600
-	-	-	-	-	3,520,812
<u>10,929,245</u>	<u>590,596</u>	<u>59,600</u>	<u>7,982,936</u>	<u>-</u>	<u>25,560,937</u>
\$ <u>14,009,954</u>	\$ <u>634,615</u>	\$ <u>59,609</u>	\$ <u>7,982,936</u>	\$ <u>4,431,844</u>	\$ <u>35,528,427</u>

# CITY OF GREENVILLE, OHIO

## COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

### FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total (Memorandum Only)</u>
<u>Revenues</u>				
Property Taxes	\$ 1,388,434	\$ 157,070	\$ -	\$ 1,545,504
Municipal Income Tax	3,986,236	-	-	3,986,236
Other Local Taxes	448,695	-	-	448,695
Intergovernmental	554,501	662,434	-	1,216,935
Charges for Services	172,959	239,063	-	412,022
License and Permits	107,444	-	-	107,444
Fines and Forfeitures	140,836	726	-	141,562
Special Assessments	-	-	1,729	1,729
Investment Income	73,535	9,720	-	83,255
Reimbursements	-	532,558	-	532,558
Other	154,097	54,422	-	208,519
Total Revenues	<u>7,026,737</u>	<u>1,655,993</u>	<u>1,729</u>	<u>8,684,459</u>
<u>Expenditures</u>				
Current Operations and Maintenance:				
Security of Persons & Property	2,881,125	440,761	-	3,321,886
Public Health	36,558	-	-	36,558
Leisure Time Activities	644,879	-	-	644,879
Community Development	7,912	115,040	-	122,952
Basic Utility Service	170,347	-	-	170,347
Transportation	168,769	1,639,131	-	1,807,900
General Government	1,579,970	-	-	1,579,970
Capital Outlay	527,759	-	-	527,759
Debt Service:				
Principal Retirement	23,615	-	120,000	143,615
Interest and Fiscal Charges	-	-	153,650	153,650
Total Expenditures	<u>6,040,934</u>	<u>2,194,932</u>	<u>273,650</u>	<u>8,509,516</u>
Excess of Revenues Over (Under) Expenditures	<u>985,803</u>	<u>(538,939)</u>	<u>(271,921)</u>	<u>174,943</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Lease Purchase Agreement	400,000	-	-	400,000
Operating Transfers – In	3,939	649,000	273,650	926,589
Operating Transfers – Out	(1,277,780)	(79,163)	-	(1,356,943)
Total Other Financing Sources (Uses)	<u>(873,841)</u>	<u>569,837</u>	<u>273,650</u>	<u>(30,354)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	111,962	30,898	1,729	144,589
Fund Balance at Beginning of Year, Restated	4,651,461	955,179	241,069	5,847,709
Increase in Reserves	<u>1,710</u>	<u>4,552</u>	<u>-</u>	<u>6,262</u>
Fund Balance at End of Year	<u>\$ 4,765,133</u>	<u>\$ 990,629</u>	<u>\$ 242,798</u>	<u>\$ 5,998,560</u>

See accompanying notes to the General Purpose Financial Statements

# CITY OF GREENVILLE, OHIO

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

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues</u>			
Property Taxes	\$ 1,356,000	\$ 1,388,434	\$ 32,434
Municipal Income Tax	3,820,784	3,973,019	152,235
Other Local Taxes	431,502	448,695	17,193
Intergovernmental	583,512	606,762	23,250
Charges for Services	158,531	164,847	6,316
License and Permits	103,327	107,444	4,117
Fines and Forfeitures	135,440	140,836	5,396
Investment Income	76,837	79,898	3,061
Miscellaneous Income	<u>183,953</u>	<u>191,283</u>	<u>7,330</u>
Total Revenues	<u>6,849,886</u>	<u>7,101,218</u>	<u>251,332</u>
<u>Expenditures</u>			
Current Operations and Maintenance			
Security of Persons and Property	3,216,371	2,992,234	224,137
Public Health and Welfare	43,675	36,699	6,976
Leisure Time Activity	747,933	684,406	63,527
Community Development	6,014	4,628	1,386
Basic Utility Service	198,634	170,438	28,196
Transportation	249,035	171,456	77,579
General Government	2,533,586	1,779,666	753,920
Capital Outlay	<u>2,290,824</u>	<u>1,951,345</u>	<u>339,479</u>
Total Expenditures	<u>9,286,072</u>	<u>7,790,872</u>	<u>1,495,200</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,436,186)</u>	<u>(689,654)</u>	<u>1,746,532</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds From Lease Purchase Agreement	384,673	400,000	15,327
Operating Transfers – In	3,788	3,939	151
Operating Transfers – Out	<u>(1,305,985)</u>	<u>(1,277,780)</u>	<u>28,205</u>
Total Other Financing Sources (Uses)	<u>(917,524)</u>	<u>(873,841)</u>	<u>43,683</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,353,710)	(1,563,495)	1,790,215
Fund Balance at Beginning of Year	4,128,506	4,128,506	-
Current Year Encumbrances	<u>1,552,058</u>	<u>1,552,058</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>2,326,854</u>	\$ <u>4,117,069</u>	\$ <u>1,790,215</u>

Continued

See accompanying notes to the General Purpose Financial Statements

# CITY OF GREENVILLE, OHIO

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

	<u>Special Revenue Funds</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
<u>Revenues</u>			
Property Taxes	\$ 154,280	\$ 157,070	\$ 2,790
Intergovernmental	706,755	695,928	(10,827)
Charges for Services	240,363	236,681	(3,682)
Fines and Forfeitures	641	631	(10)
Investment Income	10,362	10,203	(159)
Reimbursements	540,844	532,558	(8,286)
Miscellaneous Income	<u>55,269</u>	<u>54,422</u>	<u>(847)</u>
Total Revenues	<u>1,708,514</u>	<u>1,687,493</u>	<u>(21,021)</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Security of Persons and Property	243,839	440,543	(196,704)
Community Development	336,910	335,545	1,365
Transportation	<u>1,174,011</u>	<u>1,688,689</u>	<u>(514,678)</u>
Total Expenditures	<u>1,754,760</u>	<u>2,464,777</u>	<u>(710,017)</u>
Excess of Revenues Over (Under) Expenditures	<u>(46,246)</u>	<u>(777,284)</u>	<u>(731,038)</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers – In	659,098	649,000	(10,098)
Operating Transfers – Out	<u>(79,638)</u>	<u>(79,163)</u>	<u>475</u>
Total Other Financing Sources (Uses)	<u>579,460</u>	<u>569,837</u>	<u>(9,623)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	533,214	(207,447)	(740,661)
Fund Balance at Beginning of Year	980,587	980,587	-
Current Year Encumbrances	<u>248,695</u>	<u>248,695</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>1,762,496</u>	\$ <u>1,021,835</u>	\$ <u>(740,661)</u>

Continued

See accompanying notes to the General Purpose Financial Statements



**CITY OF GREENVILLE, OHIO**

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

	<u>Debt Service Fund</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Special Assessments	\$ <u>1,729</u>	\$ <u>1,729</u>	\$ <u>-</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	120,000	120,000	-
Interest Expense	<u>153,650</u>	<u>153,650</u>	<u>-</u>
Total Expenditures	<u>273,650</u>	<u>273,650</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(271,921)</u>	<u>(271,921)</u>	<u>-</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers-In	<u>273,721</u>	<u>273,650</u>	<u>(71)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,800	1,729	(71)
Fund Balance at Beginning of Year	<u>241,069</u>	<u>241,069</u>	<u>-</u>
Fund Balance at End of Year	\$ <u><u>242,869</u></u>	\$ <u><u>242,798</u></u>	\$ <u><u>(71)</u></u>

See accompanying notes to the General Purpose Financial Statements

# CITY OF GREENVILLE, OHIO

## COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS – ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUND

### FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Non-Expendable Trust Fund</u>	<u>Totals (Memorandum Only)</u>
<u>Operating Revenues</u>				
Charges for Services	\$ 2,608,633	\$ 213,246	\$ -	\$ 2,821,879
Other Income	74,405	-	-	74,405
Total Operating Revenues	<u>2,683,038</u>	<u>213,246</u>	<u>-</u>	<u>2,896,284</u>
<u>Operating Expenses</u>				
Personal Services	1,003,958	-	-	1,003,958
Materials and Supplies	255,943	-	-	255,943
Contractual Services	545,899	-	-	545,899
Utilities	268,011	-	-	268,011
Reimbursements Paid	-	526,366	-	526,366
Depreciation	393,412	-	-	393,412
Total Operating Expenses	<u>2,467,223</u>	<u>526,366</u>	<u>-</u>	<u>2,993,589</u>
Operating Income (Loss)	<u>215,815</u>	<u>(313,120)</u>	<u>-</u>	<u>(97,305)</u>
<u>Non-Operating Revenues (Expenses)</u>				
Interest Income	119,668	8,144	1,478	129,290
Interest Expense	(377,113)	-	-	(377,113)
Total Non-Operating Revenues (Expenses)	<u>(257,445)</u>	<u>8,144</u>	<u>1,478</u>	<u>(247,823)</u>
Net Income (Loss) Before Operating Transfers	<u>(41,630)</u>	<u>(304,976)</u>	<u>1,478</u>	<u>(345,128)</u>
Operating Transfers – In	6,935	504,119	-	511,054
Operating Transfers – Out	(80,700)	-	-	(80,700)
Net Income (Loss)	(115,395)	199,143	1,478	85,226
Retained Earnings/Fund Balance at Beginning of Year, Restated	9,435,423	391,453	58,122	9,884,998
Depreciation Charged on Contributed Capital	<u>89,326</u>	<u>-</u>	<u>-</u>	<u>89,326</u>
Retained Earnings/Fund Balance at End of Year	\$ <u>9,409,354</u>	\$ <u>590,596</u>	\$ <u>59,600</u>	\$ <u>10,059,550</u>

See accompanying notes to the General Purpose Financial Statements

# CITY OF GREENVILLE, OHIO

## COMBINED STATEMENT OF CASH FLOWS – ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUND

### FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Non-Expendable Trust Fund</u>	<u>Totals (Memorandum Only)</u>
<u>Cash Flows From Operating Activities</u>				
Cash Received from Customers	\$ 2,593,169	\$ 213,497	\$ -	\$ 2,806,666
Cash Payments for Goods and Services	(1,101,669)	(521,271)	-	(1,622,940)
Cash Payments to Employees	(1,009,847)	-	-	(1,009,847)
Other Operating Receipts	<u>80,701</u>	<u>-</u>	<u>-</u>	<u>80,701</u>
Net Cash Provided by (Used in) Operating Activities	<u>562,354</u>	<u>(307,774)</u>	<u>-</u>	<u>254,580</u>
<u>Cash Flows from Non-Capital Financing Activities</u>				
Operating Transfers – In	6,935	504,119	-	511,054
Operating Transfer – Out	<u>(80,700)</u>	<u>-</u>	<u>-</u>	<u>(80,700)</u>
Net Cash Provided by (Used in) Non- Capital Financing Activities	<u>(73,765)</u>	<u>504,119</u>	<u>-</u>	<u>430,354</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Proceeds of Refunding Bonds	2,985,000	-	-	2,985,000
Acquisition of Capital Assets	(39,708)	-	-	(39,708)
Principal Paid on Bonds	(2,885,000)	-	-	(2,885,000)
Interest Paid on Bonds	<u>(354,947)</u>	<u>-</u>	<u>-</u>	<u>(354,947)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(294,655)</u>	<u>-</u>	<u>-</u>	<u>(294,655)</u>
<u>Cash Flows From Investing Activities</u>				
Interest Income	<u>141,064</u>	<u>9,005</u>	<u>896</u>	<u>150,965</u>
Net Increase in Cash and Cash Equivalents	334,998	205,350	896	541,244
Cash and Cash Equivalents Beginning of Year	<u>7,528,919</u>	<u>429,103</u>	<u>58,000</u>	<u>8,016,022</u>
Cash and Cash Equivalents End of Year	\$ <u><u>7,863,917</u></u>	\$ <u><u>634,453</u></u>	\$ <u><u>58,896</u></u>	\$ <u><u>8,557,266</u></u>

Continued

See accompanying notes to the General Purpose Financial Statements

# CITY OF GREENVILLE, OHIO

## COMBINED STATEMENT OF CASH FLOWS – ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUND (CONTINUED)

### FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Non-Expendable Trust Fund</u>	<u>Totals (Memorandum Only)</u>
<u>Reconciliation of Operating Income (Loss) To Net Cash From Operating Activities</u>				
Operating Income (Loss)	\$ 215,815	\$ (313,120)	\$ -	\$ (97,305)
Adjustments to Reconcile Operating Income (Loss) To Net Cash From Operating Activities:				
Depreciation	393,412	-	-	393,412
Changes in Assets and Liabilities:				
Decrease ( Increase) in Accounts Receivable	(9,168)	251	-	(8,917)
Increase in Inventory	(2,604)	-	-	(2,604)
Decrease in Prepaid Items	18,731	-	-	18,731
Decrease in Accounts Payable	(47,943)	-	-	(47,943)
Decrease in Accrued Wages and Benefits	(4,716)	-	-	(4,716)
Increase in Compensated Absences Payable	355	-	-	355
Increase in Claims Payable	-	5,095	-	5,095
Decrease in Due to Other Governments	(3,369)	-	-	(3,369)
Increase in Accrued Pension	1,841	-	-	1,841
Total Adjustments	<u>346,539</u>	<u>5,346</u>	<u>-</u>	<u>351,885</u>
Net Cash Provided by (Used in) Operating	\$ <u>562,354</u>	\$ <u>(307,774)</u>	\$ <u>-</u>	\$ <u>254,580</u>

See accompanying notes to the General Purpose Financial Statements

# **CITY OF GREENVILLE, OHIO**

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002

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### NOTE 1 – THE REPORTING ENTITY

The City of Greenville, Ohio (the “City”), was incorporated in 1832 and operates under a Council-Mayor form of government. The following services are provided by the City: public safety (police and fire), highways and streets, water, sewer, recreation, public improvements, planning and zoning, and general administrative services.

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, boards and agencies that are not legally separate from the City. For the City of Greenville this includes police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, water system and sewage treatment, and general administrative services. The City’s departments include a public safety department, a public service department, a street maintenance department, a sanitation system, a parks and recreation department, a planning and zoning department, and a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation of each of these activities and entities is directly controlled by the City Council through the budgetary process.

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 deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The City also applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities, provided they do not conflict with or contradict GASB pronouncements.

#### A. BASIS OF PRESENTATION – FUND ACCOUNTING

*Fund Accounting:* The accounting policies of the City conform to generally accepted accounting principles applicable to governments as prescribed by the Governmental Accounting Standards Board (GASB). Following is a summary of the more significant policies.

The financial transactions of the City are recorded in individual funds and account groups.

# **CITY OF GREENVILLE, OHIO**

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### A. BASIS OF PRESENTATION – FUND ACCOUNTING (CONTINUED)

The various funds and account groups are recorded by type in the general-purpose financial statements. The various funds of the City are grouped into the following generic funds under the broad fund type categories of governmental, proprietary, and fiduciary for financial statement presentation purposes:

#### GOVERNMENTAL FUNDS

*General Fund:* This 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.

*Special Revenue Funds:* These funds are used to account for revenues derived from specific taxes, grants or other restricted revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes.

*Debt Service Fund:* This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related cost.

#### PROPRIETARY FUNDS

These funds account for operations that are organized to be self-supporting through user charges. The funds included in this category are the Enterprise Funds and Internal Service Fund.

*Enterprise Funds:* These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

*Internal Service Fund:* This fund is used to account for the financing of goods and services provided by one department to other departments of the City on a cost reimbursement basis.

#### FIDUCIARY FUNDS

These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

*Non-Expendable Trust Fund:* This fund is accounted for and reported similarly to Proprietary Funds.

# CITY OF GREENVILLE, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### A. BASIS OF PRESENTATION – FUND ACCOUNTING (CONTINUED)

##### ACCOUNT GROUPS

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

*General Fixed Assets Account Group:* This group is used to account for all fixed assets acquired for general City purposes, excluding fixed assets of proprietary or trust funds.

*General Long-Term Obligations Account Group:* This group is used to account for all long-term obligations of the City, except those accounted for in proprietary or trust funds.

#### B. MEASUREMENT FOCUS AND 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.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total 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.

All governmental fund types are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is sixty days after year-end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, state-levied locally shared taxes, fines and forfeitures, and income taxes.

# **CITY OF GREENVILLE, OHIO**

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when 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. Current and delinquent property taxes measurable as of December 31, 2002, whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expense. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Principal and interest on general long-term obligations 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. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The proprietary fund types utilize the accrual basis of accounting for reporting purposes. Revenues are recognized when they are earned and become measurable and expenses are recognized when they are incurred, if measurable. Unbilled service charges receivable are recognized as revenue at year-end.

Governmental and fiduciary fund types are accounted for on the modified accrual basis of accounting. Government revenues are recognized when they become measurable and available to finance expenditures of the current period.

Revenue items, which are recognized before the related cash is received and are recorded as receivables, include income taxes arising from payroll tax withholding during the year. Expenditures are recognized when the related fund liability is incurred, with the exception of accumulated unpaid employee compensation and the principal and interest of general long-term obligations, which are reported when due in conformity with generally accepted accounting principles.

Proprietary funds are accounted for on the accrual basis of accounting. Their revenues are recognized in the accounting period earned and expenses are recognized in the period incurred.

#### C. BUDGETARY PROCESS

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.



# CITY OF GREENVILLE, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. BUDGETARY PROCESS (CONTINUED)

The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that 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 departmental level or by projects.

#### Tax Budget

The City must submit a budget of estimated cash receipts and disbursements to the County Auditor, as a Secretary of the County Budget Commission, by July 20 of each year for the following calendar year.

#### Estimated Resources

The County Budget Commission certifies its actions by September 1, and issues a "Certificate of Resources" limiting the maximum amount the City may expend from a given fund during the year. About January 1, this Certificate is amended to include any unencumbered balances from the preceding year. The City must prepare its appropriations so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Resources.

#### Appropriations

A temporary appropriation measure may be passed for the period January 1 through March 31. If a temporary appropriation is made, a permanent appropriation measure must be passed before April 1, for the period January 1 through December 31. The permanent appropriations may not exceed estimated resources certified by the County Budget Commission.

#### Lapsing of Appropriations

Unused appropriations lapse at year-end and encumbrances are added to the ensuing year's appropriations.

#### Encumbrances

Encumbrances outstanding at year-end represent the estimated amount of expenditures that will ultimately result if unperformed contracts in process (for example, purchase orders and contracted services) are completed. Encumbrances are reported as reservations of fund balances in the appropriate funds, since they do not constitute expenditures or liabilities.

# **CITY OF GREENVILLE, OHIO**

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### D. CASH AND CASH EQUIVALENTS

Cash balances of all City funds, except for those held by a trustee or fiscal agent, are pooled and invested to improve yields. Investments are recorded at cost, which approximates market value. Interest earnings from investments are allocated to respective funds in accordance with applicable federal, state, and city regulations. For purposes of the statement of cash flows, the City considers certificates of deposit with a maturity of three months or less when purchased to be cash equivalents.

#### E. INVENTORY

Inventory is valued at cost using the purchase method. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve in the governmental funds which indicates that they do not constitute “available spendable resources” and thus, are not available for appropriation.

#### F. PREPAID ITEMS

Payments made to vendors for services that will benefit beyond year-end are recorded as prepaid expenditures. Additionally, bond issuance costs amortized over the life of the bonds are recorded as prepaid expenditures in the Enterprise Fund.

#### G. FIXED ASSETS AND DEPRECIATION

Fixed assets include land, utilities, buildings, and machinery and equipment owned by the City. Infrastructure including streets, bridges, and sidewalks is not included in the General Fixed Assets Account Group. Interest expenditures incurred as part of the construction of capital assets are capitalized as part of the historical cost of the asset.

Fixed assets acquired or constructed for general governmental purposes are reported as expenditures in the fund that financed the asset acquisition and capitalized in the General Fixed Assets Account Group.

Property and equipment acquired by proprietary funds are capitalized in those funds. All fixed assets are recorded at cost, estimated historical cost, or at estimated fair market value at the time of donation.

Depreciation of fixed assets is calculated and recorded using the straight-line method over the estimated useful lives of the fixed assets in proprietary funds. Assets in the General Fixed Assets Account Group are not depreciated.

# CITY OF GREENVILLE, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### G. FIXED ASSETS AND DEPRECIATION (CONTINUED)

The estimated useful lives of the various classes of fixed assets range as follows:

<u>Class</u>	<u>Estimated Useful Life</u>
Land Improvements	20 to 25 years
Buildings and Improvements	20 to 40 years
Machinery and Equipment	2 to 25 years
Furniture and Fixtures	5 to 15 years
Vehicles	8 to 10 years

#### H. RESTRICTED ASSETS

Certain resources, set aside for repayment of enterprise fund revenue refunding bonds under bond covenants, represent restricted assets because their use is limited by the bond indenture. At December 31, 2002, \$400,000 was reflected on the City's Combined Balance Sheet as "Restricted Cash and Investments" relating to the revenue refunding bonds in the Sewer Enterprise Fund. In the General Fund, \$400,000 is restricted for proceeds received from a lease-purchase agreement entered into during 2002 for fire station improvements.

#### I. INTERGOVERNMENTAL REVENUES

In governmental funds, federal grants awarded on a non-reimbursement basis and federal entitlements are recorded as intergovernmental receivables and revenues when measurable and available. Federal reimbursable-type grants are recorded as intergovernmental receivables and revenues in the period when all applicable eligibility requirements have been met and the resources are available.

#### J. COMPENSATED ABSENCES

The City records a liability for sick leave and other compensated absences when the obligation is attributable to services previously rendered, the obligation relates to rights that vest or accumulate, payment of the obligation is probable and the amount of the obligations can be reasonably determinable. For governmental funds, the portion of unpaid sick leave that is to be paid using current available financial resources is reported as an expenditure in the fund from which the individuals earning the vacation or sick leave are paid, with a corresponding liability reflected in the account "accrued compensated absences". The long-term debt portion of the liability is reported in the general long-term obligations account group.

In the proprietary fund, compensated absences are expensed when earned and the related liability reported within the fund itself.

# CITY OF GREENVILLE, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### K. INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions between funds, including the expenditures and transfers of resources to provide services and service debt. Operating subsidies are recorded as operating transfers. The classification of amounts, if any, recorded as subsidies, advances, or equity contributions is based on the intent of the City at time of the transactions.

Short-term amounts owed between funds are classified as “Due To/From Other Funds” on the Combined Balance Sheet.

#### L. FUND EQUITY

Reservations of fund balances are established to identify the existence of assets that, because of their nonmonetary nature or lack of liquidity, represent financial resources not available for current appropriations or expenditures, including amounts legally segregated for future use. Designations represent tentative plans for future use of financial resources. Fund balances are reserved for encumbrances, inventory, prepaid items, debt service, capital improvements, and endowments.

#### M. ESTIMATES

The preparation of the 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.

#### N. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

### NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The City’s budget (budgetary basis) accounts for certain transactions on a basis which differs from generally accepted accounting principles (GAAP basis). The major differences between the budgetary basis and the GAAP basis are that revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis), and are recorded when paid in cash (budgetary basis) as opposed to when incurred (GAAP basis). Additionally, outstanding year end encumbrances are treated as expenditure equivalents (budgetary basis) rather than as a reservation of fund balance (GAAP basis).

# CITY OF GREENVILLE, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

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### NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

The adjustments necessary to convert the results of operations for the year ended December 31, 2002, on the GAAP basis to the budget basis are as follows:

	<u>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses - All Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
GAAP Basis	\$ 111,962	\$ 30,898	\$ 1,729
Net Revenue Adjustments	74,488	31,498	-
Net Expenditure Adjustments	(197,887)	(21,148)	-
Net Encumbrances Adjustments	<u>(1,552,058)</u>	<u>(248,695)</u>	<u>-</u>
Budget Basis	\$ <u>(1,563,495)</u>	\$ <u>(207,447)</u>	<u>1,729</u>

### NOTE 4 – EQUITY IN POOLED CASH AND INVESTMENTS

State statutes require the classification of moneys 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.

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. Interim monies may be invested in the following obligations provided they mature or are redeemable within two years from the date of principal and interest:

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 other obligations or securities issued by any federal government agency or instrumentality;

# **CITY OF GREENVILLE, OHIO**

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

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### NOTE 4 – EQUITY IN POOLED CASH AND INVESTMENTS (CONTINUED)

3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of purchase;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in divisions (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);
7. Certain bankers’ acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

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.

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.

GASB Statement 3 “Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reserve Repurchase Agreements” requires disclosures to help assess actual and potential future deposit and investment market and credit risk. The following information regarding deposits and investments is presented using the categories of risk identified in GASB Statement 3.

#### A. DEPOSITS

At year-end, the carrying amount of the City’s deposits was \$13,538,968 and the bank balance was \$14,419,565. In addition to deposits at year end, the City also had restricted cash and investments in the amount of \$689,944. Of the bank balance:

1. \$500,000 was covered by federal depository insurance.
2. \$13,919,565 was covered by collateral held by financial institutions not in the City’s name or by single financial institution collateralized pools held in the financial institution’s name as specified by Section 135.181 of the Ohio Revised Code.

# CITY OF GREENVILLE, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

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### NOTE 5 – RECEIVABLES

#### A. PROPERTY TAXES

Property taxes consist of amounts levied against real and tangible property (used in business) located in the City. Real property taxes are levied each January 1 on the assessed value listed as of the prior January 1. Assessed values are required to be updated every three years and revalued every six years. The last revaluation was completed in 2002.

The property tax calendar is as follows:

Levy date	January 1, 2001
Lien date	January 1, 2002
First tax bill mailed	January 13, 2002
Second tax bill mailed	June 9, 2002
First installment payment due	February 7, 2002
Second installment payment due	July 11, 2002

The Darke County Treasurer collects property taxes on behalf of taxing Districts in the County, including the City of Greenville. The County Auditor remits periodically to the City, its portion of taxes collected. Property taxes may be paid on either an annual or semi-annual basis.

Because all settlements are made within the fiscal period of the City, each must be recognized as revenue and thus no advance would be available for recognition as revenue at year end since 2002 settlements cannot be appropriated until 2003.

Ohio law prohibits taxation of property in excess of \$10 per \$1,000 (10.0 mills) of assessed value without a vote of the citizens. Under current procedures, the City's share is \$7.55 per \$1,000 (7.55 mills) of assessed value. The City also receives an additional .6 mills to fund the police and fire pension liability.

The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

Real Property	\$ 196,997,770
Public Utility Property	7,142,620
Intangible Personal Property	<u>63,937,488</u>
Total Valuation	\$ <u>268,077,878</u>

#### B. INCOME TAXES

The City levies a 1.0% income tax on substantially all income earned within the City.

Employers within the City withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

# CITY OF GREENVILLE, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

### NOTE 6 – FIXED ASSETS

The changes in fixed assets for the General Fixed Asset Account Group during 2002 were as follows:

<u>Description</u>	December 31,		December 31,			December 31,
	<u>2001</u>	<u>Adjustment</u>	<u>as Restated</u>	<u>Additions</u>	<u>Deletions</u>	<u>2002</u>
Land and Land Improvements	\$ 969,882	\$ 437,309	\$ 1,407,191	\$ -	\$ -	\$ 1,407,191
Buildings and Improvements	1,295,170	1,101	1,296,271	40,320	-	1,336,591
Machinery and Equipment	2,174,622	514,373	2,688,995	153,200	85,041	2,757,154
Furniture and Fixtures	47,602	-	47,602	1,520	-	49,122
Vehicles	<u>2,337,263</u>	<u>(30,507)</u>	<u>2,306,756</u>	<u>235,393</u>	<u>109,271</u>	<u>2,432,878</u>
Totals	\$ <u>6,824,539</u>	\$ <u>922,276</u>	\$ <u>7,746,815</u>	\$ <u>430,433</u>	\$ <u>194,312</u>	\$ <u>7,982,936</u>

The changes in Enterprise Fund Fixed Assets during 2002 were as follows:

<u>Description</u>	December 31,		December 31,			December 31,
	<u>2001</u>	<u>Adjustment</u>	<u>as Restated</u>	<u>Additions</u>	<u>Deletions</u>	<u>2002</u>
Land and Land Improvements	\$ 173,103	\$ 117,283	\$ 290,386	\$ -	\$ -	\$ 290,386
Buildings and Improvements	3,281,394	(500)	3,280,894	-	-	3,280,894
Machinery and Equipment	6,652,043	(718,462)	5,933,581	22,111	(1,751)	5,953,941
Furniture and Fixtures	7,523	-	7,523	4,100	-	11,623
Vehicles	95,852	30,508	126,360	13,497	-	139,857
Sewer Lines	<u>5,837,598</u>	<u>-</u>	<u>5,837,598</u>	<u>-</u>	<u>-</u>	<u>5,837,598</u>
Total	16,047,513	(571,171)	15,476,342	39,708	(1,751)	15,514,299
Less: Accumulated Depreciation	<u>(10,211,466)</u>	<u>314,604</u>	<u>(9,896,862)</u>	<u>(393,412)</u>	<u>1,751</u>	<u>(10,288,523)</u>
Net Fixed Assets	\$ <u>5,836,047</u>	\$ <u>(256,567)</u>	\$ <u>5,579,480</u>	\$ <u>(353,704)</u>	\$ <u>-</u>	\$ <u>5,225,776</u>

### NOTE 7 – LONG-TERM DEBT

Activity related to general long-term obligations in the General Long-Term Obligations Account Group are as follows:

	December 31,		December 31,			December 31,
	<u>2001</u>	<u>Adjustment</u>	<u>as Restated</u>	<u>Additions</u>	<u>Deletions</u>	<u>2002</u>
General Obligation Bonds						
Payable	\$ 2,975,000	\$ -	\$ 2,975,000	\$ -	\$ 120,000	\$ 2,855,000
Compensated Absences Payable	519,462	-	519,462	-	16,759	502,703
Accrued Pension	224,478	-	224,478	12,838	-	237,316
OPWC Loan Payable	-	460,437	460,437	-	23,612	436,825
Lease Purchase Agreement	-	-	-	400,000	-	400,000
Totals	\$ <u>3,718,940</u>	\$ <u>460,437</u>	\$ <u>4,179,377</u>	\$ <u>412,838</u>	\$ <u>160,371</u>	\$ <u>4,431,844</u>



## CITY OF GREENVILLE, OHIO

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

---

#### NOTE 7 – LONG-TERM DEBT (CONTINUED)

Outstanding debt of the City is as follows:

	<u>December 31,</u> <u>2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31,</u> <u>2002</u>
Landfill Closure General Obligation Bond, due July 8, 2017, 5.23%	\$ 168,700	\$ -	\$ 5,000	\$ 163,700
Street Improvement General Obligation Bond due July 8, 2017, 5.23%	168,700	-	5,000	163,700
Storm Water Drainage General Obligation Bond due July 8, 2017, 5.23%	135,275	-	5,000	130,275
Infrastructure General Obligation Bond due July 8, 2017, 5.23%	372,400	-	15,000	357,400
Whirlpool Project General Obligation Bond due July 8, 2017, 5.23%	1,748,575	-	75,000	1,673,575
Wagner Ave. Improvements General Obligation Bond due July 8, 2017, 5.23%	<u>381,350</u>	<u>-</u>	<u>15,000</u>	<u>366,350</u>
Total General Long-Term Obligations Account Group	<u>2,975,000</u>	<u>-</u>	<u>120,000</u>	<u>2,855,000</u>
<i>Enterprise Funds:</i>				
Wastewater System First Mortgage Revenue Bond, payable in annual installments through 2017, 2.95%-6.35%	2,735,000	-	2,735,000	-
Wastewater System Revenue Refunding Bonds, payable in annual installments through 2017, 2.0%-4.75%	<u>-</u>	<u>2,985,000</u>	<u>150,000</u>	<u>2,835,000</u>
Total Long-Term Debt	\$ <u>5,710,000</u>	\$ <u>2,985,000</u>	\$ <u>3,005,000</u>	\$ <u>5,690,000</u>

On January 1, 2002, the City issued \$2,985,000 in Wastewater System Revenue Refunding Bonds with an interest rate of 2.0% to 4.75% to advance refund \$2,735,000 of the 1992 Wastewater System First Mortgage Revenue Bonds with an interest rate of 2.95% to 6.35%. The net proceeds of \$2,911,124 (after payment of \$73,876 in underwriting fees, issuance, and other issuance costs) were deposited in an irrevocable trust with an escrow agent, including interest earned, to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the Sewer Enterprise Fund.

# CITY OF GREENVILLE, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

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### NOTE 7 – LONG-TERM DEBT (CONTINUED)

The advance refunding reduced the City's aggregate debt service payments by approximately \$199,901 over the next 15 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$145,983.

The assets and revenues of the sewer utilities are pledged as collateral for the above wastewater system revenue refunding bonds.

The City had entered into an agreement with the Ohio Public Works Commission for a street construction loan in the amount of \$472,243. The City made a payment of \$11,806 on the loan in December 2001. Therefore, the January 1, 2002 beginning balance has been adjusted to reflect the OPWC loan payable.

On December 2, 2002, the City entered into a lease purchase agreement with a financial institution to assist in financing the fire station building improvements. The City is leasing the "building improvements" from the financial institution. The City received proceeds of \$400,000 in the General Fund which is shown as restricted cash with a reservation of fund balance on the balance sheet.

The initial term of the lease agreement ends on December 1, 2003, and is renewable for successive one-year terms upon appropriation of funds to pay the rental payments. The final renewal term ends on December 1, 2022 when the remaining balance under the lease is due. At the end of the lease term, the City has the option to purchase the "building improvements" for \$1.

Future minimum lease payments under the lease purchase agreement are as follows:

2003	\$ 30,751
2004	30,724
2005	30,726
2006	30,700
2007	30,747
2008-2012	153,734
2013-2017	153,746
2018-2022	<u>153,878</u>
Future minimum lease payments	615,006
Less: Amount representing interest	<u>(215,006)</u>
Present value of future minimum lease payments	\$ <u>400,000</u>

## CITY OF GREENVILLE, OHIO

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

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#### NOTE 7 – LONG-TERM DEBT (CONTINUED)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2002 are as follows:

<u>Year Ending December 31</u>	<u>Ohio Public Works Commission</u>	<u>Wastewater System Revenue Refunding Bonds</u>	<u>General Obligation Bonds</u>	<u>Total</u>
2003	\$ 23,612	\$ 266,083	\$ 273,130	\$ 562,825
2004	23,612	263,082	277,380	564,074
2005	23,612	259,333	286,035	568,980
2006	23,612	259,458	278,835	561,905
2007	23,612	264,032	276,635	564,279
2008-2012	118,061	1,312,733	1,401,158	2,831,952
2013-2017	118,061	1,313,150	1,425,200	2,856,411
2018-2021	<u>82,643</u>	<u>-</u>	<u>-</u>	<u>82,643</u>
Total	\$ <u>436,825</u>	\$ <u>3,937,871</u>	\$ <u>4,218,373</u>	\$ <u>8,593,069</u>

#### NOTE 8 – DEFINED BENEFIT PENSION PLANS

##### A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

The City of Greenville contributes to the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Board. The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. That report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2002 employer contribution rate for local governments was 13.55 percent of covered payroll. The City's contributions to the System for the years ended December 31, 2002, 2001 and 2000 were \$364,099, \$311,503, and \$256,034, respectively, equal to the required contributions for each year.

# CITY OF GREENVILLE, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

---

### NOTE 8 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

#### B. OHIO POLICE AND FIRE PENSION FUND

The City of Greenville contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. 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 the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information 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.

Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The City of Greenville's contributions to OP&F for the years ending December 31, 2002, 2001 and 2000 were \$436,641, \$426,426, and \$389,250, respectively, equal to the required contributions for each year.

### NOTE 9 – POSTEMPLOYMENT BENEFITS

#### A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units, the rate was 13.55 percent of covered payroll; 5.00 percent was the portion used to fund health care for the year. During 2002, the City's portion that was used to fund health care was \$134,354 representing 5.00 percent of covered payroll.

The postretirement health care coverage is advance-funded on an actuarially determined basis. The following assumptions and calculations were based on OPERS's latest actuarial review performed as of December 31, 2001; an entry age normal actuarial cost method of valuation is used in determining the present value of benefit liabilities; the difference between assumed and actual experience is part of the unfunded actuarial accrued liability; the investment assumption rate for 2001 was 8.00 percent; all investments are carried at market value; for actuarial valuation purposes, a smoothed market approach is used – meaning that assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets; individual pay increases are assumed to increase 4.00 percent compounded annually, with no change in the number of active employees; annual pay increases over and above the 4.00 percent base increase were assumed to range from 0.50 percent to 6.3 percent; and health care costs are assumed to increase 4.00 percent annually. The actuarially accrued postretirement health care liability for OPERS at December 31, 2001 was \$16.4 billion. The net assets were \$11.6 billion, leaving an unfunded actuarial accrued liability of \$4.8 billion. The number of active participants was 402,041.

# CITY OF GREENVILLE, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

---

### NOTE 9 – POSTEMPLOYMENT BENEFITS (CONTINUED)

#### B. OHIO POLICE AND FIRE PENSION FUND

The Ohio Police and Fire Pension Fund (“OP&F”) provides post-retirement health care coverage to any person who received 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. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer’s contribution rate. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24.0 percent of covered payroll. The Ohio Revised Code provides the statutory authority allowing the Ohio Police and Fire Pension Fund’s Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.50 percent and 7.75 percent of covered payroll in 2001 and 2002, respectively. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2001, the date of the last actuarial valuation available, was 13,174 for police and 10,239 for firefighters. The City’s actual contributions for 2002 that were used to fund post-employment benefits were \$85,855 for police and \$71,242 for firefighters. OP&F’s total health care expenses for the year ending December 31, 2001, the date of the last actuarial valuation available, was \$122,298,771, which was net of member contributions of \$6,874,699.

### NOTE 10 – RISK MANAGEMENT

#### Comprehensive

The City is exposed to various risks of loss related to torts, theft, or damage/destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2002, the City contracted with private carriers for property and fleet insurance, general liability insurance, and various other coverages. Coverage provided during the fiscal year is as follows:

Building and Contents – replacement cost (\$1,000 deductible) –	\$26,413,666
Boiler and Machinery Coverage –	\$26,413,666
Inland Marine Coverage – (\$1,000 deductible) –	\$1,530,531
Automobile Liability – (\$1,000 deductible) –	\$2,000,000
Uninsured Motorists –	\$2,000,000
General Liability – (\$1,000 deductible) –	\$2,000,000
Public Officials –	\$2,000,000
Umbrella Coverage –	\$5,000,000

# **CITY OF GREENVILLE, OHIO**

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

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### NOTE 10 – RISK MANAGEMENT (CONTINUED)

There have been no significant reductions in insurance coverages during the fiscal year 2002. Settled claims have not exceeded commercial excess coverages in any of the past three years.

#### Self-Insurance

Additionally, the City operates a self-insurance plan for health care benefits. The activity of the plan is recorded in the City's Internal Service Fund. Funds are transferred on a monthly basis to the Internal Service Fund from the other participating funds. Claims are paid weekly through checks written on the City's Health Care account. The claims liability of \$44,015 reported on the Combined Balance Sheet at December 31, 2002 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims cost, including estimates of costs relating to incurred but not reported claims, be reported. Changes in claims activity for the past three years are as follows:

	<u>Balance at</u>		<u>Current</u>		<u>Claims</u>		<u>Balance at</u>
	<u>January 1</u>		<u>Year Claims</u>		<u>Payments</u>		<u>December 31</u>
2000	\$ 66,771	\$	478,964	\$	483,432	\$	62,303
2001	\$ 62,303	\$	611,974	\$	635,357	\$	38,920
2002	\$ 38,920	\$	526,366	\$	521,271	\$	44,015

### NOTE 11 – CONTINGENCIES/PENDING LITIGATION

The City is currently involved in a variety of litigation. It is the opinion of the City's management that the ultimate settlement of such litigation will not result in a material adverse effect on the City's financial position and results of operations.

# CITY OF GREENVILLE, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

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### NOTE 12 – ENTERPRISE FUNDS SEGMENT INFORMATION

The City has five Enterprise funds which provide water, sewer, and other community services to its residents. Selected segment information for the year ended December 31, 2002 is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Special Park</u>
Operating Revenues	\$ 1,026,531	\$ 1,539,949	\$ 40,291
Operating Expenses Before Depreciation	1,252,700	670,211	59,607
Depreciation and Amortization	68,942	307,975	-
Operating Income (Loss)	(295,111)	561,763	(19,316)
Operating Transfers – In	-	-	-
Operating Transfers – Out	(57,360)	(23,340)	-
Net Income (Loss)	(249,007)	177,514	(19,316)
Net Working Capital	6,703,779	1,518,367	1,659
Bond Indebtedness	-	2,835,000	-
Total Assets	7,952,421	5,970,151	1,772
Total Equity	7,814,964	3,027,233	1,659

  

	<u>Swimming Pool</u>	<u>Parking Meter</u>	<u>Total</u>
Operating Revenues	\$ 72,142	\$ 4,125	\$ 2,683,038
Operating Expenses Before Depreciation	91,135	158	2,073,811
Depreciation and Amortization	16,495	-	393,412
Operating Income (Loss)	(35,488)	3,967	215,815
Operating Transfers – In	6,935	-	6,935
Operating Transfers – Out	-	-	(80,700)
Net Income (Loss)	(28,553)	3,967	(115,395)
Net Working Capital	6,110	18,610	8,248,525
Bond Indebtedness	-	-	2,835,000
Total Assets	67,000	18,610	14,009,954
Total Equity	66,779	18,610	10,929,245

### NOTE 13 – CONTRIBUTED CAPITAL

During the year, changes in contributed capital were as follows:

Balance as of January 1, 2002	\$ 1,609,217
Contributed Capital Additions	-
Depreciation on Fixed Assets Acquired by Contributions	<u>(89,326)</u>
Balance as of December 31, 2002	\$ <u>1,519,891</u>

# CITY OF GREENVILLE, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2002

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### NOTE 14 – OPERATING TRANSFERS

The following represents all operating transfers for the year ended December 31, 2002.

	Operating Transfers In	Operating Transfers Out
General Fund	\$ 3,939	\$ 1,277,780
Special Revenue Funds	649,000	79,163
Debt Service Funds	273,650	-
Enterprise Funds	6,935	80,700
Internal Service Fund	504,119	-
Total	\$ <u>1,437,643</u>	\$ <u>1,437,643</u>

### NOTE 15 – RESTATEMENT OF PRIOR YEAR FUND BALANCES

Due to a change in the method of implementing GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and a physical inventory of the fixed assets performed during 2002, the following changes to the beginning balances were made:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>
Fund Balances, December 31, 2001	\$ 4,529,790	\$ 931,355	\$ 9,691,990
GASB 33 Adjustment:			
Deferred Revenue	121,671	23,824	-
Fixed Asset Adjustment	-	-	(256,567)
Adjusted Fund Balances, January 1, 2002	\$ <u>4,651,461</u>	\$ <u>955,179</u>	\$ <u>9,435,423</u>





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CERTIFIED PUBLIC ACCOUNTANTS  
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

Report On Compliance And On Internal Control Over  
Financial Reporting Based On An Audit Of Financial Statements  
Performed In Accordance With *Government Auditing Standards*

Honorable Mayor and  
Members of the City Council  
City of Greenville, Ohio

We have audited the financial statements of the City of Greenville, as of and for the year ended December 31, 2002, and have issued our report thereon dated April 18, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the City of Greenville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the City of Greenville in a separate letter dated April 18, 2003.

### Internal Control Over Financial Reporting

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



Honorable Mayor and  
Members of City Council  
City of Greenville, Ohio

This report is intended solely for the information and use of the City Council, Audit Committee, Management, Auditor of State's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Cini & Parichi, Inc.*

Cleveland, Ohio  
April 18, 2003



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CERTIFIED PUBLIC ACCOUNTANTS  
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

## Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Honorable Mayor and  
Members of the City Council  
City of Greenville, Ohio

### Compliance

We have audited the compliance of the City of Greenville with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002. The City of Greenville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Greenville's management. Our responsibility is to express an opinion on the City of Greenville's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Greenville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Greenville's compliance with those requirements.

In our opinion, the City of Greenville complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002.



Honorable Mayor and  
Members of City Council  
City of Greenville, Ohio

### **Internal Control Over Compliance**

The management of the City of Greenville is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Greenville's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditures of Federal Awards**

We have audited the general-purpose financial statements of the City of Greenville as of and for the year ended December 31, 2002, and have issued our report there dated April 18, 2003. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, Audit Committee, Management, Auditor of State's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Cini & Parichi, Inc.*

Cleveland, Ohio  
April 18, 2003

# CITY OF GREENVILLE, OHIO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

### FOR THE YEAR ENDED DECEMBER 31, 2002

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Awards Expended</u>
<b>U.S. Department of Housing and Urban Development:</b>			
Pass-Through from Ohio Department of Development:			
Community Development Block Grant	14.228	A-F-01-129-1	\$ 18,384
Community Development Block Grant	14.228	A-E-01-129-1	66,200
Community Development Block Grant	14.228	A-T-99-129-1	<u>136,803</u>
Total U.S. Department of Housing and Urban Development			<u>221,387</u>
<b>U.S. Department of Transportation:</b>			
Pass-Through from Ohio Department of Transportation:			
Public Transportation for Nonurbanized Areas Grant	20.509	RPT-4019-021-021	181,024
Public Transportation for Nonurbanized Areas Grant	20.509	RPT-0019-021-022	<u>74,070</u>
Total U.S. Department of Transportation			<u>255,094</u>
Total Expenditures of Federal Awards			\$ <u>476,481</u>

The accompanying notes are an integral part of this schedule

## **CITY OF GREENVILLE, OHIO**

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**DECEMBER 31, 2002**

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#### NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of the City of Greenville, Ohio (the “City”).

#### NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the cash basis of accounting. The City’s expenditures for the year ended December 31, 2002 as reported on the Schedule reflect federal expenditures only and do not include matching expenditures.

# **CITY OF GREENVILLE, OHIO**

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505

**DECEMBER 31, 2002**

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## **1. SUMMARY OF AUDITOR'S RESULTS**

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(I)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .510?	No
(d)(I)(vii)	Major Programs	PublicTransportation for Nonurbanized Areas Grant – #20.509
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A:>\$300,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	Yes

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

None.

## **3. FINDINGS FOR FEDERAL AWARDS**

None.

**CITY OF GREENVILLE, OHIO**

SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 SECTION .315(b)

**DECEMBER 31, 2002**

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There were no prior audit findings.



**CITY OF GREENVILLE**

**100 PUBLIC SQUARE  
GREENVILLE, OHIO 45331-1497  
(937) 548-4435**

**Response to Findings Associated With  
Audit Conducted in Accordance with *Government Auditing Standards*  
for the Year Ended December 31, 2002**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
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Not applicable





**Auditor of State  
Betty Montgomery**

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

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CITY OF GREENVILLE**

**DARKE 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 29, 2003**