



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF KENTON
HARDIN COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

City of Kenton
Hardin County
111 West Franklin Street
P.O. Box 220
Kenton, Ohio 43326

To the Members of City Council:

We have audited the accompanying general-purpose financial statements of the City of Kenton, Hardin County, (the City), as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City'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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Kenton, Hardin County, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2000 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the City, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

August 9, 2000

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**CITY OF KENTON
HARDIN COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,289,404	\$712,199	\$7,436	\$11,407
Cash and Cash Equivalents in Segregated Accounts	400			
Receivables (Net, where applicable, of allowance for uncollectibles):				
Income Taxes	225,278			
Property Taxes	201,664	46,534		
Accounts	21,519			
Special Assessments		24,499		
Accrued Interest		4,610		
Due from Other Funds	18,319	3,384		
Intergovernmental Receivable	172,739	44,145		
Materials and Supplies Inventory		9,822		
Loans Receivable		153,710		
Prepaid Items	19,256	9,962		
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount to be Provided from General Government Resources				
Amount Available for Debt Service				
Total Assets and Other Debits	<u>\$1,948,579</u>	<u>\$1,008,865</u>	<u>\$7,436</u>	<u>\$11,407</u>
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	\$23,443	\$5,730		
Accrued Wages Payable	54,334	9,308		
Compensated Absences Payable	27,902	10,531		
Due to Other Funds				
Intergovernmental Payable				
Deferred Revenue	333,389	66,635		
Deposits Held and Due to Others	13,507			
Accrued Interest Payable				
Notes Payable				
Claims Payable				
Fire Pension Liability Payable				
Police Pension Liability Payable				
OWDA Loans Payable				
General Obligation Bonds Payable				
OPWC Loan Payable				
Total Liabilities	<u>452,575</u>	<u>92,204</u>	<u>0</u>	<u>0</u>
Fund Equity and Other Credits				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	73,661	53,750		
Reserved for Property Taxes	19,054	4,398		
Reserved for Inventory		9,822		
Reserved for Prepaid Items	19,256	9,962		
Reserved for Loans Receivable		153,710		
Unreserved, Undesignated (Deficit)	1,384,033	685,019	7,436	11,407
Total Fund Equity and Other Credits	<u>1,496,004</u>	<u>916,661</u>	<u>7,436</u>	<u>11,407</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$1,948,579</u>	<u>\$1,008,865</u>	<u>\$7,436</u>	<u>\$11,407</u>

The notes to the Financial Statements are an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets Account Group	General Long-Term Obligations Account Group	
\$1,753,845	\$56,857	\$700			\$3,831,848
600		48,580			49,580
					225,278
					248,198
305,989					327,508
22,345					46,844
					4,610
					21,703
					216,884
32,231					42,053
					153,710
20,565					49,783
22,952,355			5,505,086		28,457,441
				2,714,659	2,714,659
				7,436	7,436
<u>\$25,087,930</u>	<u>\$56,857</u>	<u>\$49,280</u>	<u>\$5,505,086</u>	<u>\$2,722,095</u>	<u>\$36,397,535</u>
\$65,069					\$94,242
54,129				86,403	204,174
77,691				289,748	405,872
		21,703			21,703
		21,946			21,946
22,345					422,369
64,810		5,631			83,948
44,089					44,089
620,000					620,000
	1,321				1,321
				150,970	150,970
				171,474	171,474
13,419,502					13,419,502
335,000				1,937,500	2,272,500
64,035				86,000	150,035
<u>14,766,670</u>	<u>1,321</u>	<u>49,280</u>		<u>2,722,095</u>	<u>18,084,145</u>
			5,505,086		5,505,086
3,721,354					3,721,354
6,599,906	55,536				6,655,442
					127,411
					23,452
					9,822
					29,218
					153,710
					2,087,895
<u>10,321,260</u>	<u>55,536</u>		<u>5,505,086</u>		<u>18,313,390</u>
<u>\$25,087,930</u>	<u>\$56,857</u>	<u>\$49,280</u>	<u>\$5,505,086</u>	<u>\$2,722,095</u>	<u>\$36,397,535</u>

CITY OF KENTON
HARDIN COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum) Only</u>
Revenues:					
Municipal Income Tax	\$2,333,956				\$2,333,956
Property and Other Taxes	223,093	47,158			270,251
Charges for Services	61,700	108,089			169,789
Licenses and Permits	43,813	960			44,773
Fines and Forfeitures	247,977	89,123			337,100
Intergovernmental	315,308	314,720		876,986	1,507,014
Special Assessments		5,573			5,573
Interest	174,485	9,185	5,615		189,285
Other	7,403	13,152	1,821	437	22,813
Total Revenues	<u>3,407,735</u>	<u>587,960</u>	<u>7,436</u>	<u>877,423</u>	<u>4,880,554</u>
Expenditures:					
Current:					
General Government	778,094	60,804			838,898
Security of Persons and Property	1,568,470	4,107			1,572,577
Public Health and Welfare	37,000				37,000
Transportation		664,164		52,000	716,164
Community Environment	34,008	7,680			41,688
Leisure Time Activities		520,460		128,936	649,396
Capital Outlay				1,383,623	1,383,623
Debt Service:					
Principal Retirement			185,500		185,500
Interest and Fiscal Charges			64,224		64,224
Total Expenditures	<u>2,417,572</u>	<u>1,257,215</u>	<u>249,724</u>	<u>1,564,559</u>	<u>5,489,070</u>
Excess of Revenues Over (Under) Expenditures	<u>990,163</u>	<u>(669,255)</u>	<u>(242,288)</u>	<u>(687,136)</u>	<u>(608,516)</u>
Other Financing Sources (Uses):					
Sale of Fixed Assets	1,852	1,600			3,452
Proceeds of Bonds				1,200,000	1,200,000
Proceeds of Refunding Debt	1,317		888,683		890,000
Payment to Refunded Debt Escrow Agent			(888,683)		(888,683)
Operating Transfers - In	7,360	550,000	249,724		807,084
Operating Transfers - Out	(701,588)	(105,496)			(807,084)
Total Other Sources (Uses)	<u>(691,059)</u>	<u>446,104</u>	<u>249,724</u>	<u>1,200,000</u>	<u>1,204,769</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	299,104	(223,151)	7,436	512,864	596,253
Fund Balances (Deficit) at Beginning of Year	1,196,900	1,141,406	0	(501,457)	1,836,849
Increase (Decrease) in Reserve for Inventory		(1,594)			(1,594)
Fund Balances (Deficit) at End of Year	<u>\$1,496,004</u>	<u>\$916,661</u>	<u>\$7,436</u>	<u>\$11,407</u>	<u>\$2,431,508</u>

The notes to the financial statements are an integral part of this statement.

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**CITY OF KENTON
HARDIN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfav.)	Revised Budget	Actual	Variance Favor. (Unfav.)
Revenues:						
Municipal Income Tax	\$2,000,000	\$2,304,635	\$304,635			
Property and Other Taxes	220,573	211,765	(8,808)	\$46,124	\$44,542	(\$1,582)
Charges for Services	62,000	61,700	(300)	92,200	108,089	15,889
Licenses and Permits	37,700	44,070	6,370	100	960	860
Fines and Forfeitures	256,000	253,638	(2,362)	91,900	90,315	(1,585)
Intergovernmental	286,500	313,320	26,820	370,300	368,066	(2,234)
Special Assessments				5,000	5,573	573
Interest	125,000	174,139	49,139	6,200	9,166	2,966
Other	5,100	7,601	2,501	34,950	38,887	3,937
Total Revenues	<u>2,992,873</u>	<u>3,370,868</u>	<u>377,995</u>	<u>646,774</u>	<u>665,598</u>	<u>18,824</u>
Expenditures:						
Current:						
General Government						
Legislative and Executive	684,719	511,565	173,154			
Judicial	315,553	284,034	31,519	182,697	61,261	121,436
Security of Persons and Property	1,819,647	1,619,534	200,113	18,607	4,107	14,500
Public Health and Welfare	37,500	37,000	500			
Transportation				881,525	733,162	148,363
Community Environment	72,648	39,213	33,435	57,680	7,680	50,000
Leisure Time Activities				660,355	530,671	129,684
Capital Outlay						
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	<u>2,930,067</u>	<u>2,491,346</u>	<u>438,721</u>	<u>1,800,864</u>	<u>1,336,881</u>	<u>463,983</u>
Excess of Revenues Over (Under) Expenditures	<u>62,806</u>	<u>879,522</u>	<u>816,716</u>	<u>(1,154,090)</u>	<u>(671,283)</u>	<u>482,807</u>
Other Financing Sources (Uses):						
Payments to Refund Debt Escrow Agent						
Proceeds of Refunding Debt		1,317	1,317			
Proceeds of Bonds						
Sale of Fixed Assets	100	1,852	1,752	100	1,600	1,500
Operating Transfers - In	7,360	7,360	0	757,839	550,000	(207,839)
Operating Transfers - Out	(910,939)	(701,588)	209,351	(100,000)	(105,496)	(5,496)
Total Other Sources (Uses)	<u>(903,479)</u>	<u>(691,059)</u>	<u>212,420</u>	<u>657,939</u>	<u>446,104</u>	<u>(211,835)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>(840,673)</u>	<u>188,463</u>	<u>1,029,136</u>	<u>(496,151)</u>	<u>(225,179)</u>	<u>270,972</u>
Fund Balances (Deficit) at Beginning of Year	923,101	923,101		655,094	655,094	
Prior Year Encumbrances Appropriated	80,296	80,296		222,769	222,769	
Fund Balances (Deficit) at End of Year	<u>\$162,724</u>	<u>\$1,191,860</u>	<u>\$1,029,136</u>	<u>\$381,712</u>	<u>\$652,684</u>	<u>\$270,972</u>

The notes to the financial statements are an integral part of this statement.

Debt Service Funds			Capital Projects Funds		
Revised Budget	Actual	Variance Favor. (Unfav.)	Revised Budget	Actual	Variance Favor. (Unfav.)
			\$1,534,157	\$940,586	(\$593,571)
	\$5,615	\$5,615			
	1,821	1,821	437	437	0
	7,436	7,436	1,534,594	941,023	(593,571)
			52,000	52,000	0
			480,490	480,489	1
			1,566,365	1,549,362	17,003
280,500	185,500	(95,000)	1,200,000	1,200,000	0
131,482	64,224	67,258	45,529	45,529	0
411,982	249,724	(27,742)	3,344,384	3,327,380	17,004
(411,982)	(242,288)	(20,306)	(1,809,790)	(2,386,357)	(576,567)
151,600	(888,683)	(888,683)			
	888,683	737,083	1,200,000	1,200,000	0
		0			
107,000	249,724	142,724			
		0			
258,600	249,724	(8,876)	1,200,000	1,200,000	0
(153,382)	7,436	160,818	(609,790)	(1,186,357)	(576,567)
			(497,757)	(497,757)	
			1,695,522	1,695,522	
(\$153,382)	\$7,436	\$160,818	\$587,975	\$11,408	(\$576,567)

**CITY OF KENTON
HARDIN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
Operating Revenues:			
Charges for Services	\$2,328,977	\$206,683	\$2,535,660
Other	44,530		44,530
Total Operating Revenues	<u>2,373,507</u>	<u>206,683</u>	<u>2,580,190</u>
Operating Expenses:			
Personal Services	876,932		876,932
Contractual Services	287,827	151,746	439,573
Materials and Supplies	882,298		882,298
Depreciation	410,016		410,016
Total Operating Expenses	<u>2,457,073</u>	<u>151,746</u>	<u>2,608,819</u>
Operating Income (Loss)	<u>(83,566)</u>	<u>54,937</u>	<u>(28,629)</u>
Non-Operating Revenues (Expenses):			
Interest on Investments	3,206		3,206
State Grants	35,904		35,904
Loss on Disposal of Fixed Assets	(7,841)		(7,841)
Special Assessments	2,450		2,450
Interest and Fiscal Charges	(56,257)		(56,257)
Total Non-Operating Revenues (Expenses)	<u>(22,538)</u>		<u>(22,538)</u>
Net Income (Loss)	(106,104)	54,937	(51,167)
Depreciation on Fixed Assets Acquired by Contributed Capital	26,637		26,637
Retained Earnings at Beginning of Year (restated Enterprise)	6,679,373	599	6,679,972
Retained Earnings at End of Year	<u>6,599,906</u>	<u>55,536</u>	<u>6,655,442</u>
Contributed Capital at Beginning of Year (restated)	2,807,073		2,807,073
Contributed Capital	940,918		940,918
Depreciation on Fixed Assets Acquired by Contributed Capital	(26,637)		(26,637)
Contributed Capital at End of Year	<u>3,721,354</u>		<u>3,721,354</u>
Total Fund Equity at End of Year	<u>\$10,321,260</u>	<u>\$55,536</u>	<u>\$10,376,796</u>

The notes to the financial statements are an integral part of this statement.

CITY OF KENTON
HARDIN COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND BALANCES-BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise Funds			Internal Service Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Charges for Services	\$2,164,000	\$2,263,235	\$99,235	\$205,000	\$206,683	\$1,683
Grants	36,000	35,904	(96)			
Other Operating Revenues	2,300	47,736	45,436			
Total Revenues	<u>2,202,300</u>	<u>2,346,875</u>	<u>144,575</u>	<u>205,000</u>	<u>206,683</u>	<u>1,683</u>
Expenses:						
Current:						
Personal Services	964,925	896,973	67,952			
Contractual Services	417,924	301,461	116,463	223,231	192,191	31,040
Materials and Supplies	1,554,604	1,028,355	526,249			
Other	1,875	0	1,875			
Capital Outlay	9,962,616	9,091,015	871,601			
Debt Service	195,008	192,435	2,573			
Total Expenses	<u>13,096,952</u>	<u>11,510,239</u>	<u>1,586,713</u>	<u>223,231</u>	<u>192,191</u>	<u>31,040</u>
Excess of Revenues Over (Under) Expenses	(10,894,652)	(9,163,364)	1,731,288	(18,231)	14,492	32,723
Nonoperating Revenues (Expenses)						
Sale of Fixed Assets	0	325	325			
Special Assessments	2,200	2,450	250			
Security Deposits	35,000	29,400	(5,600)			
Security Deposits Applied	(98,440)	(28,030)	70,410			
Loan Proceeds	10,544,616	6,949,876	(3,594,740)			
Total Nonoperating Revenues (Expenses)	<u>10,483,376</u>	<u>6,954,021</u>	<u>(3,529,355)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses and Operating Transfers	(411,276)	(2,209,343)	(1,798,067)	(18,231)	14,492	32,723
Retained Earnings at Beginning of Year	(7,833,468)	(7,833,468)		22,813	22,813	
Prior Year Encumbrances Appropriated	9,086,769	9,086,769		18,231	18,231	
Fund Equity at End of Year	<u>\$842,025</u>	<u>(\$956,042)</u>	<u>(\$1,798,067)</u>	<u>\$22,813</u>	<u>\$55,536</u>	<u>\$32,723</u>

The notes to the financial statements are an integral part of this statement.

CITY OF KENTON
HARDIN COUNTY

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise Funds	Internal Service	Totals (Memorandum Only)
Increase (Decrease) in Cash and Cash Equivalents:			
Cash flows from operating activities:			
Cash Received from Customers	\$2,307,765		\$2,307,765
Cash Received from Quasi-External Transactions with Other Funds		\$206,683	\$206,683
Cash Payments for Materials and Supplies	(843,071)		(843,071)
Cash payments to employees for services	(876,713)		(876,713)
Cash Payments for Contractual Services	(289,135)		(289,135)
Cash Payments for Claims		(190,870)	(190,870)
Customer Deposits Received	29,400		29,400
Customer Deposits Applied	(28,030)		(28,030)
Net Cash Provided by Operating Activities	<u>300,216</u>	<u>15,813</u>	<u>316,029</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(6,598,998)	0	(6,598,998)
Principal Payments	(135,515)	0	(135,515)
Interest Payments	(56,920)	0	(56,920)
Interest Receipts	3,206		3,206
Proceeds from Grant	35,904		35,904
Proceeds From Loans	6,949,876	0	6,949,876
Proceeds From Special Assessments	2,450		2,450
Proceeds from the Sales of Fixed Assets	325		325
Net Cash Used for Capital and Related Financing Activities	<u>200,328</u>	<u>0</u>	<u>200,328</u>
Net Increase (Decrease) in Cash and Cash Equivalents	500,544	15,813	516,357
Cash and Cash Equivalents at Beginning of Year	<u>1,253,901</u>	<u>41,044</u>	<u>1,294,945</u>
Cash and Cash Equivalents at End of Year	<u>\$1,754,445</u>	<u>\$56,857</u>	<u>\$1,811,302</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	(\$83,566)	\$54,937	(28,629)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:			
Depreciation	410,016		410,016
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(65,401)		(65,401)
Increase (Decrease) in Special Assessments Receivable	2,450		2,450
(Increase) Decrease in Inventory	3,990		3,990
(Increase) Decrease in Prepaid Expenses	800		800
Increase (Decrease) in Accounts Payable	40,740		40,740
Increase (Decrease) in Accrued Wages	(8,679)		(8,679)
Increase (Decrease) in Contracts Payable	(7,738)		(7,738)
Increase (Decrease) in Compensated Absences	8,684		8,684
Increase (Decrease) in Claims Payable		(39,124)	(39,124)
Increase (Decrease) in Deferred Revenue	(2,450)		(2,450)
Increase (Decrease) in Customer Deposits	1,370		1,370
Net Cash Provided by Operating Activities	<u>300,216</u>	<u>15,813</u>	<u>316,029</u>

Noncash Capital Financing Activities:

The sewer enterprise fund received \$940,918 in infrastructure contributed by the capital project funds which were partially funded by Community Development Block Grant and Issue II funding.

The notes to the financial statements are an integral part of this statement.

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

1. DESCRIPTION OF REPORTING ENTITY

A. Reporting Entity

The City of Kenton (the "City") is a home rule municipal corporation 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 operates under a council-mayor form of government. The Mayor is the chief executive and administrative officer and is elected for a four-year term. The legislative authority is vested in a seven-member Council, with a presiding President of Council, who are elected to two-year terms. Other officials consist of the auditor, treasurer and law director who are elected for four-year terms. The City provides the following services: police and fire safety; street maintenance and sanitation; parks and recreation; water and sewer utilities, and a staff to provide essential support to these services. These activities comprise the primary government of the City and whose activities are directly responsible to Council and the Mayor. They are, therefore, included in the reporting entity.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

The following potential component units have been excluded from the reporting entity because the City is not financially accountable for these organizations nor does the City approve the budget, the levying of taxes or the issuance of debt for these organizations:

Kenton City School District

The Kenton City School District, including the City of Kenton and surrounding rural areas, is a distinct political subdivision of the State of Ohio operated under the direction of an elected school board possessing its own budgeting and taxing authority.

Grove Cemetery Association

The Grove Cemetery Association is an organization which is defined as a jointly governed organization. A jointly governed organization is an organization that is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest in or responsibility by the participating governments. This organization is described in Note 22 of the general purpose financial statements.

The City is also associated with the Ohio Municipal League Worker's Compensation Group Rating Program as a group purchasing pool. This organization is discussed in Note 23 to the general purpose financial statements.

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

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 prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under the provisions of GASB Statement No. 20 the City has elected not to apply Financial Accounting Standards Board Statements and interpretations issued after November 30, 1989, to its proprietary activities. Election of this approach to accounting for proprietary activities by the City has required no change from prior years. The more significant of the City's accounting policies are described below.

A. Basis of Presentation - Fund Accounting

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

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

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, proprietary and fiduciary.

1. Governmental Fund Types

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

General Fund - This fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the Ordinances of the City of Kenton and/or the general laws of Ohio.

Special Revenue Funds - These funds are limited by state and/or federal law for the financing of certain governmental functions (other than expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting (Continued)

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

2. Proprietary Fund Types

Proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The following is the City's proprietary fund types:

Enterprise Funds - These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis (water and sewer) be financed or recovered primarily through user charges; or (b) where it has been decided that periodic determination of revenues earned, expenses incurred, and/or income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund - This fund is used to account for the financing, on a cost-reimbursement basis, of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments.

3. Fiduciary Fund Types

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

4. Account Groups:

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

General Fixed Assets Account Group - This account group is established to account for fixed assets, other than those accounted for in the proprietary funds.

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

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Agency Funds have a basis of accounting similar to Governmental Funds.

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with this activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (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, regardless of the measurement focus applied.

The modified accrual basis of accounting is followed in the governmental fund types and agency funds. Revenues are recognized when they become both measurable and available, while expenditures are generally recognized when the related fund liability is incurred, with the exception of unmatured interest on general long-term debt which is recognized when due. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The available period for the City is thirty-one days after year end.

In applying the susceptible to accrual concept under the modified accrual basis of accounting, the following major revenue sources are deemed both measurable and available: city income tax estimates by individuals and withheld by employers, utility billings unpaid and unbilled, state-levied shared revenues and interest on investments. Major revenue sources not susceptible to accrual include licenses, permits, certain charges for services, income taxes other than those withheld by employers, and miscellaneous revenues which are not considered measurable until received.

The accrual basis of accounting is followed in the proprietary fund types. Accordingly, revenues are recognized when they are earned and expenses, including depreciation, are recognized when they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise in governmental funds when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability of deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of December 31, 1999, and delinquent property taxes, whose availability is indeterminate and which are not intended to finance the current year, have also been recorded as deferred revenue as further described in Note 8.

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 ordinances, all of which are prepared on the cash basis as required by the County Budget Commission. All funds, other than Agency Funds, are legally required to be budgeted and appropriated. The certificate of estimated resources and the appropriation ordinances are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources as certified. All changes in appropriated amounts require action by City Council.

Tax Budget - On April 1, 1998, the Hardin County Budget Commission adopted a resolution waiving required adoption of the 1999 tax budget for subdivisions that filed their prior year financial statement with the Commission by June 30th and which either had no public debt or which had public debt and filed additional debt-related information with the Commission.

Estimated Resources- Prior to October 1, the City accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the estimated fund balance and projected revenue of each fund.

Estimated Resources -Prior to December 31, the City must revise its budget so that total contemplated expenditures/expenses from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about January 1, the certificate is amended to include the actual unencumbered fund balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during 1999.

Appropriations - By March 31, the annual appropriation ordinance must be legally enacted by the City at the fund, department, and major object level which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the City may pass a temporary appropriation measure to meet the ordinary expenses of the City. The appropriation ordinance, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation or alter total appropriations within an object of a department must be approved by City Council. Council may pass supplemental fund appropriations so long as the total appropriation by fund does not exceed the amounts set forth in the most recent amended certificate of estimated resources. During the year, several supplemental appropriations were adopted. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations.

Budgeted Level of Expenditure/Expense - Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Expenditures/expenses plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For all funds, Council appropriations are made by department and object levels, which include personal services, materials and supplies, contractual services, other expenditures/expenses, capital outlay and transfers, along with individual accounts for bond and note principal retirement, and interest and fiscal charges.

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Lapsing of Appropriations - Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

Encumbrances - Encumbrance accounting is utilized by City funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. Encumbrances outstanding at year end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis for governmental funds in order to demonstrate legal compliance. Proprietary fund encumbrances are reported in the notes to the financial statements. This encumbrance authority is carried forward to the next fiscal year and is reported in the "Revised Budget" amount for budgetary comparisons. If the actual expenditures are less than the amount encumbered, the excess reserve is closed to the unreserved fund balance.

D. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds 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.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 1999. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes.

STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 1999.

Under existing Ohio statutes, all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Under these provisions, City funds required to receive interest allocations are the General Fund, Street Fund, State Highway Fund, Revolving Loan Fund, and Rehabilitation Mortgage Fund. Interest revenue credited to the General Fund during fiscal year 1999 amounted to \$174,485.

Cash and cash equivalents held by the City but outside of the City treasury for the Municipal Court is presented on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts."

For purposes of the Combined Statement of Cash Flows and for presentation of the Combined Balance Sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

F. Inventories

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported material and supplies inventory in governmental funds is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. At December 31, 1999, the Street Fund, Water Fund and Sewer Fund maintained significant inventories.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as expenditures in the governmental fund type when paid and as expenses in the proprietary fund types when used.

H. Fixed Assets and Depreciation

The fixed asset values were initially determined at December 31, 1988, assigning original acquisition costs for the majority of assets. For certain assets where the original costs were not practicably determinable, other methods were used to assign costs. For certain fixed assets, estimates were determined by indexing cost back to the estimated year of acquisition. Interest costs are not included in capitalized amounts. Donated fixed assets are stated at their fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized.

Public domain ("infrastructure") general fixed assets consisting of streets, sidewalks and storm sewers are not capitalized by the City since they are immovable and of value only to the City.

Fixed assets used in governmental type operations are not capitalized in the funds used to acquire or construct them. They are reflected as expenditures in the governmental funds and are reported in a General Fixed Assets Account Group. The City has elected to report the General Fixed Assets Account Group net of depreciation in accordance with generally accepted accounting principles for governmental entities. Fixed assets associated with proprietary fund activity are accounted for in those funds. Depreciation is recorded in the proprietary fund types using the straight-line basis over the estimated useful lives of the related assets. Depreciable lives used for property items within each property classification are as follows:

<u>Classification</u>	<u>Life</u>
Buildings	40 Years
Utility Plant in Service	40 - 80 Years
Improvements Other than Buildings	20 - 50 Years
Machinery, Equipment and Vehicles	3 - 20 Years

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Contributed Capital

Contributed capital represents donations by developers, grants restricted for capital construction, contributions made by the City, and assets whose construction was financed by special assessments. These assets are recorded at their fair market value on the date contributed and are not subject to repayment. It has been the policy of the City to construct and acquire capital assets used in operations of the enterprise funds with resources of the capital projects funds or by transferring assets to the enterprise funds from the general fixed assets account group. These assets are recorded as contributed capital in the accompanying combined financial statements.

J. Compensated Absences

Vested or accumulated sick leave that is expected to be liquidated with expendable financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested accumulated sick leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts.

Vested sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Governmental Accounting Standards Board Accounting Standard No. 16, Accounting for Compensated Absences, the liability for compensated absences includes benefit payments that are probable, not just those that are vested.

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Employees can accrue vacation earned in one year, six months. Any accrued vacation time exceeding vacation earned in one year, six months is lost. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

K. 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, 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.

Payments made more than one month after year end are generally considered not to have been paid with current available financial resources. Bonds and long-term loans are recognized as a liability of the general long-term obligations account group until due. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds. Under Ohio law, a debt retirement fund must be created and used for the payment of tax anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the activity of the City's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Reserves and Designations of Fund Equity

Reserves of fund equity indicate that a portion of the fund balance is not available for expenditure or is legally segregated for a specific future use. Governmental fund balances are reserved for encumbrances, property taxes, inventory items, prepaid items and loans receivable (community development block grant moneys loaned to local businesses).

M. Intergovernmental Revenues

In governmental funds, federal grants awarded on a non-reimbursement basis and state-shared levied revenues are recorded as intergovernmental receivables and revenues when measurable and available. State and federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related liabilities are incurred.

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Estimates

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

P. Total Columns on General Purpose Financial Statements

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

3. RESTATEMENT OF PRIOR YEAR'S RETAINED EARNINGS AND CONTRIBUTED CAPITAL

The Enterprise Sewer Fund's retained earnings was understated by \$361,013, and the Enterprise Water Fund's retained earnings was overstated by \$91,231 in the prior year. These misstatements were the result of errors when determining actual capital outlay expenditures to be capitalized, the reduction of capital outlay expenses for fixed assets that had not been purchased from Enterprise Funds, and other posting errors.

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

**3. RESTATEMENT OF PRIOR YEAR'S RETAINED EARNINGS AND CONTRIBUTED CAPITAL
(Continued)**

The effect of these changes on retained earnings for the Enterprise Fund type as previously reported for the year ended December 31, 1998, are as follows:

Retained earnings as previously reported	\$6,409,586
Restatement	<u>269,782</u>
Restated amount for the year ended December 31, 1998	\$6,679,368

The Enterprise Sewer Fund's contributed capital was understated by \$419,029, and the Enterprise Water Fund's contributed capital was overstated by \$195. These misstatements were the result of the incorrect recording of contributions from other funds.

The effect of these changes on contributed capital for the retained earnings for the Enterprise Fund type as previously reported for the year ended December 31, 1998, are as follows:

Retained earnings as previously reported	\$2,388,239
Restatement	<u>418,834</u>
Restated amount for the year ended December 31, 1998	\$2,807,073

4. ACCOUNTABILITY

The following funds had negative year-end fund balances on the non-GAAP budgetary basis:

Enterprise Fund:	Sewer Fund	\$1,605,149
Capital Projects Fund:	SW Pool Construction Fund	20

These negative balances were the result of the practice of appropriating for, and encumbering the entire contract amounts in the year awarded rather than in the year(s) actually performed. These projects are dependent upon future revenues, primarily in the form of loan proceeds and/or grant funds.

5. DEPOSITS AND INVESTMENTS

The City Treasurer is responsible for selecting depositories and investing funds. State statutes classify monies held by the City into three categories.

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

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

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

Interim deposits are deposits of interim moneys. Interim moneys are those moneys 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 moneys may be invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal 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 services shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

At year end, the City had \$1,000 in cash on hand which is included on the balance sheet. The carrying amount of the City's deposits was \$358,310 and the bank balance was \$458,000. Of the bank balance \$150,883 was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized. Although the securities were held by the pledging financial institutions trust departments in the City's name and all state statutory requirements for the investment of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements," requires that local governments disclose the fair value of investments, classified by risk. The City's investments are categorized as either (1) insured or registered or for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name or (3) uninsured and unregistered for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. Star Ohio, an investment pool operated by the Ohio State Treasurer, is unclassified since it is not evidenced by securities that exist in physical or book entry form.

	Fair Value
STAR Ohio	3,522,118
Total	\$3,522,118

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Funds included within the city-wide cash management pool, which are used essentially as demand deposit accounts for the various City funds, and investments with an original maturity of three months or less are treated as cash and cash equivalents. The classification of cash and cash equivalents (deposits) and investments for purposes of the note above is based on criteria set forth in GASB Statement No. 3. A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications per GASB 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$ 3,881,428	\$0
Cash on Hand	(1,000)	
Investments:		
STAR Ohio	(3,522,118)	3,522,118
GASB Statement 3	\$ 358,310	\$3,522,118

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

6. DUE TO/DUE FROM OTHER FUNDS RECEIVABLES AND PAYABLES

At year end the Due to and Due from Other Fund receivable and payable balances consisted of Municipal Court fines and costs that had not been distributed at December 31, 1999. The Agency fund had a balance of \$21,703 due to other funds.

General Fund	\$ 18,319
Indigent Drivers Alcohol Fund	363
Police Dept. Arresting Fund	72
Court Special Projects Fund	1,440
Court Computerization Fund	<u>1,509</u>
Total	<u>\$ 21,703</u>

7. BUDGETARY BASIS OF ACCOUNTING

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

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget (Non-GAAP Basis) and Actual-All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Balances-Budget(Non-GAAP Basis)-All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts and disbursements. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure/expense (budget basis) as opposed to a reservation of fund balance for governmental funds, and note disclosure for proprietary funds (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payment on bond and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
6. The City repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

7. BUDGETARY BASIS OF ACCOUNTING (Continued)

It is the City's policy to formally budget and appropriate those funds which derive their primary revenues from levied taxes, other governments or user charges. Budgeted control is exercised at the line item level. Reported budgeted amounts are as originally adopted and amended by appropriation ordinances by City Council. Line item budgets are represented by appropriations and can only be modified by Council ordinance. Nine supplemental appropriations were made during the year for a total of \$505,535.89.

The following tables summarize the adjustments to reconcile GAAP and the budgetary basis statements by fund type:

**Excess of Revenues and Other Sources
Over/(Under) Expenditures and Other Financing Uses
Governmental Fund Types**

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds
Budget Basis	\$188,463	(\$225,179)	\$7,436	(\$1,186,357)
Increase (decrease) due to:				
Change in accrued receivables not recognized in budget	36,783	(77,638)		(63,600)
Change in accrued liabilities not recognized in budget	(23,251)	20,182		1,762,821
Adjustment for encumbrances	<u>97,109</u>	<u>59,484</u>	<u>0</u>	<u>0</u>
GAAP Basis	<u>\$299,104</u>	<u>(\$223,151)</u>	<u>\$7,436</u>	<u>\$512,864</u>

**Net Income (Loss)/Excess of Revenues Over
(Under) Expenses and Operating Transfers
Proprietary Fund Types**

	Enterprise Fund	Internal Service Fund
Budget Basis	(\$2,209,343)	\$14,492
Increase (decrease) due to:		
Change in accrued receivables not recognized in budget	(58,227)	0
Change in accrued liabilities not recognized in budget	(828,418)	39,124
Adjustment for encumbrances	<u>2,989,884</u>	<u>1,321</u>
GAAP Basis	<u>(\$106,104)</u>	<u>\$54,937</u>

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

8. TAXES

A. Property Tax

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 that 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. The last update was completed for tax year 1997. Real property taxes are payable annually or semi annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values listed on December 31 of the prior year, and at tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is 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 semiannually. If paid annually, payment is due April 30; if paid semiannually, 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 88 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. 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, 1999, was \$4.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Residential/Agricultural	\$37,302,210
Commercial/Industrial	22,633,110
Public Utilities	28,730
Tangible Personal	20,997,058
Public Utility	4,399,450
Total	<u><u>\$85,360,558</u></u>

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

8. TAXES (Continued)

B. City Income Tax

The City levies an income tax of 1.5% on the gross salaries, wages and other personnel service compensation earned by residents of the City and to the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City.

Residents of the City are granted a full credit for taxes paid other Ohio municipalities. The receipts of the City income tax and the administrative costs associated with their collection are accounted for in the General Fund.

9. RECEIVABLES

The City's receivables at December 31, 1999, by fund type consist of the following:

	General	Special Revenue	Enterprise	Total
City Income Tax				
Withholding	\$208,290	\$ 0	\$ 0	\$ 208,290
Estimates	<u>16,988</u>	<u>0</u>	<u>0</u>	<u>16,988</u>
Total Income Taxes	<u>225,278</u>	<u>0</u>	<u>0</u>	<u>225,278</u>
Property Taxes				
Current	197,923	45,670	0	243,593
Delinquent	<u>3,741</u>	<u>864</u>	<u>0</u>	<u>4,605</u>
Total Property Taxes	<u>201,664</u>	<u>46,534</u>	<u>0</u>	<u>248,198</u>
Accounts Receivable				
General	21,519	0	0	21,519
Utilities (Water/Sewer)	<u>0</u>	<u>0</u>	<u>305,989</u>	<u>305,989</u>
Total Accounts Receivable	<u>21,519</u>	<u>0</u>	<u>305,989</u>	<u>327,508</u>
Special Assessments				
Street - Curbs/Gutters	0	24,499	0	24,499
Sewer	<u>0</u>	<u>0</u>	<u>22,345</u>	<u>22,345</u>
Total Special Assessments	<u>0</u>	<u>24,499</u>	<u>22,345</u>	<u>46,844</u>
Loans Receivable	<u>0</u>	<u>153,710</u>	<u>0</u>	<u>153,710</u>
TOTAL	<u>\$448,461</u>	<u>\$224,743</u>	<u>\$328,334</u>	<u>\$1,001,538</u>

The above receivable amounts are net of the applicable allowance for uncollectibles which are not material in relation to the respective receivable balances.

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

9. RECEIVABLES (Continued)

City income taxes are accrued at December 31, 1999, to the extent of individual estimates and employee withholdings paid in the first month of 2000, which are due by April 30, 2000.

Property tax and special assessment receivables are considered collectable in full due to the ability to foreclose for the nonpayment of taxes. The ability to collect the amounts due on the remaining receivables may be effected by economic fluctuations in the local economy.

Residents are billed on a bi-monthly basis for water and sewer service based upon the actual cycle billings, prorated by the various reading dates at the end of the year.

10. TRANSFER TO/FROM OTHER FUNDS

The transfers indicated below include transfers from the General Fund to the Street and Park Funds for operating expenses; General Fund, Street Fund and R.S.P.O. Fund to the Debt Service Fund for bond and note payments.

	Transfer From Other Funds	Transfer To Other Funds
General Fund	\$ 7,360	\$701,588
Special Revenue Funds		
Street Fund	300,000	7,282
Park and Recreation Fund	250,000	90,854
Rehabilitation Mortgage Fund	0	7,360
Debt Service Fund	<u>249,724</u>	<u>0</u>
TOTAL	<u>\$807,084</u>	<u>\$807,084</u>

11. PROPERTY, PLANT AND EQUIPMENT

All costs associated with the construction and acquisition of general fixed assets are included in the Capital Outlay amount within the accompanying financial statements. Costs associated with the construction of infrastructure fixed assets are not capitalized in the General Fixed Assets Account Group in accordance with the City's accounting policy and, accordingly, are not reflected as additions in the General Fixed Assets Account Group. A summary of general fixed assets at December 31, 1999, by class and the changes therein during 1999, is as follows:

	Balance 1/1/99	Additions	Retirements	Balance 12/31/99
Land	\$1,189,833	\$ 4,460	\$0	\$1,194,293
Buildings	2,309,803	0	0	2,309,803
Land Improvements	338,533	1,997,654	0	2,336,187
Construction In Progress	1,167,864	0	1,151,781	16,083
Mach./Equip./Vehicles	<u>1,735,101</u>	<u>97,720</u>	<u>41,398</u>	<u>1,791,423</u>
TOTAL	<u>\$6,741,134</u>	<u>\$2,099,834</u>	<u>\$1,193,179</u>	<u>\$7,647,789</u>
Accumulated Depreciation				<u>(2,142,703)</u>
Net General Fixed Assets				<u>\$5,505,086</u>

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

A summary of proprietary fund property, plant and equipment at December 31, 1999, by class and by individual fund is as follows:

	Water	Sewer	Total
Land	\$ 89,814	\$ 4,600	\$ 94,414
Buildings	3,707,179	2,300,405	6,007,584
Utility Plant in Service	1,426,599	6,896,053	8,322,652
Mach./Equip./Vehicles	458,915	437,941	896,856
Construction In Progress	<u>23,031</u>	<u>12,422,835</u>	<u>12,445,866</u>
Less Accumulated Depreciation	<u>(2,791,353)</u>	<u>(2,023,664)</u>	<u>(4,815,017)</u>
Net Property, Plant, and Equipment	<u>\$2,914,185</u>	<u>\$20,038,170</u>	<u>\$22,952,355</u>

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

12. DEBT OBLIGATIONS

A listing of the changes in the debt of the City for the year ended December 31, 1999 follows:

	Balance 1/1/99	Additions	Retirement	Balance 12/31/99
General Obligation Issues:				
1997 Swimming Pool Notes	\$ 100,000	\$ 0	\$100,000	\$0
1998 Swimming Pool Notes	<u>1,100,000</u>	<u>0</u>	<u>1,100,000</u>	<u>0</u>
Total Current Debt	1,200,000	0	1,200,000	0
1990 Municipal Complex Bond	830,000	12,700	842,700	0
1994 Street Improvement Bond	33,000	0	5,500	27,500
1999 Municipal Building Bond	0	890,000	125,000	765,000
1999 Swimming Pool Const.	0	1,200,000	55,000	1,145,000
1999 OPWC Loan - Street	0	86,000	0	86,000
Other:				
Police and Fire Pension Liability	326,304	0	3,860	322,444
Accrued Wages and Benefits	108,980	86,403	108,980	86,403
Compensated Absences	<u>268,084</u>	<u>21,664</u>	<u>0</u>	<u>289,748</u>
Total General Long Term Debt	<u>2,766,368</u>	<u>2,296,767</u>	<u>2,341,040</u>	<u>2,722,095</u>
Enterprise General Obligation				
1980 Series B Sanitary Sewer	30,000	0	15,000	15,000
1987 Sewer Bonds	360,000	0	40,000	320,000
1994 OPWC Note	76,843	0	12,808	64,035
1996 OWDA Loan	6,205,749	7,178,210	58,103	13,325,856
1999 DWAFL Loan	0	103,250	9,604	93,646
1999 Franklin St. WW Note	0	120,000	0	120,000
1999 WTP Improvement Note	<u>0</u>	<u>500,000</u>	<u>0</u>	<u>500,000</u>
Total Enterprise Debt	<u>6,672,592</u>	<u>7,901,460</u>	<u>135,515</u>	<u>14,438,537</u>
TOTAL DEBT	<u>\$9,438,960</u>	<u>\$10,198,22</u>	<u>\$2,476,555</u>	<u>\$17,160,632</u>

Outstanding general obligation bonds consist of municipal complex, water and sewer system improvement issues and swimming pool construction. General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the City.

Taxes and the general credit of the city are guarantees in the bond indenture in case of default of the property owners. No reserve or sinking fund has been established for default of the property owners as the possibility of default is considered remote.

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

12. DEBT OBLIGATIONS (Continued)

Special assessments are in place against the OPWC Note in the Sewer Fund and the Street Improvement Bonds in the Street Fund. These debts are general obligations of the City and the City is ultimately responsible for repayment of the debt. The Sewer Fund assessments amount to only 10 percent of the total cost of the project and 20 percent of the debt incurred. The Street Fund assessments amount to less than 50 percent of both the total cost of the project and debt incurred. Other assessments being received by the City are for projects where no debt was incurred.

An accrual has been set up for a legal liability for past service cost for the Police and Fireman Disability and Pension Fund which arose when the Fund was established in 1968. The remaining unfunded pension liability is to be amortized in semi-annual installments, including interest, of \$17,687 through the year 2035.

The City began the first phase towards meeting the requirements of the Ohio Environmental Protection Agency regarding improvements needed at the Wastewater Treatment Plant when they began the design for the North Interceptor Sewer in 1996. Funding for the design and construction phase of this project came from loans granted by the Ohio Water Development Authority (OWDA).

The City began the construction phase of the Wastewater Treatment Plant Expansion Project during 1998. Again, funding for the design and construction phase of this project came from loans granted by the OWDA and from a bank note. These obligations will be repaid solely by user charges.

The City began construction of a new municipal swimming pool in 1998. After completion in 1999 the City issued Various Purpose Bonds to pay off the Bond Anticipation Notes used to finance the construction phase. These Bonds will be paid over a 20-year period from the General Fund.

Compensated Absences and Wages and Benefits will be paid from the funds where the wages were generated. The City has the ability to issue \$3,189,916 of additional debt without obtaining voter approval.

A summary of the City's future debt service requirements, excluding accrued compensated absences, wages, and benefits as of December 31, 1999 follows:

Future Payment Due In	General Obligation Bonds/Notes		Police and Fire Pension Liability		Enterprise Fund Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2000	169,100	89,208	4,024	13,661	1,373,311	329,327
2001	174,100	83,253	4,197	13,489	740,259	290,413
2002	184,100	76,556	4,377	13,308	742,256	272,523
2003	189,100	69,204	4,565	13,120	744,305	254,583
2004	194,100	61,557	4,761	12,924	735,151	236,590
2005-2009	448,000	219,765	27,054	61,373	3,498,482	923,085
2010-2035	<u>665,000</u>	<u>189,755</u>	<u>273,466</u>	<u>176,726</u>	<u>6,604,773</u>	<u>695,132</u>
TOTAL	<u>\$2,023,500</u>	<u>\$789,298</u>	<u>\$322,444</u>	<u>\$304,601</u>	<u>\$14,438,537</u>	<u>\$3,001,653</u>

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

12. DEBT OBLIGATIONS (Continued)

The 1999 Various Purpose Bonds due December 1, 2018 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2013, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount</u>
2013	\$70,000
2014	75,000
2015	75,000
2016	80,000
2017	85,000

Unless otherwise called for redemption, the remaining \$90,000 principal amount of the Bonds due December 1, 2018, is to be paid at stated mature.

The Bonds maturing on December 1, 2009 and thereafter are subject to optional redemption, in whole or in part, on any date in inverse order of maturity and by lot within a maturity, at the option of the City on or after December 1, 2009, as follows:

<u>Redemption Dates</u>	<u>Redemption Price</u>
December 1, 2009 through November 30, 2010	102%
December 1, 2010 through November 30, 2011	101
December 1, 2011 and thereafter	100

13. DEFEASED DEBT

On April 1, 1999, the City of Kenton issued serial bonds of \$890,000 (par value) with an interest rate of 5.40% to advance refund serial bonds previously issued June 1, 1990, with an interest rate of 7% and a par value of \$1,400,000. The refunded bonds mature December 1, 2000. The new bonds were issued at par and after paying issuance costs of \$1,317, the net proceeds were \$888,683.

The net proceeds of the refunding bond issue were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are redeemed on December 1, 2000. The advance refunding met the requirements of an in-substance defeasance and the refunded bonds were removed from the City's General Long-Term Debt Account Group.

As a result of the advance refunding, the City reduced its total debt service requirement by \$47,842 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$23,337.

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

14. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains three Enterprise Funds: water, sewer, and solid waste. The operations of these Funds are accounted for, financed and recorded in a manner similar to that of private enterprises whereby it is the City's intent that the costs of providing these goods or services be financed primarily through user charges (water and sewer) and a state grant (solid waste).

Segment information for the year ended December 31, 1999, is as follows:

	Water	Sewer	Solid Waste	Total Enterprise Funds
Operating Revenues	\$1,054,935	\$1,318,572		\$2,373,507
Operating Expenses - Before Depreciation	1,140,720	870,433	\$35,904	2,047,057
Depreciation Expense	227,752	182,264		410,016
Operating Income (Loss)	(313,537)	265,875	(35,904)	(83,566)
Nonoperating Revenues	3,281	2,375	35,904	41,560
Nonoperating (Expenses)	(9,093)	(55,005)		(64,098)
Net Income (Loss)	(319,349)	213,245		(106,104)
Current Capital Contributions	100,000	840,918		940,918
Fixed Asset Additions	303,156	9,111,514		9,414,670
Fixed Asset Deletions	7,516	1,879,843		1,887,359
Total Assets	3,816,124	21,271,806		25,087,930
Bonds and Other Long-term Liabilities	713,646	13,724,891		14,438,537
Total Equity	2,918,052	7,403,274		10,321,320
Net Working Capital	717,513	1,089,995		1,807,508

15. ACCUMULATED UNPAID EMPLOYEE BENEFITS

In November, 1992, the Governmental Accounting Standards Board issued Statement No. 16, "Accounting for Compensated Absences" which is effective for fiscal years beginning after June 15, 1993. The City has recorded a liability for compensated absences that include benefit payments that are probable, not just those that are vested.

Sick leave accumulates at the rate of 4.6 hours of sick leave for 80 hours of work completed. Sick leave is accumulated and may be converted into cash upon retirement in accordance with the following schedule:

<u>Employee Service</u>	<u>Severed Sick Leave</u>	<u>Firefighter's Sick Leave</u>
10 thru 15 years	480 hours maximum	670 hours maximum
15 thru 20 years	720 hours maximum	1,065 hours maximum
Over 20 years	1,000 hours maximum	1,400 hours maximum

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

15. ACCUMULATED UNPAID EMPLOYEE BENEFITS (Continued)

Vacation is accumulated based upon length of service as follows:

<u>Employee Service</u>	<u>Employee Hours Earned/Bi-weekly</u>
1 thru 8 years	3.1 hours
8 thru 15 years	4.6 hours
15 thru 25 years	6.2 hours
Over 25 years	7.7 hours

Unpaid compensated absences of \$289,748 were reported as an accrued liability in the General Long-Term Debt Fund. Unpaid compensated absences of \$33,307 and \$44,384 were reported as an accrued liability in the Water Fund and Sewer Fund, respectively.

16. FEDERAL FINANCIAL ASSISTANCE

For the period January 1, 1999 through December 31, 1999 the City received Federal financial assistance in the amount of \$436,797. This amount was posted in the Sewer Fund to extend City services to annexed property and for additional work on a system to separate sanitary and storm sewer, and to the Community Development Block Grant Fund for grants to homeowners for home repairs.

Also, the City continues to collect on economic development loans made in prior years with federally provided money. As of December 31, 1999, the outstanding Revolving Loan Fund cash balance is \$100,369, and the amount of loans outstanding is \$153,710.

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires 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 adverse effect on the overall financial position of the City at December 31, 1999.

17. CONTRIBUTED CAPITAL

During the year, contributed capital changed by the following amounts:

<u>Source</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Contributed Capital, January 1	\$ 193,317	\$2,194,922
Restatement	(195)	419,029
Contributed Capital, January 1(restated)	193,122	2,613,951
Issue II State Grant Additions	100,000	840,918
Depreciation on Fixed Assets Acquired by Contributed Capital	(5,756)	(20,881)
Contributed Capital, December 31	<u>\$ 287,366</u>	<u>\$3,433,988</u>

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

18. 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. On July 1, 1988, the City joined the Public Entities Pool of Ohio (PEP), a local governmental risk pool providing risk management services and risk sharing facilities to its members and member's employees. As of December 31, 1999 PEP had 223 members throughout the State of Ohio. The City pays an annual premium to the Pool for its comprehensive insurance coverage, including real property, building contents and vehicles. Real property and contents are covered at replacement cost.

Types of coverage and their deductible requirements are listed below:

<u>Type of Coverage</u>	<u>Deductible</u>
Municipal General Liability & Public Officials	\$ 1,000
Municipal Automobile Coverage---Comprehensive	250
Municipal Automobile Coverage---Collision	500
Law Enforcement Professional Liability	2,000
Property Coverage	1,000
Boiler and Machinery	1,000

There have been no settlements exceeding insurance coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

For the year 1999, the City participated in the Ohio Municipal League Worker's Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 23). The intent of the GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The worker's compensation experience of the participating municipalities is calculated as one experience and a common premium rate is applied to all municipalities in the GRP. Each participant pays its worker's compensation premium to the State based on the rate for the GRP rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to municipalities that can meet the GRP's selection criteria. The firm of Gates-McDonald and Company provides administrative, cost control and actuarial services to the GRP.

The City of Kenton began providing medical/surgical benefits to employees through a partially self-funded insurance internal service fund on April 1, 1997. All funds of the City participate in the program and make payments to the self-insurance internal service fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims. The medical self-insurance fund provides coverage for up to a maximum of \$7,500 for each individual.

The City utilizes a third party administrator to review all claims which are then paid by the City to the administrator, who in turn, pays the claimant. The City purchases stop-loss coverage which provides a maximum of \$2,000,000 per individual for claims in excess of coverage provided by the Fund. The claims liability of \$1,321 reported in the internal service fund at December 31, 1999 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board No. 10 which requires that a liability for unpaid claims costs, including estimates of costs related to incurred but not reported claims, be reported. Claims activity for fiscal years 1997, 1998 and 1999 are as follows:

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

18. RISK MANAGEMENT (Continued)

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1997	\$ - 0 -	\$ 148,303	\$ 129,144	\$ 19,159
1998	\$ 19,159	\$ 175,524	\$ 154,238	\$ 40,445
1999	<u>\$ 40,445</u>	<u>\$ 151,746</u>	<u>\$190,870</u>	<u>\$ 1,321</u>

19. DEFINED BENEFIT PENSION PLANS

The employees of the City of Kenton are covered by either the Public Employees' Retirement System of Ohio or the Police and Fireman's Disability and Pension Fund. The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the accompanying financial statements.

A. Public Employees' Retirement System (PERS)

The City of Kenton contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer defined benefit pension plan. PERS 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. PERS issues a stand-alone financial report. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or calling (614) 466-2085 or 1-800-222 PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5 percent for employees other than law enforcement. Law enforcement employees contribute 9.0 percent of covered salary. The 1999 employer contribution rate for local government employer units was 13.55 percent of covered payroll. The law enforcement employer rate was 16.70 percent of covered payroll. The City's required contributions to PERS for the years ended December 31, 1999, 1998 and 1997 were \$185,328, \$112,808, and \$99,603 respectively. The full amount has been contributed for 1998 and 1997. Seventy-five percent has been contributed for 1999 with the remainder being reported as a fund obligation within the respective funds.

Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records.

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

19. DEFINED BENEFIT PENSION PLANS (Continued)

B. Police and Firemen's Disability and Pension Fund

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police and 24 percent for firefighters. Contributions are authorized by state statute. An actuary, however, is used to determine the actuarial implications of the statutory requirements. The City's contributions to the Fund for police and firefighters were \$99,058 and \$103,826 for the year ended December 31, 1999, \$61,132 and \$70,220, for 1998 and \$57,200 and \$67,265, for 1997. The full amount has been contributed for 1998 and 1997. Seventy-five percent has been contributed for 1999 with the remainder being reported as a fund obligation within the respective funds.

In addition to the current contribution, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. As of December 31, 1999, the liability of the City was \$322,444, payable in semiannual installments through the year 2035. This is an accounting liability of the City which will not vary. The liability is reported in the general long-term obligations account group.

20. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

A. Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides post retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll for employees not engaged in law enforcement; 4.2 percent was the portion that was used to fund health care for the year 1999.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to PERS. OPEB are financed through employer contributions and investment earnings. 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.

During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The City's actual contributions for 1999 which were used to fund OPEB were \$57,445.

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

20. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

A. Public Employees Retirement System (Continued)

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

B. Police and Firemen's Disability and Pension Fund

The Police and Firemen's Disability and Pension Fund (the "Fund") 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 Post Employment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Police and Firemen's Disability and Pension Fund's Board of Trustees to provide health care coverage and states that health care cost paid from the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 6.5 percent of covered payroll is applied to the post employment health care program. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1997, (the latest information available) was 11,239 for police and 9,025 for firefighters. The City's actual contributions for 1999 that were used to fund post employment benefits were \$33,019 for police and \$28,119 for fire. The Fund's total health care expenses for the year ended December 31, 1997 were \$76,459,832.

21. EMPLOYEE BENEFITS

The City provides life insurance and a drug card for prescription drugs to all full-time employees once they have completed a 90 day probationary period. At the present time, there is no cost to the employee for these benefits.

**CITY OF KENTON
HARDIN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

22. JOINTLY GOVERNED ORGANIZATION

The Grove Cemetery Association is a jointly governed organization consisting of three townships (Buck, Pleasant and Goshen) and the City of Kenton, Hardin County, Ohio. The Association is governed by a board of directors consisting of one representative from each township and the City. The degree of control exercised by any participating entity is limited to its representation on the board. Operating funds for the Association are provided from property taxes assessed against property owners located within the townships and the City making up the Association and charges assessed for services of the Association. The City provides no other funds to the Association. Financial information may be obtained from Clerk/Treasurer, Joe Cook, at 116 North Detroit Street, Kenton, Ohio 43326.

23. INSURANCE PURCHASING POOL

The City participates in the Ohio Municipal League Worker's Compensation Group Rating Program, an insurance purchasing pool. The Ohio Municipal League has retained Gates McDonald and Company as its Plan Administrator. Each year the participating municipalities pay an enrollment fee to the GRP to cover the costs of administering the program.

24. CONTRACTS OUTSTANDING

As of December 31, 1999, the City had several contracts outstanding for various construction-in-progress projects throughout the City. Those of significance included the following for services associated with the Wastewater Treatment Plant Expansion Project: R.D. Zande and Associates, engineering services, in the amount of \$190,619; Thomas and Marker Construction Company, primary contractor, in the amount of \$1,970,518 and Sidney Electric Company, electrical contractor, in the amount of \$513,367. The Wastewater Treatment Plant Expansion Project will be paid from the Sewer Fund and the amounts of the contracts have been encumbered as of December 31, 1999.

25. CONTINGENT LIABILITIES

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

**CITY OF KENTON
HARDIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999**

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	CFDA NUMBER	PASS- THROUGH AGENCY NUMBER	DISBURSEMENTS
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Direct Program</i>			
Home Investment Partnership Program (HOME)			
Community Housing Improvement Program	14.239	A-C-97-137-2	\$121,407
Community Housing Improvement Program	14.239	A-C-99-137-2	<u>10,000</u>
Total Home Investment Partnership Program (HOME)			131,407
<i>Passed through Ohio Department of Development</i>			
Small Cities Community Development Block Grant			
Economic Development Program	14.228	A-E-98-137-1	100,590
Water and Sanitary Sewer Competitive Grant Program	14.228	A-W-98-137-1	52,000
Community Housing Improvement Program	14.228	A-C-99-137-1	1,000
Community Housing Improvement Program	14.228	A-C-97-137-1	<u>159,142</u>
Total Small City's Community Development Block Grants			<u>312,732</u>
Total United States Department of Housing and Urban Development			444,139
UNITED STATES DEPARTMENT OF JUSTICE			
<i>Passed through Office of Criminal Justice Services</i>			
Law Enforcement Block Grant	16.579	97-LE-LEB-3036	<u>11,191</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$455,330</u>

The notes to the Schedule of Federal Awards Expenditures are an integral part of this statement.

**CITY OF KENTON
ALLEN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Award Expenditures (the Schedule) summarizes the activity of the City's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE 2 - MATCHING REQUIREMENTS

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included in the Schedule.

NOTE 3 - COMMUNITY DEVELOPMENT BLOCK GRANT(CDBG) REVOLVING LOAN PROGRAMS

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development(HUD) grants money for these loans to the City which is passed through the Ohio Department of Development. The initial loans of these monies were recorded as disbursements and presented on the Schedule of Federal Awards Expenditures in the year the loans were awarded. The loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the schedule.

These loans are collateralized by mortgages on the properties. At December 31, 1999, the gross amount of loans outstanding under this program were \$153,710.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL
CONTROLS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

City of Kenton
Hardin County
111 West Franklin Street,
P.O. Box 220
Kenton, Ohio 43326

To the Members of City Council:

We have audited the financial statements of the City of Kenton, Hardin County (the City) as of and for the year ended December 31, 1999, and have issued our report thereon dated August 9, 2000. 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'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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated August 9, 2000.

This report is intended for the information and use of the management, City Council, 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

August 9, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

City of Kenton
Hardin County
111 West Franklin Street
P.O. Box 220
Kenton, Ohio 43326

To the Members of City Council:

Compliance

We have audited the compliance of the City of Kenton, Hardin County (the City), 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 its major federal program for the year ended December 31, 1999. The City's major federal program is 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 its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City'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 on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City'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 internal control over compliance in accordance with OMB Circular A-133.

**Internal Control Over Compliance
(Continued)**

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.

This report is intended for the information and use of the management, City Council, 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

August 9, 2000

**CITY OF KENTON
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

DECEMBER 31, 1999

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant - CFDA #14.228
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



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 KENTON

HARDIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 5, 2000**