

CITY OF REYNOLDSBURG
ANNUAL REPORT
YEAR ENDED DECEMBER 31, 1999

WOLFE, WILSON & PHILLIPS, INC.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF REYNOLDSBURG
ANNUAL REPORT
YEAR ENDED DECEMBER 31, 1999

**CITY OF REYNOLDSBURG
FRANKLIN COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Mayor and Members of City Council
City of Reynoldsburg

We have reviewed the Independent Auditor's Report of the City of Reynoldsburg, Franklin County, prepared by Wolfe, Wilson, & Phillips, Inc. for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO
Auditor of State

June 26, 2000

WOLFE, WILSON, & PHILLIPS, INC.
CERTIFIED PUBLIC ACCOUNTANTS
37 S. SEVENTH STREET • ZANESVILLE, OHIO 43701
(740) 453-9600 • FAX - (740) 453-9763

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of City Council
City of Reynoldsburg
Reynoldsburg, Ohio 43068

We have audited the accompanying general-purpose financial statements of City of Reynoldsburg as of and for the year ended December 31, 1999. 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 and *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 City of Reynoldsburg as of December 31, 1999, and the results of its operations and the cash flows of its proprietary funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 19, 2000, on our consideration of City of Reynoldsburg's internal control structure 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 of Reynoldsburg taken as a whole. The accompanying schedules of General Fixed Assets and the Combining Statement of Assets and Liabilities – Agency Funds are presented for additional analysis and are 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.

Wolfe, Wilson, & Phillips, Inc.

Zanesville, Ohio
May 19, 2000

Brad Wolfe, J.D., M.B.A., CPA
Joseph W. Wilson, M.B.A., CPA, CMA
Kenneth B. Phillips, CPA

THE CITY OF REYNOLDSBURG, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1999

	Governmental			Proprietary			Fiduciary		Account		Totals
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)	
Assets and Other Debits:											
Assets:											
Cash and Cash Equivalents	\$2,061,396	\$1,218,812	\$241,127	\$2,635,899	\$1,499,037	\$6,892	\$542,507	\$0	\$0	\$0	\$8,205,670
Investments	3,843,772	520,397	449,064	1,025,789	2,886,895	0	0	0	0	0	8,725,917
Receivables (net of allowance for doubtful accounts):											
Taxes	271,498	1,362,574	29,417	0	0	0	1,794	0	0	0	1,665,283
Accounts	3,485	140	0	0	1,215,171	0	7,307	0	0	0	1,226,103
Interest	6,630	276	0	0	0	0	0	0	0	0	6,906
Special Assessments	0	0	100,949	303,513	0	0	0	0	0	0	404,462
Due from Other Funds	23,226	350	0	0	57,644	0	0	0	0	0	81,220
Intergovernmental Receivables	4,714	82,246	0	0	0	0	0	0	0	0	86,960
Inventory of Supplies at Cost	1,590	87,477	0	0	17,445	1,250	0	0	0	0	107,762
Prepaid Items	5,912	0	0	0	0	0	0	0	0	0	5,912
Restricted Assets:											
Cash and Cash Equivalents	0	0	0	0	51,852	0	0	0	0	0	51,852
Cash with Fiscal Agent	0	285,166	16,719	0	0	0	0	0	0	0	301,885
Fixed Assets (net of accumulated depreciation)	0	0	0	0	7,337,888	26,350	0	10,198,169	0	0	17,562,407
Other Debits:											
Amount Available in Debt Service Fund	0	0	0	0	0	0	0	0	632,700	0	632,700
Amount to be Provided for General Long-Term Obligations	0	0	0	0	0	0	0	0	0	15,561,075	15,561,075
Total Assets and Other Debits	\$6,222,223	\$3,557,438	\$837,276	\$3,965,201	\$13,065,932	\$34,492	\$551,608	\$10,198,169	\$16,193,775	\$0	\$54,626,114

(Continued)

	Governmental				Proprietary			Fiduciary		Account		Totals (Memorandum Only)
	Fund Types				Fund Types			Fund Types		Groups		
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations			
Liabilities, Equity and Other Credits:												
Liabilities:												
Accounts Payable	\$113,257	\$9,456	\$0	\$89,973	\$104,032	\$2,184	\$20,119	\$0	\$0	\$0	\$339,021	
Accrued Wages and Benefits	328,274	20,205	0	0	30,732	6,139	0	0	0	0	385,350	
Retainage Payable	0	0	0	139,037	0	0	0	0	0	0	139,037	
Due to Other Funds	0	0	57,644	0	0	0	23,576	0	0	0	81,220	
Intergovernmental Payable	36,451	0	0	0	822,835	0	99,180	0	0	0	958,466	
Due to Others	0	0	0	0	51,852	0	47,690	0	0	0	99,542	
Matured Bonds and Interest Payable	0	0	16,719	0	0	0	0	0	0	0	16,719	
Accrued Interest Payable	0	0	0	0	20,969	0	0	0	0	0	20,969	
Deferred Revenue	206,206	743,523	130,213	303,513	105,345	0	0	0	0	0	1,488,800	
Claimant Liability	0	0	0	0	0	0	30,336	0	0	0	30,336	
Compensated Absences Payable	0	0	0	0	77,047	5,374	0	0	0	0	82,421	
Capital Leases Payable	0	0	0	0	0	0	0	0	0	0	0	
General Obligation Bonds Payable	0	0	0	0	4,505,800	0	0	0	0	0	4,505,800	
Special Assessment Bonds Payable	0	0	0	0	0	0	0	0	0	0	0	
Special Assessment Bonds Payable with Governmental Commitment	0	0	0	0	0	0	0	0	0	0	0	
Ohio Public Works	0	0	0	0	0	0	0	0	0	0	0	
Commission Loans Payable	0	0	0	0	0	0	0	0	0	0	0	
Total Liabilities	684,188	773,184	204,576	532,523	5,718,612	13,697	220,901	0	0	0	16,193,775	
Equity and Other Credits:												
Investment in General Fixed Assets	0	0	0	0	0	0	0	10,198,169	0	0	10,198,169	
Contributed Capital	0	0	0	0	6,898,024	0	0	0	0	0	6,898,024	
Retained Earnings:												
Unreserved	0	0	0	0	449,296	20,795	0	0	0	0	470,091	
Fund Balances:												
Reserved for Encumbrances	373,787	1,847	0	1,820,630	0	0	230,422	0	0	0	2,426,686	
Reserved for Supplies Inventory	1,590	87,477	0	0	0	0	0	0	0	0	89,067	
Reserved for Prepaid Items	5,912	0	0	0	0	0	0	0	0	0	5,912	
Reserved for Debt Service	0	0	632,700	0	0	0	0	0	0	0	632,700	
Unreserved:												
Undesignated	5,156,746	2,694,930	0	1,612,048	0	0	100,285	0	0	0	9,564,009	
Total Equity and Other Credits	5,538,035	2,784,254	632,700	3,432,678	7,347,320	20,795	330,707	10,198,169	0	0	30,284,658	
Total Liabilities, Equity and Other Credits	\$6,222,223	\$3,557,438	\$837,276	\$3,965,201	\$13,065,932	\$34,492	\$551,608	\$10,198,169	\$16,193,775	\$0	\$54,626,114	

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

THE CITY OF REYNOLDSBURG, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Expendable Trust Funds	
Revenues:						
Taxes	\$312,798	\$8,382,300	\$28,473	\$0	\$0	\$8,723,571
Intergovernmental Revenues	1,769,648	1,154,393	3,323	150,756	0	3,078,120
Charges for Services	91,961	0	0	0	310,070	402,031
Licenses and Permits	403,190	0	0	63,664	0	466,854
Investment Earnings	607,033	59,985	26,881	210,989	0	904,888
Special Assessments	0	0	11,906	60,053	0	71,959
Fines and Forfeitures	334,562	19,849	0	0	0	354,411
All Other Revenues	65,766	7,273	17,343	0	1,105	91,487
Total Revenues	<u>3,584,958</u>	<u>9,623,800</u>	<u>87,926</u>	<u>485,462</u>	<u>311,175</u>	<u>14,093,321</u>
Expenditures:						
Current:						
Security of Persons and Property	4,642,856	51,104	0	0	0	4,693,960
Public Health and Welfare Services	126,324	0	0	0	0	126,324
Leisure Time Activities	789,794	0	0	0	0	789,794
Community Environment	918,188	0	0	0	265,530	1,183,718
Transportation	0	782,729	0	0	0	782,729
General Government	2,067,480	164,916	0	0	5,313	2,237,709
Capital Outlay	0	0	0	7,303,062	0	7,303,062
Debt Service:						
Principal Retirements	0	13,500	530,029	0	0	543,529
Interest and Fiscal Charges	0	7,962	694,542	282,810	0	985,314
Total Expenditures	<u>8,544,642</u>	<u>1,020,211</u>	<u>1,224,571</u>	<u>7,585,872</u>	<u>270,843</u>	<u>18,646,139</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,959,684)	8,603,589	(1,136,645)	(7,100,410)	40,332	(4,552,818)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	4,065	0	0	0	0	4,065
Proceeds from General Obligation Bonds	0	0	0	8,310,000	0	8,310,000
Operating Transfers In	7,448,412	0	1,324,546	1,827,713	0	10,600,671
Operating Transfers Out	(627,759)	(8,943,408)	0	(1,005,469)	0	(10,576,636)
Total Other Financing Sources (Uses)	<u>6,824,718</u>	<u>(8,943,408)</u>	<u>1,324,546</u>	<u>9,132,244</u>	<u>0</u>	<u>8,338,100</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,865,034	(339,819)	187,901	2,031,834	40,332	3,785,282
Fund Balance Beginning of Year	3,672,218	3,120,838	444,799	1,400,844	290,375	8,929,074
Increase in Inventory Reserve	783	3,235	0	0	0	4,018
Fund Balance End of Year	<u>\$5,538,035</u>	<u>\$2,784,254</u>	<u>\$632,700</u>	<u>\$3,432,678</u>	<u>\$330,707</u>	<u>\$12,718,374</u>

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

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

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$271,900	\$309,980	\$38,080	\$7,934,737	\$8,595,152	\$660,415
Intergovernmental Revenues	1,667,000	1,785,929	118,929	914,680	1,137,488	222,808
Charges for Services	96,200	92,561	(3,639)	0	0	0
Licenses and Permits	302,800	416,227	113,427	0	0	0
Investment Earnings	550,000	641,465	91,465	60,200	67,525	7,325
Special Assessments	0	0	0	0	0	0
Fines and Forfeitures	295,000	331,661	36,661	16,900	23,098	6,198
All Other Revenues	9,700	45,978	36,278	0	7,133	7,133
Total Revenues	3,192,600	3,623,801	431,201	8,926,517	9,830,396	903,879
Expenditures:						
Current:						
Security of Persons and Property	4,929,965	4,662,517	267,448	106,655	51,104	55,551
Public Health and Welfare Services	144,415	126,324	18,091	0	0	0
Leisure Time Activities	942,619	833,651	108,968	0	0	0
Community Environment	1,146,215	1,024,561	121,654	0	0	0
Transportation	0	0	0	865,349	796,571	68,778
General Government	2,557,983	2,324,395	233,588	169,237	165,051	4,186
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	13,500	13,500	0
Interest and Fiscal Charges	0	0	0	7,962	7,962	0
Total Expenditures	9,721,197	8,971,448	749,749	1,162,703	1,034,188	128,515
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,528,597)	(5,347,647)	1,180,950	7,763,814	8,796,208	1,032,394
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	1,500	4,065	2,565	0	0	0
Proceeds from General Obligation Bonds	0	0	0	0	0	0
Operating Transfers In	7,177,102	7,469,485	292,383	0	0	0
Operating Transfers Out	(627,759)	(627,759)	0	(8,943,408)	(8,943,408)	0
Total Other Financing Sources (Uses)	6,550,843	6,845,791	294,948	(8,943,408)	(8,943,408)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	22,246	1,498,144	1,475,898	(1,179,594)	(147,200)	1,032,394
Fund Balance at Beginning of Year	3,717,492	3,717,492	0	1,804,950	1,804,950	0
Prior Year Encumbrances	202,962	202,962	0	71,601	71,601	0
Fund Balance at End of Year	\$3,942,700	\$5,418,598	\$1,475,898	\$696,957	\$1,729,351	\$1,032,394

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

(Continued)

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

<i>Debt Service Funds</i>			<i>Capital Projects Funds</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$29,139	\$28,320	(\$819)	\$0	\$0	\$0	\$8,235,776	\$8,933,452	\$697,676
0	3,323	3,323	500,000	150,756	(349,244)	3,081,680	3,077,496	(4,184)
0	0	0	0	0	0	96,200	92,561	(3,639)
0	0	0	60,000	63,664	3,664	362,800	479,891	117,091
14,556	26,660	12,104	189,107	210,989	21,882	813,863	946,639	132,776
31,882	11,906	(19,976)	0	60,053	60,053	31,882	71,959	40,077
0	0	0	0	0	0	311,900	354,759	42,859
14,702	17,343	2,641	0	0	0	24,402	70,454	46,052
90,279	87,552	(2,727)	749,107	485,462	(263,645)	12,958,503	14,027,211	1,068,708
0	0	0	0	0	0	5,036,620	4,713,621	322,999
0	0	0	0	0	0	144,415	126,324	18,091
0	0	0	0	0	0	942,619	833,651	108,968
0	0	0	0	0	0	1,146,215	1,024,561	121,654
0	0	0	0	0	0	865,349	796,571	68,778
0	0	0	0	0	0	2,727,220	2,489,446	237,774
0	0	0	10,247,658	9,304,486	943,172	10,247,658	9,304,486	943,172
7,259,942	7,245,029	14,913	0	0	0	7,273,442	7,258,529	14,913
756,929	742,107	14,822	25,000	14,470	10,530	789,891	764,539	25,352
8,016,871	7,987,136	29,735	10,272,658	9,318,956	953,702	29,173,429	27,311,728	1,861,701
(7,926,592)	(7,899,584)	27,008	(9,523,551)	(8,833,494)	690,057	(16,214,926)	(13,284,517)	2,930,409
0	0	0	0	0	0	1,500	4,065	2,565
6,762,565	6,762,565	0	7,554,242	1,321,764	(6,232,478)	14,316,807	8,084,329	(6,232,478)
1,394,768	1,354,721	(40,047)	2,100,504	1,827,713	(272,791)	10,672,374	10,651,919	(20,455)
0	0	0	(1,005,469)	(1,005,469)	0	(10,576,636)	(10,576,636)	0
8,157,333	8,117,286	(40,047)	8,649,277	2,144,008	(6,505,269)	14,414,045	8,163,677	(6,250,368)
230,741	217,702	(13,039)	(874,274)	(6,689,486)	(5,815,212)	(1,800,881)	(5,120,840)	(3,319,959)
472,268	472,268	0	785,055	785,055	0	6,779,765	6,779,765	0
0	0	0	7,655,515	7,655,515	0	7,930,078	7,930,078	0
\$703,009	\$689,970	(\$13,039)	\$7,566,296	\$1,751,084	(\$5,815,212)	\$12,908,962	\$9,589,003	(\$3,319,959)

THE CITY OF REYNOLDSBURG, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>Enterprise Funds</i>	<i>Internal Service Fund</i>	<i>Totals (Memorandum Only)</i>
<u>Operating Revenues:</u>			
Charges for Services	\$6,458,196	\$5,894	\$6,464,090
Other Operating Revenues	20,801	0	20,801
Total Operating Revenues	<u>6,478,997</u>	<u>5,894</u>	<u>6,484,891</u>
<u>Operating Expenses:</u>			
Personal Services	577,125	93,845	670,970
Materials and Supplies	139,051	14,396	153,447
Contractual Services	5,732,979	24,196	5,757,175
Depreciation	212,125	4,005	216,130
Total Operating Expenses	<u>6,661,280</u>	<u>136,442</u>	<u>6,797,722</u>
Operating Loss	(182,283)	(130,548)	(312,831)
<u>Nonoperating Revenues (Expenses):</u>			
Interest and Fiscal Charges	(266,285)	0	(266,285)
Other Nonoperating Revenues	4,202	0	4,202
Total Nonoperating Revenues (Expenses)	<u>(262,083)</u>	<u>0</u>	<u>(262,083)</u>
Loss Before Operating Transfers	(444,366)	(130,548)	(574,914)
<u>Operating Transfers:</u>			
Operating Transfers In	95,145	91,401	186,546
Operating Transfers Out	(210,581)	0	(210,581)
Total Operating Transfers	<u>(115,436)</u>	<u>91,401</u>	<u>(24,035)</u>
Net Loss	(559,802)	(39,147)	(598,949)
Retained Earnings at Beginning of Year	1,009,098	59,942	1,069,040
Retained Earnings at End of Year	<u>\$449,296</u>	<u>\$20,795</u>	<u>\$470,091</u>

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

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

	<i>Enterprise Funds</i>	<i>Internal Service Fund</i>	<i>Totals (Memorandum Only)</i>
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$6,351,281	\$5,894	\$6,357,175
Cash Payments for Goods and Services	(5,539,926)	(37,201)	(5,577,127)
Cash Payments to Employees	(580,968)	(95,462)	(676,430)
Net Cash Provided (Used) by Operating Activities	<u>230,387</u>	<u>(126,769)</u>	<u>103,618</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	95,145	91,401	186,546
Transfers Out to Other Funds	(240,756)	0	(240,756)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(145,611)</u>	<u>91,401</u>	<u>(54,210)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Cash Received from Tap-in Fees in Excess of Cost	1,032,311	0	1,032,311
Acquisition and Construction of Assets	(250,864)	(5,000)	(255,864)
Principal Paid on General Obligation Bonds	(302,350)	0	(302,350)
Interest Paid on All Debt	(267,618)	0	(267,618)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>211,479</u>	<u>(5,000)</u>	<u>206,479</u>
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investments	(694,053)	0	(694,053)
Net Cash Used for Investing Activities	<u>(694,053)</u>	<u>0</u>	<u>(694,053)</u>
Net Decrease in Cash and Cash Equivalents	(397,798)	(40,368)	(438,166)
Cash and Cash Equivalents at Beginning of Year	1,948,687	47,260	1,995,947
Cash and Cash Equivalents at End of Year	<u>\$1,550,889</u>	<u>\$6,892</u>	<u>\$1,557,781</u>
<u>Enterprise Funds</u>			
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$1,499,037		
Restricted Cash and Cash Equivalents	51,852		
Cash and Cash Equivalents at End of Year	<u>\$1,550,889</u>		

(continued)

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

	<i>Enterprise Funds</i>	<i>Internal Service Fund</i>	<i>Totals (Memorandum Only)</i>
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:			
Operating Loss	(\$182,283)	(\$130,548)	(\$312,831)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	212,125	4,005	216,130
Miscellaneous Nonoperating Income	7,062	0	7,062
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(132,807)	0	(132,807)
Decrease in Inventory	1,079	436	1,515
Increase in Accounts Payable	2,590	955	3,545
Increase (Decrease) in Accrued Wages and Benefits	(10,978)	1,028	(9,950)
Increase in Intergovernmental Payable	328,435	0	328,435
Decrease in Deferred Revenue	(1,971)	0	(1,971)
Increase (Decrease) in Compensated Absences	7,135	(2,645)	4,490
Total Adjustments	<u>412,670</u>	<u>3,779</u>	<u>416,449</u>
Net Cash Provided (Used) by Operating Activities	<u>\$230,387</u>	<u>(\$126,769)</u>	<u>\$103,618</u>

Schedule of Noncash Investing, Capital and Financing Activities:

During 1999, the Sewer Fund had outstanding liabilities of \$18,128 for the purchase of certain capital assets.

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

THE CITY OF REYNOLDSBURG, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Reynoldsburg, Ohio (the City) is a home-rule municipal corporation created under the laws of the State of Ohio. The City was first incorporated in 1839 and currently operates under and is governed by its own Charter. The current City Charter, which provides for a Mayor-Council form of government, was adopted in 1979 and has been amended by the voters in 1982, 1987, 1992, 1995 and 1997.

The accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 1999 and for the year then ended, and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying general purpose financial statements comply with the provisions of the GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, account groups, agencies, boards and commissions that are part of the primary government, including the following services: police protection, parks and recreation, planning, zoning, street maintenance, and other governmental services. In addition, the City owns the water distribution system and the wastewater collection system, each of which is reported as an enterprise fund. Treatment services for both water and wastewater are provided by the City of Columbus on a contractual basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

Governmental Funds

Governmental funds are those funds 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 measurement focus is on determination of "financial flow" (sources and use and balances of financial resources). The following are the City's governmental fund types:

General Fund - This fund is used to account for all financial resources except those 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 general laws of Ohio and the limitations of the City Charter.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - This fund is used for the accumulation of resources for, and the payment of, general obligation and special assessment long-term debt principal and interest other than those accounted for in the proprietary funds.

Capital Projects 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).

Proprietary Funds

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City maintains separate enterprise funds for its water, sewer, storm water and solid waste collection and disposal services.

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

Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains expendable trust funds and agency funds. Expendable trust funds are accounted for and reported similarly to governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 of the City 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 debt of the City except that accounted for in the proprietary funds.

C. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds and expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which the City considers to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Revenues considered susceptible to accrual at year end include income taxes withheld by employers, interest on investments, and state levied locally shared taxes, including motor vehicle license fees and local government assistance. Other revenues, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues are recorded when received in cash, because generally these revenues are not measurable until received.

Special assessment installments and related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenues. Property taxes measurable as of December 31, 1999 but which are not intended to finance 1999 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenues as further described in Note 4.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

I. Tax Budget

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control is by fund at the major object level (i.e., personal services, materials and supplies, contractual services) by department. Budgetary modifications may only be made by ordinance of the City Council.

By July 15, the Mayor submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes, and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level and may be modified during the year by Ordinance of City Council. Total fund appropriations may not exceed the current estimated resources certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level. During 1999, several supplemental appropriations were necessary to budget for major capital improvement projects that were not originally appropriated. Administrative control is maintained through the establishment of more detailed line-item budgets. Funds may be moved from one line-item account to another within the same object without approval of City Council. The City Auditor maintains an accounting of the line-item expenditures to insure that the total expenditures within a department by object do not exceed approved appropriations. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. The budgetary figures which appear on the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types" are presented on a budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and needs not be reappropriated.

6. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures recorded when paid. In addition, encumbrances are recorded as the equivalent of expenditures on the budgetary basis as opposed to reservation of fund balance on the GAAP basis. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Under the budgetary basis, proceeds and retirements of general obligation notes are recognized as revenues and expenditures respectively. Under the GAAP basis they are recognized as an increase or decrease to a liability. On the budgetary basis investment earnings are recognized when realized, whereas on a GAAP basis unrealized gains and losses are recognized when investments are adjusted to fair value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds
GAAP Basis (as reported)	\$1,865,034	(\$339,819)	\$187,901	\$2,031,834
Increase (Decrease):				
Accrued Revenues at December 31, 1999 received during 2000	(103,347)	(987,229)	(153)	0
Accrued Revenues at December 31, 1998 received during 1999	127,612	1,186,276	30,175	0
Accrued Expenditures at December 31, 1999 paid during 2000	477,982	29,661	0	229,010
Accrued Expenditures at December 31, 1998 paid during 1999	(430,065)	(34,570)	0	(324,726)
1998 Prepays for 1999	11,165	0	0	0
1999 Prepays for 2000	(5,912)	0	0	0
Note Retirements	0	0	0	(6,715,000)
Adjustment to Fair Value	35,651	7,549	(221)	0
Outstanding Encumbrances	(479,976)	(9,068)	0	(1,910,604)
Budget Basis	<u>\$1,498,144</u>	<u>(\$147,200)</u>	<u>\$217,702</u>	<u>(\$6,689,486)</u>

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, repurchase agreements, the State Treasury Asset Reserve (STAR Ohio) and certificates of deposit with original maturity dates of three months or less.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintains its own cash and investment account. See Note 3, "Cash, Cash Equivalents and Investments."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices.

The City has invested funds in the STAR Ohio during 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 1999. See Note 3, "Cash, Cash Equivalents and Investments."

G. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds, and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

H. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets.

General fixed asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

The City has elected not to record depreciation in the General Fixed Assets Account Group.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

2. Property, Plant and Equipment - Proprietary Funds

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction, and architectural and engineering fees where applicable. Contributed fixed assets are recorded at fair market value at the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Estimated Lives (Years)
Buildings	15 - 40
Improvements other than Buildings	50
Machinery, Equipment, Furniture and Fixtures	5 - 10

I. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bonds	Debt Service Fund
	Street Construction, Maintenance and Repair Fund
	Water Fund
	Sewer Fund
Special Assessment Bond	Debt Service Fund
Ohio Public Works Commission Loan	Debt Service Fund
Compensated Absences	General Fund
	Income Tax Fund
	Street Construction, Maintenance and Repair Fund
	Water Fund
	Sewer Fund
	Storm Water Fund
	Internal Service Fund
Capital Leases	General Fund
	Capital Improvement Fund

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," compensated absences are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Employees earn vacation leave based on length of service and position. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement is accrued to the extent that it is considered probable that the conditions for compensation will be met in the future.

Sick leave benefits are accrued as a liability using the vesting method. Employees earn 15 days of sick leave per year. After 5 years of service and upon retirement or resignation, full-time police officers will be paid 25% of the accumulated sick leave up to a maximum of 720 hours. The payment will be increased by 2% for each additional 5 years of uninterrupted service. After 10 years of service and upon retirement, all other employees will be paid one-fourth of the accumulated sick leave up to a maximum of 560 hours.

For governmental funds, that portion of unpaid compensated absences expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group. Compensated absences are expensed in the Water and Sewer Funds (enterprise funds) and in the Vehicle Maintenance Fund (internal service fund) when earned, and the related liability is reported within the fund.

K. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

L. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as "Other Financing Sources (Uses)" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. There were no residual equity transfers in 1999.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Transactions (Continued)

Transactions that would be treated as revenues and expenditures/expenses involving organizations external to the City are similarly treated when involving other funds of the City. The City also advances cash from one fund to another as necessary to meet current obligations.

M. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventories of supplies, prepaid items, debt service and encumbrances (excluding encumbered amounts reflected as payables).

N. Total Columns on Combined Financial Statements - Overview

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

O. Restricted Assets

Customer deposits and cash with fiscal agent are classified as restricted assets on the balance sheet because these funds are being held for specified purposes.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Equity

The deficit of \$207,029 in the Water Fund (enterprise fund) arises from the recognition of expenses on the accrual basis of accounting which are greater than those recognized on a budgetary basis. A deficit does not exist under the cash basis of accounting. The General Fund provides operating transfers, upon City Council's approval, when cash is required, not when accruals occur.

B. Excess Expenditures over Appropriations

For the year ended December 31, 1999, expenditures exceeded appropriations at the object level (i.e., the legal level of budgetary control) as follows:

Fund	Excess
General Fund:	
Community Environment:	
Service Department:	
Personal Services	\$2,376

The excess expenditures were funded from available fund balance.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the City into three categories. Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- 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;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 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;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets 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
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements and Reverse Repurchase Agreements)," collateral held in single financial collateral pools with securities being held by the pledging financial institutions' agents in the pool's name are classified as Category 3.

The GASB has established risk categories for deposits and investments, as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investments:

- Category 1 Insured or registered, or securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

A. Deposits

At year end, the carrying amount of the City's deposits was \$1,520,116 and the bank balance \$1,348,939. Federal depository insurance covered \$200,000 of the bank balance. All remaining deposits were classified as Category 3.

Investment earnings of \$329,575 earned by other funds were credited to the General Fund as required by state statute.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 1999 are summarized below:

Categorized Investments	Category 1	Category 2	Fair Value
United States Treasury Notes	\$542,751	\$0	\$542,751
United States Treasury Bills	280,234	0	280,234
Federal National Mortgage Association	4,001,260	0	4,001,260
Federal Home Loan Bank Note	988,597	0	988,597
Federal Home Loan Mortgage	2,054,875	0	2,054,875
Federal Farm Credit Bank	298,200	0	298,200
Livingston House Bond	60,000	0	60,000
Repurchase Agreement	0	1,111,303	1,111,303
Total Categorized Investments	8,225,917	1,111,303	9,337,220
<u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	6,126,103
Total Non-Categorized	N/A	N/A	6,126,103
Total Investments	\$8,225,917	\$1,111,303	\$15,463,323

C. Cash with Fiscal Agents

In addition to deposits and investments, the City has cash with fiscal agents in the amount of \$16,719, all of which is classified as Category 3. This amount represents unredeemed matured bonds and interest coupons held with various trustees. Additionally, the City has uninsured and uncollateralized cash in the amount of \$285,166 being held by the Franklin County Engineer. This cash is restricted in its use for various road improvement projects.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

D. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements were based on criteria set forth in GASB Statement No. 9. Repurchase agreements and certificates of deposit with an original maturity of three months or less were treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note were based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the combined financial statements and classifications per items A and B of this note are as follows:

	Cash and Cash Equivalents *	Investments
Per Combined Balance Sheet	\$8,257,522	\$8,725,917
Certificates of Deposit (with maturities of more than 3 months)	500,000	- (500,000)
Investments:		
Repurchase Agreement	(1,111,303)	1,111,303
STAR Ohio	(6,126,103)	6,126,103
Per GASB Statement No. 3	\$1,520,116	\$15,463,323

* Does not include cash with fiscal agent.

NOTE 4 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property located in the City and used in business. Real property taxes (other than public utility) collected during 1999 were levied after October 1, 1998 on assessed values as of January 1, 1998, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluations were completed in 1999 in Franklin County, 1993 in Licking County with an equalization adjustment made in 1996, and in Fairfield County, the last revaluation was completed in 1995 with an equalization adjustment in 1998. Real property taxes are paid annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

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

NOTE 4 - TAXES (Continued)

A. Property Taxes (Continued)

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

The County Treasurers collect property taxes on behalf of all taxing districts in the County including the City of Reynoldsburg. The County Auditors periodically remit 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 \$0.77 per \$1,000 of assessed value. The assessed value upon which the 1999 tax receipts were based was \$545,563,412. This amount constitutes \$501,174,450 in real property assessed value, \$20,223,180 in public utility assessed value and \$24,165,782 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .077% (0.77 mills) of assessed value.

B. Income Tax

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

NOTE 5 - RECEIVABLES

Receivables at December 31, 1999 consisted of taxes, interest, accounts receivable, special assessments, interfund receivables and intergovernmental receivables arising from shared revenues.

NOTE 6 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 1999:

Fund	Transfer In	Transfer Out
General Fund	\$7,448,412	\$627,759
Special Revenue Funds:		
Income Tax Fund	0	8,331,546
Permissive Tax Fund	0	272,458
Police Pension Fund	0	146,000
Street Construction, Maintenance and Repair Fund	0	133,685
State Highway Fund	0	59,719
Total Special Revenue Funds	<u>0</u>	<u>8,943,408</u>
Debt Service Funds:		
General Bond Retirement Fund	843,417	0
Taylor Square TIE Bond Retirement Fund	481,129	0
Total Debt Service Funds	<u>1,324,546</u>	<u>0</u>
Capital Projects Funds:		
Capital Improvement Fund	1,827,713	524,340
Taylor Square TIE Fund	0	481,129
Total Capital Project Funds	<u>1,827,713</u>	<u>1,005,469</u>
Enterprise Funds:		
Water Fund	0	111,831
Sewer Fund	95,145	64,600
Storm Water Fund	0	17,075
Solid Waste Fund	0	17,075
Total Enterprise Funds	<u>95,145</u>	<u>210,581</u>
Internal Service Fund:		
Mechanic Fund	91,401	0
Totals	<u>\$10,787,217</u>	<u>\$10,787,217</u>

NOTE 7 - INTERFUND ACCOUNTS

Interfund balances at December 31, 1999 consist of the following individual fund receivables and payables:

	Due From Other Funds	Due To Other Funds
General Fund	\$23,226	\$0
Special Revenue Fund:		
DUI Enforcement/Education Fund	350	0
Debt Service Fund:		
General Obligation Bond Retirement Fund	0	57,644
Enterprise Fund:		
Sewer Fund	57,644	0
Agency Fund:		
Mayor's Court	0	23,576
Totals	<u>\$81,220</u>	<u>\$81,220</u>

NOTE 8 - FIXED ASSETS**A. General Fixed Assets**

Summary by category of changes in general fixed assets:

Category	December 31, 1998	Additions	Deletions	December 31, 1999
Land	\$941,683	\$0	\$0	\$941,683
Buildings and Improvements	4,554,278	249,862	0	4,804,140
Land Improvements	1,068,816	0	0	1,068,816
Machinery and Equipment	2,742,100	331,075	(17,700)	3,055,475
Construction In Progress	63,949	291,913	(27,807)	328,055
Totals	\$9,370,826	\$872,850	(\$45,507)	\$10,198,169

Schedule of General Fixed Assets at December 31, 1999:

General Fixed Assets		Investment in General Fixed Assets	
Land	\$941,683	General Fund	\$2,130,884
Buildings and Improvements	4,804,140	Special Revenue Funds	832,513
Land Improvements	1,068,816	Capital Projects Funds	7,221,550
Machinery and Equipment	3,055,475	Expendable Trust Funds	583
Construction In Progress	328,055	Enterprise Funds	4,589
		Internal Service Fund	850
		Contributions	7,200
Total	\$10,198,169	Total	\$10,198,169

B. Proprietary Fixed Assets

Summary by Category at December 31, 1999:

Category	Historic Cost	Accumulated Depreciation	Book Value
Enterprise			
Land	\$3,000	\$0	\$3,000
Buildings and Improvements	9,304,160	(2,563,180)	6,740,980
Machinery and Equipment	562,288	(256,910)	305,378
Construction in Progress	288,530	0	288,530
Property, Plant and Equipment	<u>\$10,157,978</u>	<u>(\$2,820,090)</u>	<u>\$7,337,888</u>
Internal Service			
Machinery and Equipment	\$57,523	(\$31,173)	\$26,350
Property, Plant and Equipment	<u>\$57,523</u>	<u>(\$31,173)</u>	<u>\$26,350</u>

NOTE 9 – DEFINED BENEFIT PENSION PLANS

All of the City's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. Public Employees Retirement System (the "PERS of Ohio")

The following information was provided by the PERS of Ohio to assist the City in complying with GASB Statement No. 27, *"Accounting for Pensions by State and Local Government Employers."*

All employees of the City, except full-time uniformed police officers, participate in the PERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 1999 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.35% to fund the pension and 4.2% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the PERS of Ohio for the years ending December 31, 1999, 1998 and 1997 were \$407,876, \$357,617 and \$325,181, respectively, which were equal to the required contributions for each year.

The PERS of Ohio provides postemployment health care benefits 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 also available. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 1999 employer contribution rate (identified above) that was used to fund health care for the year 1999 was 4.2% of covered payroll which amounted to \$126,427.

Other Postemployment Benefits (OPEB) are financed through employer contributions and investment earnings thereon. Funding and accounting were on a pay-as-you-go basis. 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. Expenditures for other postemployment benefits during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Public Employees Retirement System (the “PERS of Ohio”) (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. Ohio Police and Fire Pension Fund (the “OP&F Fund”)

All City full-time police officers participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% for police officers. The City's contributions to the OP&F Fund for the years ending December 31, 1999, 1998 and 1997 were \$450,537, \$408,436 and \$361,388 for police, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 1999 covered payroll that was used to fund postemployment health care benefits was \$161,731 representing 7.00% of covered payroll for police. Health care funding and accounting was on a pay-as-you-go basis. 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. As of December 31, 1998, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 11,424 for police. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 1998 were \$78,596,790, which was net of member contributions of \$5,331,515.

NOTE 10 - CONSTRUCTION COMMITMENT

As of December 31, 1999, the City had the following contract with respect to capital projects:

Capital Projects	Remaining Construction Contract	Expected Date of Completion
Cobblestone Run Sewer Improvement	\$983,000	July 2000

NOTE 11 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable no later than, those principal maturities required if the bonds had been issued at the expiration of the initial five year period.

Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources. The City is retiring its notes by the issuance of one year renewal notes with a portion of the principal being retired in accordance with the above provisions.

The following general obligation notes were payable at December 31, 1999:

		Balance January 1, 1999	Issued (Retired)	Balance December 31, 1999
Capital Projects Notes Payable:				
4.15% Taylor Square	12/23/1998	\$6,715,000	(\$6,715,000)	\$0
		<u>\$6,715,000</u>	<u>(\$6,715,000)</u>	<u>\$0</u>

NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 1999 were as follows:

			Balance December 31, 1998	Issued (Retired)	Balance December 31, 1999
Enterprise Funds:					
General Obligation Bonds:					
6.45 - 7.00%	Water System Improvement	1991	\$430,000	(\$20,000)	\$410,000
6.45 - 7.00%	Sewer System Improvement	1991	1,560,000	(80,000)	1,480,000
4.75 - 4.80%	Water System Improvement	1993	1,686,650	(137,250)	1,549,400
4.4 - 5.05%	Sewer System Improvement	1998	1,131,500	(65,100)	1,066,400
Total Enterprise Long-Term Debt			<u>\$4,808,150</u>	<u>(\$302,350)</u>	<u>\$4,505,800</u>
General Long-Term Debt:					
General Obligation Bonds:					
6.125%	Police Facilities	1979	\$75,000	(\$25,000)	\$50,000
7.375%	City Hall Construction	1986	840,000	(105,000)	735,000
6.45 - 7.00%	Taylor Road Improvement	1991	540,000	(30,000)	510,000
4.75 - 4.80%	Street Improvement	1993	3,545,000	(170,000)	3,375,000
4.75 - 4.80%	Parks and Recreation Improvement	1993	1,078,350	(87,750)	990,600
5.00%	Real Estate Purchase	1993	80,000	(20,000)	60,000
4.4 - 5.05%	Street Improvement	1998	693,500	(39,900)	653,600
3.3 4.80%	Taylor Square TIE	1999	0	7,920,000	7,920,000
3.3 4.80%	Downtown Revitalization	1999	0	390,000	390,000
Total General Obligation Bonds			6,851,850	7,832,350	14,684,200
Special Assessment Bond:					
with Governmental Commitment					
4.75 - 4.80%	Water Improvement	1991	100,000	(10,000)	90,000
Ohio Public Works Commission Loan (OPWC):					
Lancaster Avenue Reconstruction Loan					
			1,041,446	(55,879)	985,567
Total General Long-Term Debt			<u>7,993,296</u>	<u>7,766,471</u>	<u>15,759,767</u>
Other Long-Term Obligations:					
Compensated Absences			443,552	(17,174)	426,378
Capital Leases			13,412	(5,782)	7,630
Total Other Long-Term Obligations			<u>456,964</u>	<u>(22,956)</u>	<u>434,008</u>
Total General Long-Term Debt and Other Long-Term Obligations			<u>\$8,450,260</u>	<u>\$7,743,515</u>	<u>\$16,193,775</u>

Special assessment general obligation bonds are used to finance street and water improvements. Debt service is financed by assessments to affected property owners. However, the City is ultimately responsible for the debt service if the assessments are not collected. Delinquent special assessments at year end were \$24,634.

NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

A. Principal and Interest Requirements

Principal and interest requirements to retire long-term obligations outstanding at December 31, 1999 are as follows:

Years	General Obligation Bonds		Special Assessment Bond		Ohio Public Works Commission Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$835,000	\$954,867	\$10,000	\$4,320	\$55,880	\$0
2001	870,000	910,385	10,000	3,840	55,879	0
2002	915,000	863,882	10,000	3,360	55,880	0
2003	925,000	815,904	10,000	2,880	55,879	0
2004	1,170,000	767,224	10,000	2,400	55,880	0
2005-2009	5,885,000	2,927,130	40,000	4,800	279,397	0
2010-2014	4,020,000	1,605,252	0	0	279,397	0
2015-2019	2,400,000	852,625	0	0	147,375	0
2020-2023	2,170,000	263,625	0	0	0	0
Totals	\$19,190,000	\$9,960,894	\$90,000	\$21,600	\$985,567	\$0

The debt of the enterprise funds is recorded within the enterprise funds. All other debt is reflected in the General Long-Term Obligations Account Group.

B. Defeased Debt

In December 1993, the City defeased \$1,322,000 of General Obligation Bonds for Parks and Recreation Improvement and \$1,983,000 of General Obligation Bonds for Water System Improvement dated April 1, 1989 (the "1989 Bonds") through the issuance of \$1,483,950 of General Obligation Bonds for Parks and Recreation Improvement and \$2,321,050 of General Obligation Bonds for Water System Improvement (the "1993 Bonds"). The net proceeds of the 1993 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$2,380,000 at December 31, 1999, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

NOTE 13 - CONTRIBUTED CAPITAL

A schedule of changes in contributed capital is presented below:

	Water Fund	Sewer Fund	Storm Water Fund	Total
Balance at Beginning of Year	\$3,254,019	\$2,566,947	\$44,747	\$5,865,713
Additions:				
Tap in Fees in Excess of Cost	624,001	408,310	0	1,032,311
Balance at End of Year	\$3,878,020	\$2,975,257	\$44,747	\$6,898,024

NOTE 14 - CAPITALIZED LEASES

The City leases two copiers under capital leases. The cost of the equipment obtained under capital leases is included in the General Fixed Assets Account Group and the related liability included in the General Long-Term Obligations Account Group.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 1999:

Year Ending December 31,	Capital Leases
2000	\$6,645
2001	1,385
Minimum Lease Payments	8,030
Less amount representing interest at the City's incremental borrowing rate of interest	(400)
Present value of minimum lease payments	<u>\$7,630</u>

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Included in the services provided by the City, financed primarily by user charges, are water treatment and distribution, wastewater collection and treatment, maintenance of storm water collection systems and collection of solid waste refuse. The key financial information for the year ended December 31, 1999 for these enterprise activities is as follows:

	Water	Sewer	Storm Water	Solid Waste	Total
Operating Revenues	\$1,908,228	\$3,364,308	\$293,759	\$912,702	\$6,478,997
Depreciation	103,479	98,873	9,773	0	212,125
Operating Income (Loss)	(262,559)	(121,407)	108,070	93,613	(182,283)
Operating Transfers In	0	95,145	0	0	95,145
Operating Transfers Out	(111,831)	(64,600)	(17,075)	(17,075)	(210,581)
Net Income (Loss)	(479,538)	(247,797)	90,995	76,538	(559,802)
Property, Plant and Equipment:					
Additions	53,921	190,477	21,784	0	266,182
Deletions	(10,030)	0	0	0	(10,030)
Assets	6,162,322	6,270,920	294,536	338,154	13,065,932
Net Working Capital	1,944,910	2,287,901	173,110	186,358	4,592,279
Bonds Payable	1,959,400	2,546,400	0	0	4,505,800
Contributed Capital:					
Additions	624,001	408,310	0	0	1,032,311
Total Equity	3,670,991	3,251,701	238,270	186,358	7,347,320

NOTE 16 - 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; and natural disasters. During 1999 the City contracted with several different insurance providers for various insurance coverages, as follows:

Insurance Provider	Coverage	Deductible
Personal Services Insurance Company	Automobile	\$100/500 Comprehensive; \$250/500/1,000 Collision
St. Paul Mercury Insurance Company	General Liability	\$0
St. Paul Mercury Insurance Company	Property Casualty	\$1,000, 10% Co-Insurance
St. Paul Mercury Insurance Company	Crime	\$0
St. Paul Mercury Insurance Company	Computer	\$1,000,
St. Paul Mercury Insurance Company	Earthquake	\$25,000
St. Paul Mercury Insurance Company	Flood	\$25,000
St. Paul Mercury Insurance Company	Fine Arts	\$250
St. Paul Mercury Insurance Company	Employee Liability	\$0
St. Paul Mercury Insurance Company	Difference in Conditions	\$25,000
St. Paul Mercury Insurance Company	Miscellaneous Equipment	\$250
CNA Insurance	Boiler and Machinery	\$500
St. Paul Mercury Insurance Company	Police Liability	\$10,000
St. Paul Mercury Insurance Company	Public Officials Liability	\$10,000
St. Paul Mercury Insurance Company	Museum	\$250
St. Paul Mercury Insurance Company	Employee Loss of Benefit	\$1,000
St. Paul Mercury Insurance Company	Umbrella Excess Liability	\$10,000

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Workers' compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

NOTE 17 - CONTINGENCIES

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

THE CITY OF REYNOLDSBURG, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Balance December 31, 1998	Additions	Deductions	Balance December 31, 1999
<u>Mayor's Court:</u>				
Assets:				
Cash and Cash Equivalents	\$37,350	\$409,678	(\$414,052)	\$32,976
Total Assets	<u>\$37,350</u>	<u>\$409,678</u>	<u>(\$414,052)</u>	<u>\$32,976</u>
Liabilities:				
Due to Other Funds	\$23,019	\$292,897	(\$292,340)	\$23,576
Intergovernmental Payables	3,888	60,416	(\$9,441)	4,863
Due to Others	10,443	56,365	(62,271)	4,537
Total Liabilities	<u>\$37,350</u>	<u>\$409,678</u>	<u>(\$414,052)</u>	<u>\$32,976</u>
<u>School Activities:</u>				
Assets:				
Cash and Cash Equivalents	\$9,211	\$34,410	(\$36,730)	\$6,891
Accounts Receivable	0	220	0	220
Total Assets	<u>\$9,211</u>	<u>\$34,630</u>	<u>(\$36,730)</u>	<u>\$7,111</u>
Liabilities:				
Due to Others	\$9,211	\$34,630	(\$36,730)	\$7,111
Total Liabilities	<u>\$9,211</u>	<u>\$34,630</u>	<u>(\$36,730)</u>	<u>\$7,111</u>
<u>Eastside Suburban</u>				
<u>Emergency Communications Center:</u>				
Assets:				
Cash and Cash Equivalents	\$1,991	\$0	(\$1,991)	\$0
Total Assets	<u>\$1,991</u>	<u>\$0</u>	<u>(\$1,991)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$1,991	\$0	(\$1,991)	\$0
Total Liabilities	<u>\$1,991</u>	<u>\$0</u>	<u>(\$1,991)</u>	<u>\$0</u>
<u>Columbus Sewer Capacity:</u>				
Assets:				
Cash and Cash Equivalents	\$54,293	\$185,521	(\$161,819)	\$77,995
Accounts Receivable	7,767	978	(7,767)	978
Total Assets	<u>\$62,060</u>	<u>\$186,499</u>	<u>(\$169,586)</u>	<u>\$78,973</u>
Liabilities:				
Intergovernmental Payables	\$62,060	\$186,499	(\$169,586)	\$78,973
Total Liabilities	<u>\$62,060</u>	<u>\$186,499</u>	<u>(\$169,586)</u>	<u>\$78,973</u>

(Continued)

THE CITY OF REYNOLDSBURG, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Balance December 31, 1998	Additions	Deductions	Balance December 31, 1999
<u>Board of Building Standards:</u>				
Assets:				
Cash and Cash Equivalents	\$8,972	\$4,729	(\$4,729)	\$8,972
Total Assets	<u>\$8,972</u>	<u>\$4,729</u>	<u>(\$4,729)</u>	<u>\$8,972</u>
Liabilities:				
Intergovernmental Payables	\$8,972	\$4,729	(\$4,729)	\$8,972
Total Liabilities	<u>\$8,972</u>	<u>\$4,729</u>	<u>(\$4,729)</u>	<u>\$8,972</u>
<u>Reynoldsburg Visitors and Activities Bureau:</u>				
Assets:				
Cash and Cash Equivalents	\$6,699	\$33,326	(\$35,447)	\$4,578
Taxes Receivable	1,620	1,794	(1,620)	1,794
Total Assets	<u>\$8,319</u>	<u>\$35,120</u>	<u>(\$37,067)</u>	<u>\$6,372</u>
Liabilities:				
Intergovernmental Payables	\$8,319	\$35,120	(\$37,067)	\$6,372
Total Liabilities	<u>\$8,319</u>	<u>\$35,120</u>	<u>(\$37,067)</u>	<u>\$6,372</u>
<u>Engineering Review:</u>				
Assets:				
Cash and Cash Equivalents	\$27,034	\$0	\$0	\$27,034
Accounts Receivable	4,889	0	0	4,889
Total Assets	<u>\$31,923</u>	<u>\$0</u>	<u>\$0</u>	<u>\$31,923</u>
Liabilities:				
Due to Others	\$31,923	\$0	\$0	\$31,923
Total Liabilities	<u>\$31,923</u>	<u>\$0</u>	<u>\$0</u>	<u>\$31,923</u>
<u>Demolition Expense:</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$31,400	(\$31,400)	\$0
Total Assets	<u>\$0</u>	<u>\$31,400</u>	<u>(\$31,400)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$0	\$31,400	(\$31,400)	\$0
Total Liabilities	<u>\$0</u>	<u>\$31,400</u>	<u>(\$31,400)</u>	<u>\$0</u>

(Continued)

THE CITY OF REYNOLDSBURG, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Balance December 31, 1998	Additions	Deductions	Balance December 31, 1999
<u>Totals - All Agency Funds:</u>				
Assets:				
Cash and Cash Equivalents	\$145,550	\$699,064	(\$686,168)	\$158,446
Taxes Receivable	1,620	1,794	(1,620)	1,794
Accounts Receivable	12,656	1,198	(7,767)	6,087
Total Assets	<u>\$159,826</u>	<u>\$702,056</u>	<u>(\$695,555)</u>	<u>\$166,327</u>
Liabilities:				
Due to Other Funds	\$23,019	\$292,897	(\$292,340)	\$23,576
Intergovernmental Payables	83,239	286,764	(270,823)	99,180
Due to Others	53,568	122,395	(132,392)	43,571
Total Liabilities	<u>\$159,826</u>	<u>\$702,056</u>	<u>(\$695,555)</u>	<u>\$166,327</u>

THE CITY OF REYNOLDSBURG, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 1999

General Fixed Assets:

Land	\$941,683
Buildings and Improvements	4,804,140
Land Improvements	1,068,816
Machinery and Equipment	3,055,475
Construction in Progress	328,055
	<hr/>
Total General Fixed Assets	\$10,198,169
	<hr/> <hr/>

Investment in General Fixed Assets:

General Fund	\$2,130,884
Special Revenue Funds	832,513
Capital Project Funds	7,221,550
Expendable Trust Funds	583
Enterprise Funds	4,589
Internal Service Funds	850
Contributions	7,200
	<hr/>
Total Investment in General Fixed Assets	\$10,198,169
	<hr/> <hr/>

THE CITY OF REYNOLDSBURG, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
DECEMBER 31, 1999

Function and Activity	Land	Buildings and Improvements	Land Improvements	Machinery and Equipment	Construction in Progress	Total
<u>General Government:</u>						
General	\$861,939	\$4,233,332	\$443,023	\$93,174	\$0	\$5,631,468
Income Tax	0	0	0	6,417	0	6,417
Public Land and Buildings	0	0	0	58,621	0	58,621
Mayor	0	0	0	73,351	0	73,351
Auditor	0	0	0	62,401	0	62,401
Attorney	0	0	0	24,994	0	24,994
City Council	0	0	0	35,992	0	35,992
Human Resources	0	0	0	15,190	0	15,190
Computer Systems	0	0	0	42,023	0	42,023
Clerk of Court	0	0	0	25,227	0	25,227
Total General Government	861,939	4,233,332	443,023	437,390	0	5,975,684
<u>Security of Persons and Property:</u>						
Police	0	32,204	0	1,244,340	307,495	1,584,039
<u>Transportation:</u>						
Street	1,200	386,804	0	890,037	0	1,278,041
<u>Leisure Time Activities:</u>						
Recreation/Seniors	78,544	151,800	625,793	359,009	20,560	1,235,706
<u>Community Environment:</u>						
Economic Development	0	0	0	7,056	0	7,056
Service Director	0	0	0	117,643	0	117,643
Total Community Environment	0	0	0	124,699	0	124,699
Total General Fixed Assets	\$941,683	\$4,804,140	\$1,068,816	\$3,055,475	\$328,055	\$10,198,169

THE CITY OF REYNOLDSBURG, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 1999

Function and Activity	December 31, 1998	Transfers	Additions	Deletions	December 31, 1999
<u>General Government:</u>					
General	\$5,410,937	\$0	\$248,338	(\$27,807)	\$5,631,468
Income Tax	5,451	0	966	0	6,417
Public Land and Buildings	46,329	0	12,292	0	58,621
Mayor	69,355	0	3,996	0	73,351
Auditor	58,128	0	4,273	0	62,401
Attorney	24,994	0	0	0	24,994
City Council	33,886	487	1,619	0	35,992
Human Resources	14,450	0	740	0	15,190
Computer Systems	4,635	0	37,388	0	42,023
Clerk of Court	24,285	(487)	6,637	(5,208)	25,227
Total General Government	5,692,450	0	316,249	(33,015)	5,975,684
<u>Security of Persons and Property:</u>					
Police	1,146,201	0	441,838	(4,000)	1,584,039
<u>Transportation:</u>					
Street	1,211,349	0	75,184	(8,492)	1,278,041
<u>Leisure Time Activities:</u>					
Recreation/Seniors	1,198,760	0	36,946	0	1,235,706
<u>Community Development:</u>					
Economic Development	6,418	0	638	0	7,056
Service Director	115,648	0	1,995	0	117,643
Total Community Development	122,066	0	2,633	0	124,699
Total General Fixed Assets	\$9,370,826	\$0	\$872,850	(\$45,507)	\$10,198,169

WOLFE, WILSON, & PHILLIPS, INC.
CERTIFIED PUBLIC ACCOUNTANTS
37 S. SEVENTH STREET • ZANESVILLE, OHIO 43701
(740) 453-9600 • FAX - (740) 453-9763

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

Honorable Mayor and Members of City Council
City of Reynoldsburg
Reynoldsburg, Ohio 43068

We have audited the general-purpose financial statements of City of Reynoldsburg as of and for the year ended December 31, 1999, and have issued our report thereon dated May 19, 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 City of Reynoldsburg's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which we have reported to management of the City of Reynoldsburg in a separate letter dated May 19, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Reynoldsburg's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose 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.

This report is intended for the information of the Mayor, City Council, the Auditor of State, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.

Zanesville, Ohio
May 19, 2000

Brad Wolfe, J.D., M.B.A., CPA
Joseph W. Wilson, M.B.A., CPA, CMA
Kenneth B. Phillips, CPA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A - 133 SECTION .505**

**FINANCIAL CONDITION
CITY OF REYNOLDSBURG
DECEMBER 31, 1999**

1. AUDITOR'S RESULTS

<i>(d)(1)(I)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(II)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iii)</i>	Was there any reported non-compliance at the financial statement level (GAGAS)?	NO

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

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
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800-282-0370
Facsimile 614-466-4490

CITY OF REYNOLDSBURG
FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: JULY 13, 2000