



CITY OF ATHENS, OHIO

SINGLE AUDIT

For the Year Ended December 31, 2000

J. L. UHRIG & ASSOCIATES, INC.

CERTIFIED PUBLIC ACCOUNTANTS

78 North Plaza Blvd.
Chillicothe, Ohio 45601



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398

Members of Council
City of Athens

We have reviewed the Independent Auditor's Report of the City of Athens, Athens County, prepared by J.L. Uhrig & Associates, Inc. for the audit period January 1, 2000 through December 31, 2000. Based upon this review, we have accepted this report 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 Athens is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

September 4, 2001

CITY OF ATHENS, OHIO
Table of Contents
For the Year Ended December 31, 2000

Independent Auditor's Report i

GENERAL PURPOSE FINANCIAL STATEMENTS:

Combined Balance Sheet - All Fund Types and Account Groups 1

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
All Governmental Fund Types and Expendable Trust Fund 5

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Budget Basis) - All Governmental Fund Types 7

Combined Statement of Revenues, Expenses and Changes in Fund Equity -
All Proprietary Fund Types 11

Combined Statement of Cash Flows - All Proprietary Fund Types 12

Notes to the General Purpose Financial Statements 14

SUPPLEMENTAL INFORMATION:

Combining Statement of Changes in Assets and Liabilities - All Agency Funds 40

Schedule of General Fixed Assets - By Source 42

Schedule of Changes in General Fixed Assets - By Function and Activity 43

Schedule of General Fixed Assets - By Function and Activity 44

Schedule of Federal Awards Expenditures 45

Notes to the Schedule of Federal Awards Expenditures 46

Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards 47

Report on Compliance with Requirements Applicable to Each Major
Program and Internal Control over Compliance in Accordance
with OMB Circular A-133 49

Schedule of Findings and Questioned Costs 51

Corrective Action Plan 53

Data Collection Form for Reporting on Audits of
States, Local Governments and Non-Profit Organizations

This Page is Intentionally Left Blank.

J. L. UHRIG & ASSOCIATES, INC.

Certified Public Accountants

78 North Plaza Blvd.
Chillicothe, Ohio 45601
(740) 775-8448
FAX: (740) 775-8442

Independent Auditor's Report

Members of Council
City of Athens
8 East Washington Street
Athens, Ohio 45701

We have audited the accompanying financial statements of the City of Athens, Ohio (the City) as of and for the year ended December 31, 2000. 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of December 31, 2000, and the results of its operations and 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 a report dated July 30, 2001 on our consideration of the City's internal control over structure and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

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 combining statement and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. 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 also 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.

J. L. Uhrig & Associates, Inc.

J. L. UHRIG & ASSOCIATES, INC.
Certified Public Accountants

July 30, 2001

CITY OF ATHENS, OHIO
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2000

	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Cash and Cash Equivalents	\$1,627,708	\$2,725,461	\$12,921	\$2,304,735
Cash and Cash Equivalents in Segregated Accounts	0	32,111	0	0
Receivables:				
Taxes	1,172,089	214,870	0	172,101
Accounts	15,945	23,655	0	0
Special Assessments	997	0	195	0
Accrued Interest	13,540	21,472	108	20,429
Due from Other Funds	16,532	0	0	0
Due from Other Governments	76,738	49,972	0	0
Materials and Supplies Inventory	29,771	17,412	0	0
Notes Receivable	0	97,780	0	0
Loans Receivable	0	656,909	0	0
Prepaid Items	36,351	4,502	0	0
Fixed Assets, (Net where applicable of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of Special Assessment Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Amount to be Provided from Special Assessments	0	0	0	0
Amount to be Provided for Payment of Landfill Postclosure Care Costs	0	0	0	0
Total Assets and Other Debits	<u>\$2,989,671</u>	<u>\$3,844,144</u>	<u>\$13,224</u>	<u>\$2,497,265</u>

See accompanying notes to the general purpose financial statements.

<i>PROPRIETARY FUND TYPES</i>		<i>FIDUCIARY FUND TYPES</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust & Agency	General Fixed Assets	General Long-Term Obligations	2000	1999
\$3,109,793	\$474,915	\$8,301	\$0	\$0	\$10,263,834	\$12,537,268
0	0	125,055	0	0	157,166	168,045
0	0	0	0	0	1,559,060	1,551,024
342,145	1,041	0	0	0	382,786	392,687
0	0	0	0	0	1,192	4,954
25,869	3,951	33	0	0	85,402	106,479
0	0	0	0	0	16,532	100,600
0	0	0	0	0	126,710	424,230
187,487	0	0	0	0	234,670	266,827
0	0	0	0	0	97,780	118,517
0	0	0	0	0	656,909	749,124
6,536	1,076	0	0	0	48,465	54,616
20,020,699	2,278	0	19,989,852	0	40,012,829	34,773,561
0	0	0	0	13,029	13,029	14,249
0	0	0	0	7,042,190	7,042,190	688,604
0	0	0	0	26,971	26,971	40,751
0	0	0	0	44,336	44,336	46,975
<u>\$23,692,529</u>	<u>\$483,261</u>	<u>\$133,389</u>	<u>\$19,989,852</u>	<u>\$7,126,526</u>	<u>\$60,769,861</u>	<u>\$52,038,511</u>

(Continued)

CITY OF ATHENS, OHIO
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2000

	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities:				
Accounts Payable	\$60,881	\$64,424	\$0	\$16,693
Contracts Payable	17,545	107,617	0	131,889
Accrued Wages and Benefits	67,626	26,384	0	0
Compensated Absences Payable	14,612	5,101	0	0
Due to Other Funds	0	16,532	0	0
Due to Other Governments	27,391	58,568	0	1,500
Deferred Revenue	707,399	0	195	0
Deposits Held and Due to Others	0	0	0	0
Accrued Interest Payable	0	0	0	0
Notes Payable	0	0	0	0
Claims and Judgements Payable	0	0	0	0
Current OWDA Loans Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Noncurrent OWDA Loans Payable	0	0	0	0
Special Assessment Debt with Governmental Commitment	0	0	0	0
Landfill Postclosure Care Cost Liability	0	0	0	0
Total Liabilities	895,454	278,626	195	150,082
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	233,634	154,454	0	532,686
Reserved for Inventory	29,771	17,412	0	0
Reserved for Notes Receivable	0	76,305	0	0
Reserved for Loans Receivable	0	565,213	0	0
Unreserved:				
Undesignated	1,830,812	2,752,134	13,029	1,814,497
Total Fund Equity and Other Credits	2,094,217	3,565,518	13,029	2,347,183
Total Liabilities, Fund Equity and Other Credits	\$2,989,671	\$3,844,144	\$13,224	\$2,497,265

See accompanying notes to the general purpose financial statements.

<i>PROPRIETARY FUND TYPES</i>		<i>FIDUCIARY FUND TYPES</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust & Agency	General Fixed Assets	General Long-Term Obligations	2000	1999
\$91,260	\$78	\$0	\$0	\$0	\$233,336	\$164,951
354,142	16,143	0	0	0	627,336	692,569
32,470	2,469	0	0	0	128,949	308,878
215,910	25,023	0	0	643,763	904,409	790,544
0	0	0	0	0	16,532	100,600
96,982	2,999	0	0	313,427	500,867	287,511
6,520	0	0	0	0	714,114	656,028
0	0	129,378	0	0	129,378	164,321
132,051	0	0	0	0	132,051	239,192
1,808,557	0	0	0	0	1,808,557	6,863,396
111,937	136,343	0	0	0	248,280	87,022
322,004	0	0	0	0	322,004	299,860
0	0	0	0	6,085,000	6,085,000	0
4,446,409	0	0	0	0	4,446,409	4,768,409
0	0	0	0	40,000	40,000	55,000
0	0	0	0	44,336	44,336	46,975
<u>7,618,242</u>	<u>183,055</u>	<u>129,378</u>	<u>0</u>	<u>7,126,526</u>	<u>16,381,558</u>	<u>15,525,256</u>
0	0	0	19,989,852	0	19,989,852	15,097,613
3,646,352	0	0	0	0	3,646,352	3,641,321
12,427,935	300,206	0	0	0	12,728,141	12,629,022
0	0	0	0	0	920,774	4,759,089
0	0	0	0	0	47,183	57,174
0	0	0	0	0	76,305	97,780
0	0	0	0	0	565,213	653,622
0	0	4,011	0	0	6,414,483	(422,366)
<u>16,074,287</u>	<u>300,206</u>	<u>4,011</u>	<u>19,989,852</u>	<u>0</u>	<u>44,388,303</u>	<u>36,513,255</u>
<u>\$23,692,529</u>	<u>\$483,261</u>	<u>\$133,389</u>	<u>\$19,989,852</u>	<u>\$7,126,526</u>	<u>\$60,769,861</u>	<u>\$52,038,511</u>

CITY OF ATHENS, OHIO
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund
For the Year Ended December 31, 2000

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Debt Service
Revenues:			
Taxes	\$4,373,761	\$2,001,334	\$0
Charges for Services	414,764	332,074	0
Licenses and Permits	377,158	56,082	0
Fines and Forfeitures	977,267	191,857	0
Intergovernmental	1,663,604	628,323	0
Special Assessments	330	0	17,467
Interest Earnings	104,820	140,856	1,194
Other Revenue	45,937	346,116	0
<i>Total Revenues</i>	<u>7,957,641</u>	<u>3,696,642</u>	<u>18,661</u>
Expenditures:			
<i>Current:</i>			
General Government	3,108,919	236,330	0
Security of Persons and Property	4,052,470	28,013	0
Transportation	289,159	1,767,154	0
Community Development	410,275	274,810	0
Leisure Time Activities	0	742,466	0
Capital Outlay	0	0	0
<i>Debt Service:</i>			
Principal Retirement	0	0	15,000
Interest and Fiscal Charges	0	0	4,881
<i>Total Expenditures</i>	<u>7,860,823</u>	<u>3,048,773</u>	<u>19,881</u>
Excess of Revenues Over (Under) Expenditures	96,818	647,869	(1,220)
Other Financing Sources (Uses):			
Proceeds of Bonds	0	0	0
Operating Transfers - In	396,116	64,927	0
Operating Transfers - Out	(97,357)	(177,801)	0
<i>Total Other Financing Sources (Uses)</i>	<u>298,759</u>	<u>(112,874)</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	395,577	534,995	(1,220)
Fund Balances (Deficit) at Beginning of Year, As Restated	1,700,121	3,039,033	14,249
Increase (Decrease) in Reserve for Inventory	(1,481)	(8,510)	0
Fund Balances (Deficit) at End of Year	<u>\$2,094,217</u>	<u>\$3,565,518</u>	<u>\$13,029</u>

See accompanying notes to the general purpose financial statements.

Capital Projects	<i>FIDUCIARY FUND TYPE</i>		Totals (Memorandum Only)	
	Expendable Trust		2000	1999
\$1,337,717	\$0	\$7,712,812	\$7,298,955	
135	0	746,973	614,062	
0	0	433,240	412,140	
0	0	1,169,124	1,127,727	
180,780	0	2,472,707	3,409,669	
2,726	0	20,523	27,336	
354,234	223	601,327	576,367	
82,064	0	474,117	441,445	
<u>1,957,656</u>	<u>223</u>	<u>13,630,823</u>	<u>13,907,701</u>	
0	0	3,345,249	3,257,035	
0	0	4,080,483	4,224,338	
0	0	2,056,313	2,184,612	
0	0	685,085	742,812	
0	0	742,466	536,505	
5,740,234	0	5,740,234	2,795,192	
0	0	15,000	15,000	
391,944	0	396,825	257,879	
<u>6,132,178</u>	<u>0</u>	<u>17,061,655</u>	<u>14,013,373</u>	
(4,174,522)	223	(3,430,832)	(105,672)	
6,085,000	0	6,085,000	0	
155,500	0	616,543	897,855	
(171,903)	0	(447,061)	(773,765)	
<u>6,068,597</u>	<u>0</u>	<u>6,254,482</u>	<u>124,090</u>	
1,894,075	223	2,823,650	18,418	
453,108	3,788	5,210,299	5,175,274	
0	0	(9,991)	16,607	
<u>\$2,347,183</u>	<u>\$4,011</u>	<u>\$8,023,958</u>	<u>\$5,210,299</u>	

CITY OF ATHENS, OHIO
Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Year Ended December 31, 2000

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$4,242,119	\$4,373,282	\$131,163
Charges for Services	407,100	414,764	7,664
Licenses and Permits	351,650	377,158	25,508
Fines and Forfeitures	983,000	1,048,928	65,928
Intergovernmental	1,741,437	1,754,448	13,011
Special Assessments	3,000	330	(2,670)
Interest Earnings	73,000	101,743	28,743
Other Revenue	9,010	30,243	21,233
<i>Total Revenues</i>	7,810,316	8,100,896	290,580
Expenditures:			
<i>Current:</i>			
General Government	3,752,505	3,344,105	408,400
Security of Persons and Property	4,629,155	4,344,018	285,137
Transportation	340,711	298,541	42,170
Community Development	483,679	419,385	64,294
Leisure Time Activities	0	0	0
Capital Outlay	0	0	0
<i>Debt Service:</i>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	9,206,050	8,406,049	800,001
Excess of Revenues Over (Under) Expenditures	(1,395,734)	(305,153)	1,090,581
Other Financing Sources (Uses):			
Proceeds of Notes	0	0	0
Proceeds of Bonds	0	0	0
Operating Transfers - In	394,069	396,116	2,047
Operating Transfers - Out	(97,357)	(97,357)	0
Advances - In	95,000	230,000	135,000
Advances - Out	0	(100,000)	(100,000)
<i>Total Other Financing Sources (Uses)</i>	391,712	428,759	37,047
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,004,022)	123,606	1,127,628
Fund Balances (Deficit) at Beginning of Year	981,452	981,452	0
Prior Year Encumbrances Appropriated	204,634	204,634	0
Fund Balances (Deficit) at End of Year	\$182,064	\$1,309,692	\$1,127,628

See accompanying notes to the general purpose financial statements.

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,937,012	\$1,999,103	\$62,091	\$0	\$0	\$0
325,000	332,074	7,074	0	0	0
71,004	67,879	(3,125)	0	0	0
184,800	215,114	30,314	0	0	0
1,699,521	673,995	(1,025,526)	0	0	0
0	0	0	18,000	17,467	(533)
81,110	134,806	53,696	1,000	1,207	207
415,039	452,434	37,395	0	0	0
<u>4,713,486</u>	<u>3,875,405</u>	<u>(838,081)</u>	<u>19,000</u>	<u>18,674</u>	<u>(326)</u>
451,304	243,260	208,044	0	0	0
86,975	64,938	22,037	0	0	0
2,124,592	1,936,481	188,111	0	0	0
1,025,538	292,460	733,078	0	0	0
788,242	738,827	49,415	0	0	0
0	0	0	0	0	0
0	0	0	15,000	15,000	0
0	0	0	4,881	4,881	0
<u>4,476,651</u>	<u>3,275,966</u>	<u>1,200,685</u>	<u>19,881</u>	<u>19,881</u>	<u>0</u>
236,835	599,439	362,604	(881)	(1,207)	(326)
0	0	0	0	0	0
0	0	0	0	0	0
55,000	64,927	9,927	0	0	0
(188,100)	(177,801)	10,299	0	0	0
35,600	35,600	0	0	0	0
0	0	0	0	0	0
<u>(97,500)</u>	<u>(77,274)</u>	<u>20,226</u>	<u>0</u>	<u>0</u>	<u>0</u>
139,335	522,165	382,830	(881)	(1,207)	(326)
1,562,044	1,562,044	0	14,127	14,127	0
331,553	331,553	0	0	0	0
<u>\$2,032,932</u>	<u>\$2,415,762</u>	<u>\$382,830</u>	<u>\$13,246</u>	<u>\$12,920</u>	<u>(\$326)</u>

(Continued)

CITY OF ATHENS, OHIO
Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Year Ended December 31, 2000

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$1,298,957	\$1,331,998	\$33,041
Charges for Services	0	135	135
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	213,114	317,290	104,176
Special Assessments	5,451	2,726	(2,725)
Interest Earnings	268,713	396,369	127,656
Other Revenue	14,124	82,064	67,940
<i>Total Revenues</i>	1,800,359	2,130,582	330,223
Expenditures:			
<i>Current:</i>			
General Government	0	0	0
Security of Persons and Property	0	0	0
Transportation	0	0	0
Community Development	0	0	0
Leisure Time Activities	0	0	0
Capital Outlay	6,871,862	6,720,940	150,922
<i>Debt Service:</i>			
Principal Retirement	9,265,000	9,265,000	0
Interest and Fiscal Charges	510,291	495,355	14,936
<i>Total Expenditures</i>	16,647,153	16,481,295	165,858
Excess of Revenues Over (Under) Expenditures	(14,846,794)	(14,350,713)	496,081
Other Financing Sources (Uses):			
Proceeds of Notes	2,600,000	2,600,000	0
Proceeds of Bonds	6,085,000	6,085,000	0
Operating Transfers - In	155,500	155,500	0
Operating Transfers - Out	(171,903)	(171,903)	0
Advances - In	0	0	0
Advances - Out	0	(35,600)	(35,600)
<i>Total Other Financing Sources (Uses)</i>	8,668,597	8,632,997	(35,600)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(6,178,197)	(5,717,716)	460,481
Fund Balances (Deficit) at Beginning of Year	2,456,159	2,456,159	0
Prior Year Encumbrances Appropriated	4,897,391	4,897,391	0
Fund Balances (Deficit) at End of Year	\$1,175,353	\$1,635,834	\$460,481

See accompanying notes to the general purpose financial statements.

Totals
(Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$7,478,088	\$7,704,383	\$226,295
732,100	746,973	14,873
422,654	445,037	22,383
1,167,800	1,264,042	96,242
3,654,072	2,745,733	(908,339)
26,451	20,523	(5,928)
423,823	634,125	210,302
438,173	564,741	126,568
14,343,161	14,125,557	(217,604)
4,203,809	3,587,365	616,444
4,716,130	4,408,956	307,174
2,465,303	2,235,022	230,281
1,509,217	711,845	797,372
788,242	738,827	49,415
6,871,862	6,720,940	150,922
9,280,000	9,280,000	0
515,172	500,236	14,936
30,349,735	28,183,191	2,166,544
(16,006,574)	(14,057,634)	1,948,940
2,600,000	2,600,000	0
6,085,000	6,085,000	0
604,569	616,543	11,974
(457,360)	(447,061)	10,299
130,600	265,600	135,000
0	(135,600)	(135,600)
8,962,809	8,984,482	21,673
(7,043,765)	(5,073,152)	1,970,613
5,013,782	5,013,782	0
5,433,578	5,433,578	0
\$3,403,595	\$5,374,208	\$1,970,613

CITY OF ATHENS, OHIO
Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Proprietary Fund Types
For the Year Ended December 31, 2000

	PROPRIETARY FUND TYPES		Totals (Memorandum Only)	
	Enterprise	Internal Service	2000	1999
Operating Revenues:				
Charges for Services	\$5,665,635	\$1,102,687	\$6,768,322	\$6,123,731
Other Operating Revenues	7,857	0	7,857	7,552
<i>Total Operating Revenues</i>	<u>5,673,492</u>	<u>1,102,687</u>	<u>6,776,179</u>	<u>6,131,283</u>
Operating Expenses:				
Personal Services	1,583,342	123,924	1,707,266	1,712,416
Fringe Benefits	521,916	43,395	565,311	552,916
Contractual Services	977,591	161,099	1,138,690	1,241,954
Claims and Judgements	111,937	1,120,652	1,232,589	868,929
Materials and Supplies	481,508	8,341	489,849	426,054
Utilities	386,472	0	386,472	385,020
Depreciation	675,919	668	676,587	793,801
<i>Total Operating Expenses</i>	<u>4,738,685</u>	<u>1,458,079</u>	<u>6,196,764</u>	<u>5,981,090</u>
Operating Income (Loss)	934,807	(355,392)	579,415	150,193
Nonoperating Revenues (Expenses):				
Interest Income	151,680	29,651	181,331	102,728
Loss on Disposal of Fixed Assets	(175,228)	0	(175,228)	(2,388)
Interest and Fiscal Charges	(264,082)	0	(264,082)	(277,435)
Other Nonoperating Revenues	10,908	3,782	14,690	51,051
Other Nonoperating Expenses	(393)	(2,132)	(2,525)	(1,582)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(277,115)</u>	<u>31,301</u>	<u>(245,814)</u>	<u>(127,626)</u>
Income (Loss) Before Operating Transfers	657,692	(324,091)	333,601	22,567
Operating Transfers - In	19,430	236,225	255,655	287,785
Operating Transfers - Out	(397,935)	(27,202)	(425,137)	(411,875)
Net Income (Loss)	279,187	(115,068)	164,119	(101,523)
Retained Earnings at Beginning of Year, As Restated	<u>12,148,748</u>	<u>415,274</u>	<u>12,564,022</u>	<u>12,665,545</u>
Retained Earnings at End of Year	12,427,935	300,206	12,728,141	12,564,022
Contributed Capital at End of Year	<u>3,646,352</u>	<u>0</u>	<u>3,646,352</u>	<u>3,641,321</u>
Total Fund Equity at End of Year	<u>\$16,074,287</u>	<u>\$300,206</u>	<u>\$16,374,493</u>	<u>\$16,205,343</u>

See accompanying notes to the general purpose financial statements.

CITY OF ATHENS, OHIO
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended December 31, 2000

	<u>PROPRIETARY FUND TYPES</u>		Totals	
	Enterprise	Internal Service	(Memorandum Only) 2000	1999
<i>Cash Flows from Operating Activities:</i>				
Cash Received from Customers	\$5,650,342	\$1,102,687	\$6,753,029	\$6,103,913
Cash from Other Receipts	8,435	0	8,435	7,552
Cash Payments to Employees	(2,050,772)	(164,706)	(2,215,478)	(2,338,489)
Cash Payments for Contractual Services	(971,590)	(157,892)	(1,129,482)	(1,197,691)
Cash Payments for Insurance Claims	0	(1,071,331)	(1,071,331)	(879,836)
Cash Payments for Supplies and Materials	(436,482)	(8,535)	(445,017)	(478,391)
Cash Payments for Other Expenses	(355,183)	0	(355,183)	(430,471)
Other Nonoperating Receipts	11,486	2,741	14,227	51,760
Other Nonoperating Payments	(393)	(2,132)	(2,525)	(1,583)
<i>Net Cash from Operating Activities</i>	<u>1,855,843</u>	<u>(299,168)</u>	<u>1,556,675</u>	<u>836,764</u>
<i>Cash Flows from Noncapital Financing Activities:</i>				
Advances - Out to Other Funds	(130,000)	0	(130,000)	0
Transfers - In from Other Funds	19,430	236,225	255,655	287,785
Transfers - Out to Other Funds	(397,935)	(27,202)	(425,137)	(411,874)
<i>Net Cash from Noncapital Financing Activities</i>	<u>(508,505)</u>	<u>209,023</u>	<u>(299,482)</u>	<u>(124,089)</u>
<i>Cash Flows from Capital and Related Financing Activities:</i>				
Proceeds Received from Notes	1,610,161	0	1,610,161	68,227
Interest Paid on Notes and Loans	(267,812)	0	(267,812)	(283,745)
Principal Paid on Notes and Loans	(299,856)	0	(299,856)	(410,277)
Cash Paid to Acquire/Construct Capital Assets	(956,889)	(539)	(957,428)	(686,501)
Cash Received from Special Assessments	5,031	0	5,031	10,062
<i>Net Cash from Capital and Related Financing Activities</i>	<u>90,635</u>	<u>(539)</u>	<u>90,096</u>	<u>(1,302,234)</u>
<i>Cash Flows from Investing Activities:</i>				
Interest Received on Investments	139,003	30,307	169,310	84,929
<i>Net Cash from Investing Activities</i>	<u>139,003</u>	<u>30,307</u>	<u>169,310</u>	<u>84,929</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,576,976	(60,377)	1,516,599	(504,630)
Cash and Cash Equivalents at Beginning of Year	<u>1,532,817</u>	<u>535,292</u>	<u>2,068,109</u>	<u>2,572,739</u>
Cash and Cash Equivalents at End of Year	<u>\$3,109,793</u>	<u>\$474,915</u>	<u>\$3,584,708</u>	<u>\$2,068,109</u>

See accompanying notes to the general purpose financial statements.

CITY OF ATHENS, OHIO
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended December 31, 2000

	<u>PROPRIETARY FUND TYPES</u>		Totals (Memorandum Only)	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>2000</u>	<u>1999</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:				
Operating Income (Loss)	\$934,807	(\$355,392)	\$579,415	\$150,193
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:				
Depreciation Expense	675,919	668	676,587	793,801
Nonoperating Cash Receipts	11,486	2,741	14,227	51,051
Nonoperating Cash Payments	(393)	(2,132)	(2,525)	(1,583)
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(19,245)	0	(19,245)	(17,409)
(Increase) Decrease in Material and Supply Inventory	22,166	0	22,166	(35,165)
(Increase) Decrease in Prepaid Items	3,816	(437)	3,379	7,125
Increase (Decrease) in Accounts Payable	38,353	(194)	38,159	(51,653)
Increase (Decrease) in Contracts Payable	13,992	3,644	17,636	17,521
Increase (Decrease) in Accrued Wages and Benefits	(9,530)	(3,174)	(12,704)	(39,798)
Increase (Decrease) in Compensated Absences	34,897	3,639	38,536	(766)
Increase (Decrease) in Due to Other Governments	17,463	2,148	19,611	(10,694)
Increase (Decrease) in Deferred Revenue	20,175	0	20,175	(14,952)
Increase (Decrease) in Claims and Judgements Payable	111,937	49,321	161,258	(10,907)
Net Cash from Operating Activities	<u>\$1,855,843</u>	<u>(\$299,168)</u>	<u>\$1,556,675</u>	<u>\$836,764</u>

See accompanying notes to the general purpose financial statements.

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 1 - DESCRIPTION OF THE CITY OF ATHENS

The City of Athens, Ohio (the City) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The City was incorporated in 1811 and is a statutory municipal corporation under the laws of the State of Ohio. The City operates under a Council-Mayor form of government and provides various services including police and fire protection, parks and recreation, planning, zoning, street maintenance, and other governmental services. In addition, the City owns and operates a water treatment and distribution system, a wastewater treatment and collection system, and a public parking garage, which are reported as enterprise funds. Refuse collection services are also accounted for as an enterprise operation.

As required by generally accepted accounting principles, the combined financial statements present the City of Athens (the primary government) and any component units. In determining whether to include a governmental department, agency, commission or organization as a component unit, the City must evaluate each entity as to whether they are legally separate and financially accountable based on criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of (1) its corporate name, (2) the right to sue or be sued and (3) the right to buy, sell, lease and mortgage property. Financial accountability is based on (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of a specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the City.

Based on the foregoing criteria, the following governmental entity is not considered legally separate and is financially accountable to the City. Therefore, it is included as part of the reporting entity of the City.

Athens Municipal Court - The City budgets and appropriates for the operation of the Court, establishes the compensation for certain Court employees and is ultimately responsible for any operating deficits sustained by the Court. The operations of the Court are presented as a separate Agency Fund in the City's financial statements.

However, the following organizations are not part of the City of Athens reporting entity and are excluded from the City's combined financial statements.

Athens City School District - The Athens City School District encompasses the City of Athens. The members of the Board of Education of the District are elected by the voters within the District. The Board is a legally separate body politic and corporate, capable of suing, contracting, possessing, acquiring, and disposing of real property. The Board controls its own operations and budget and has no financial accountability to the City.

Athens Public Library - The Library provides library services for the citizens of Athens County. The Library is a legally separate entity with no financial accountability to the City. It has a separately selected governing authority and a separate designation of management. The City has no ability to impose its will upon the Library. Additionally, the Library provides no financial benefit to nor does it impose any financial burden upon the City.

Athens Cable Access Center - The Center is a nonprofit organization that operates a public access channel for the citizens of Athens County and surrounding areas. It is a legally separate entity that appoints its own governing board. Although the City contributes a portion of its cable franchise fee revenue toward the operation of the Center, the City cannot impose its will upon the Center. While this organization is excluded from the reporting entity of the City, the contributions made to the Center are reflected in a separate Special Revenue Fund.

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 1 - DESCRIPTION OF THE CITY OF ATHENS (Continued)

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units.

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounts of the City are organized on the basis of funds or account groups, each of which are considered a separate accounting entity. The operations of each fund and account group are accounted for based on a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The various funds are summarized by type in the combined financial statements.

Amounts in the "totals - memorandum only" columns in the financial statements represent a summation of the combined financial statement line items of the fund types and account groups and are presented for analytical purpose only. The summation includes fund types and account groups that use different bases of accounting. Consequently, amounts shown in the "totals - memorandum only" columns are not comparable to a consolidation and do not represent the total resources available or total revenues and expenditures/expenses of the City.

The City uses the following fund types and account groups:

Governmental Funds: Those funds through which most governmental functions are typically financed. The following comprise the City's Governmental Fund Types:

- ◆ General Fund: The General Fund is the operating fund of the City. This fund accounts for all financial resources not accounted for in another fund. The major sources of revenue are income tax, property tax, state and local government fund revenues, and interest earnings.
- ◆ Special Revenue Funds: These funds are used to account for specific governmental revenues (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative actions.
- ◆ Debt Service Fund: This fund is used to account for the accumulation of resources for, and the payment of principal and interest on general obligation and special assessment debt with governmental commitment reported in the City's General Long-Term Obligations Account Group.
- ◆ Capital Projects Funds: These funds are used to account for the acquisition or construction of major capital facilities and capital improvements other than those financed by Proprietary Funds. They include projects financed by special assessments.

Proprietary Funds: The Proprietary Funds are used to account for those City activities which are similar to those often found in the private sector. The measurement focus is upon the determination of net income, financial position, and changes in financial position. The following comprise the City's Proprietary Fund Types:

- ◆ Enterprise Funds: These funds account for the acquisition, operation, and maintenance of City facilities which are financed primarily by user charges.
- ◆ Internal Service Funds: These funds are used to account for the financing of goods or services provided by one department to other departments of the City or to other governments on a cost-reimbursement basis.

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Fiduciary Funds: Fiduciary Funds are used to account for assets held by the City in a trustee capacity for individuals, other governments and/or funds. The City's Fiduciary Fund Types include:

- ◆ Expendable Trust Fund: This fund is accounted for in essentially the same manner as governmental funds: the principal of the trust is not required to be preserved.
- ◆ Agency Funds: These funds are custodial in nature (assets equal liabilities) and do not purport to present the financial position or results of operations of the related entities.

Account Groups: Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations. The two account groups include:

- ◆ General Fixed Assets Account Group: This group is used to account for all fixed assets of the City other than those accounted for in the Proprietary Funds. General fixed assets include land, buildings, machinery, equipment, vehicles, and construction in progress.
- ◆ General Long-Term Obligations Account Group: This account group is used to account for all long-term obligations of the City except those accounted for in the Proprietary Funds.

The accompanying combined financial statements of the City are prepared in conformity with generally accepted accounting principles as prescribed by the Government Accounting Standards Board.

Basis of Accounting

All financial transactions for Governmental Funds are accounted for on the modified accrual basis of accounting and "current financial resources" measurement focus. Under the modified accrual basis, revenues for these funds are recognized when they become both measurable and available to finance City operations (collected within sixty days after year-end). In applying this concept, City revenues accrued at the end of the year include income taxes, state levied-shared taxes, investment earnings and reimbursements for grant expenditures.

Governmental Fund expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for interest on long-term debt, which is recorded when due. Agency Funds are purely custodial in nature (assets equal liabilities) and thus do not focus on the measurement of operations; the modified accrual basis of accounting is followed, however, for recognizing the assets and liabilities in these funds. Proprietary Fund financial transactions are accounted for on the accrual basis of accounting and "economic resources" measurement focus. Under the accrual basis, revenues are recognized when earned and measurable and expenses are recognized as incurred, if measurable.

Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", the City does not apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, to its proprietary activities.

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Budgetary Accounting and Control

Under Ohio law, City Council must adopt an appropriations budget by January 1st of a given year, or adopt a temporary appropriation measure with final passage of a permanent budget by April 1st, for all funds except Fiduciary Fund Types. Budgets are adopted for each organizational unit by major expenditure/expense category.

Each City department prepares a budget which is approved by City Council. All modifications made throughout the year to the original budgets must be requested by the departmental management and approved through ordinance by City Council. Each revised budget presented in the combined financial statements includes all modifications and supplemental appropriations that were necessary during the year.

The City maintains budgetary control within an organizational unit and fund by not permitting expenditures/expenses and encumbrances to exceed appropriations for each fund, function, department and object level. Unencumbered and unexpended appropriations lapse at year-end in all annually budgeted funds. Prior year encumbrances and corresponding prior year appropriations are carried forward as part of the budgetary authority for next year and are included in the revised budget amounts shown in the budget-to-actual comparisons.

The City's budgetary process accounts for certain transactions on a budgetary basis instead of a GAAP basis. The major differences between the budget basis and the GAAP basis are that revenues are recorded when actually received (budget basis) as opposed to when susceptible to accrual (GAAP basis), and expenditures/expenses are recorded when paid (budget basis) as opposed to when incurred (GAAP basis). Additionally, the City reflects outstanding encumbrances as expenditures/expenses on the budgetary basis.

The actual results of operations compared to the revised appropriation for budgeted Governmental Funds are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types.

Estimates

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

Cash and Cash Equivalents

The City Treasurer pools and invests all active and inactive City funds. Active City funds are invested in interest bearing demand accounts with commercial banks. Inactive funds are invested in certificates of deposit with commercial banks and the State Treasury Assets Reserve of Ohio (STAR Ohio). 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, 2000. The City pools its cash for investment purposes to capture the highest rate of return. Investment income is distributed to various funds based upon their average daily balances.

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Material and Supplies Inventory

Inventories on hand at year-end is reported for all funds and valued at cost using the first-in, first-out method. Costs of inventory are charged as expenditures in the Governmental Funds at the time of acquisition and as expenses in the Proprietary Funds when used.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Fixed Assets and Depreciation

All fixed assets which are acquired or constructed for general governmental purposes are reported as expenditures in the fund that finances the asset acquisition and are capitalized in the General Fixed Assets Account Group if they meet the City's capitalization criteria. All fixed assets are recorded at actual or estimated historical cost, if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date received. General infrastructure fixed assets that are public domain assets such as roads, bridges, streets, sidewalks, curbs and gutters, drainage systems, and lighting systems, are not capitalized in the General Fixed Assets Account Group of the City. Infrastructure fixed assets related to proprietary funds are capitalized based on the City's valuation policy within the appropriate Proprietary Fund.

Depreciation is not reflected in the General Fixed Assets Account Group. Depreciation on Proprietary Fund fixed assets is charged as an expense against current operations by allocating the cost of the asset over the estimated useful life using the straight line method. The estimated useful life of the various fixed asset classes are as follows:

Furniture, fixtures, machinery and equipment	3-20 years
Buildings	20-40 years
Improvements other than buildings	30-50 years

Capitalization of Interest

It is the City's policy to capitalize net interest costs on funds borrowed to finance Proprietary Fund construction projects until substantial completion of the project. For 2000, the City had no capitalized net interest costs.

Contributed Capital

Contributed capital is not subject to repayment and primarily represents assets contributed to Proprietary Funds by other City funds and donations. It also includes grants that are restricted for Proprietary Fund capital acquisitions, and assets acquired through general government resources. These assets are recorded at their fair value on the date contributed. Depreciation on all contributed assets is included in the determination of net income and closed to retained earnings.

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Long-Term Liabilities

In accordance with GAAP, long-term liabilities are not recognized within the governmental funds. Instead, they are reported as liabilities in the General Long-Term Obligations Account Group. Long-term liabilities used to finance Proprietary Fund operations and directly payable from revenue of those funds are reported in the applicable Proprietary Fund.

Interfund Transactions

During the normal course of operations, the City has numerous transactions between funds. Operating transfers represent transfers of resources from a fund receiving revenue to a fund through which those resources will be expended. Interfund transactions that would be treated as revenues and expenditures/expenses if they involve organizations external to the City are similarly treated when involving other funds of the City.

Intergovernmental Revenues

Intergovernmental revenues, such as local government revenues are recognized when measurable and available. Other federal and state grants and assistance awards, made on the basis of entitlement, are recorded as intergovernmental receivables and revenues when entitlement occurs. Federal and state reimbursement-type grants for the acquisition or construction of fixed assets in certain Proprietary Funds are recorded as receivables and contributed capital when the related expenses are incurred. All other federal and state reimbursement-type grants are recorded as receivables and revenues when the related expenditures/expenses are incurred.

Compensated Absences

The City records a liability in accordance with GASB Statement No. 16, "Accounting for Compensated Absences", for accumulated unpaid sick, vacation and compensatory time benefits when earned by employees. For Governmental Funds, the portion of the liability which is not currently due and payable is recorded in the General Long-Term Obligations Account Group.

Employees earn vacation time at varying rates depending on the duration of their employment. Employees with a minimum of one (1) year of service become vested in accumulated unpaid vacation time. Vacation leave is to be taken by the employee in the year accrued unless administrative approval has been obtained to carry-over the accumulated time to the following year. Ohio law requires that vacation time not be accumulated for more than three (3) years. Unused vacation time is payable upon termination of employment. It is deemed that each employee will remain with the City for at least one year, therefore, the City accrues a liability for each employee based on their unused vacation time.

Unused sick leave may be accumulated until retirement. Employees with a minimum of ten (10) years of service under Public Employee Retirement System (PERS) and fifteen (15) years under Police and Fire Pension Fund (PFPP) are entitled to payment for accumulated sick leave credit upon retirement. Payment may be made at twenty-five (25) percent, up to a maximum of thirty (30) days, of accrued sick leave credit. The City uses a termination method to accrue a liability based on average sick leave rates paid to retirees and years worked by current employees.

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Employees are awarded compensatory time off in lieu of overtime pay when overtime hours are worked, except in certain departments where employees have the option of being compensated for overtime hours worked. Compensatory time off must be used within a specified period of time. Upon termination of employment or retirement, employees may be entitled to payment for unused compensatory time in those departments which provide for payment of overtime hours. The City accrues a liability for each employee with unused compensatory time.

All vacation, sick leave and compensatory time benefits are compensated at the employees current wage rate at retirement or termination.

Self-Insurance Program

The City is self-insured for certain employee health care benefits, however, the City's exposure to risk is limited to \$60,000 per individual and \$1,363,000 in the aggregate through Guarantee Mutual Company. The program is administered, in part, by independent service agents who assist with the claims reviewing and processing. The self-insurance program is accounted for in the Internal Service Fund. Self-insurance liabilities reported at year-end include incurred but unreported claims.

Fund Equity

The City reserves portions of fund equity which are legally segregated for specific future uses or which do not represent available, spendable resources and therefore, are not available for appropriations for expenditures. Designation of fund equity are amounts that have been designated by management for a specific use, which are not legally segregated. Unreserved/undesignated fund equity indicates that a portion of fund equity which is available for appropriations in future periods.

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 3 - RECONCILIATION OF BUDGET BASIS TO GAAP BASIS

A reconciliation of the results of operations for the year ended December 31, 2000 on the budget basis to the GAAP basis follows:

Description	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources			
	General	Special Revenue	Debt Service	Capital Projects
Budget Basis	\$123,606	\$522,165	(\$1,207)	(\$5,717,716)
<i>Increases (Decreases) -</i>				
<i>Due to Revenues:</i>				
Taxes	479	2,231	0	5,719
Licenses and Permits	0	(11,797)	0	0
Fines and Forfeitures	(71,661)	(23,257)	0	0
Intergovernmental	(90,844)	(45,672)	0	(136,510)
Interest Earnings	3,077	6,050	(13)	(42,135)
Other Revenues	15,694	(106,318)	0	0
<i>Due to Expenditures:</i>				
General Government	235,186	6,930	0	0
Security of Persons and Property	291,548	36,925	0	0
Transportation	9,382	169,327	0	0
Community Environment	9,110	17,650	0	0
Leisure Time Activities	0	(3,639)	0	0
Capital Outlay	0	0	0	980,706
<i>Debt Service:</i>				
Principal Retirement	0	0	0	9,265,000
Interest and Fiscal Charges	0	0	0	103,411
Other Sources (Uses)	(130,000)	(35,600)	0	(2,564,400)
GAAP Basis	<u>\$395,577</u>	<u>\$534,995</u>	<u>(\$1,220)</u>	<u>\$1,894,075</u>

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 4 - PRIOR PERIOD ADJUSTMENT

The City's Water (Enterprise) Fund previously did not report an advance in from the General Fund of \$65,000. This change had the following effect on retained earnings in the Enterprise Funds and on fund balance in the General Fund:

	Previous Balance December 31, 1999	Prior Period Adjustment	Restated Balance January 1, 2000
General Fund	\$1,635,121	\$65,000	\$1,700,121
Enterprise Funds	12,213,748	(65,000)	12,148,748

NOTE 5 - CASH DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

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

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

Interim deposits are deposits of interim 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 passbook accounts. Interim moneys may be deposited or invested in the following securities:

- (1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- (3) Written repurchase agreements in the securities listed above, provided that the fair 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 fair value daily, and that the term of the agreement must not exceed thirty days;
- (4) Bonds and other obligations of the State of Ohio;

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 5 - CASH DEPOSITS AND INVESTMENTS (Continued)

- (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 Treasury Assets Reserve of Ohio (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;
- (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.

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 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.

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The amounts available for deposit and investment are as follows:

* Cash and Cash Equivalents (Carrying Amount)	\$10,263,834
* Cash and Cash Equivalents in Segregated Accounts (Carrying Amount)	157,166
* Reconciling Items (Net) to Arrive at Bank Balances of Deposits	<u>470,557</u>
Total Available for Deposit and Investment (Bank Balance of Deposits/Carrying Amount of Investments)	<u><u>\$10,891,557</u></u>

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 5 - CASH DEPOSITS AND INVESTMENTS (Continued)

Any depository that receives a City deposit or investment is required to pledge to the investing authority as collateral eligible securities of aggregate fair value that, when added to the portion of the deposit by the Federal Deposit Insurance Corporation, equals or exceeds the amount of City funds deposited.

A public depository may, at its option, pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The pool of securities so pledged must have a current fair value at least equal to 105% of all public monies on deposit with the depository including the amount covered by federal insurance.

GASB Statement No. 9 requires the City to report cash flows for its' Proprietary Funds. For purposes of the Statement of Cash Flows, Proprietary Fund participation in the State Treasury Assets Reserve of Ohio (STAR Ohio) is treated as a demand account and reported as a cash equivalent on the Balance Sheet. In addition, all highly liquid investments held with a maturity of three months or less when purchased, are considered cash equivalents. Only separate investments with a maturity of greater than three months are reported as investments on the Balance Sheet.

The Governmental Accounting Standards Board (GASB Statement No. 3) has established credit risk categories for deposits and investments as follows:

Category 1: Deposits that are insured or collateralized with securities held by the City or its agent in the City's name;

Investments that are insured or registered, or securities held by the City or its agent in the City's name.

Category 2: Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Investments that are uninsured and unregistered, with securities held by the counter-party's trust department or agent in the City's name;

Category 3: Deposits that are uncollateralized or collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the City's name.

Investments that are uninsured and unregistered, with securities held by the counter-party or its trust department or agent but not in the City's name;

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 5 - CASH DEPOSITS AND INVESTMENTS (Continued)

Based on the above criteria, the City deposits and investments at December 31, 2000 are classified as follows:

	Category		Bank Balance	Carrying Amount	Fair Value
	1	3			
<i>Deposits:</i>					
Demand Deposits	\$513,694	\$2,716,340	\$3,230,034	\$2,759,477	
Certificates of Deposit	0	3,000,000	3,000,000	3,000,000	
Total Deposits	<u>\$513,694</u>	<u>\$5,716,340</u>	<u>\$6,230,034</u>	<u>\$5,759,477</u>	
<i>Investments:</i>					
STAR Ohio*				\$4,661,523	\$4,661,523
Total Investments				<u>\$4,661,523</u>	<u>\$4,661,523</u>

* The City's investment in the STAR Ohio is not categorized because it is not evidenced by securities that exist in physical or book entry form.

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. STAR Ohio 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) for purposes of this Note is based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
Per Combined Balance Sheet	\$10,421,000	\$0
State Treasury Assets Reserve of Ohio (STAR Ohio)	<u>(4,661,523)</u>	<u>4,661,523</u>
Per GASB Statement No. 3	<u>\$5,759,477</u>	<u>\$4,661,523</u>

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 6 - FIXED ASSETS

A summary of changes in general fixed assets for the year ended December 31, 2000 follows:

	Balance January 1, 2000	Additions/ Transfers	Deletions/ Transfers	Balance December 31, 2000
Land	\$2,102,215	\$0	\$0	\$2,102,215
Buildings	5,285,627	13,618	13,196	5,286,049
Machinery, Equipment and Vehicles	5,490,735	700,551	305,571	5,885,715
Construction in Progress	2,219,036	4,496,837	0	6,715,873
Totals	<u>\$15,097,613</u>	<u>\$5,211,006</u>	<u>\$318,767</u>	<u>\$19,989,852</u>

The total additions/transfers of \$5,211,006 and deletions/transfers of \$318,767 both include \$29,466 of fixed asset transfers between asset classes and departments.

A summary of the Proprietary Fund fixed assets as of December 31, 2000 follows:

	Water	Sewer	Parking Garage	Garbage	Internal Service	Totals
Land	\$37,110	\$103,710	\$295,774	\$14,675	\$0	\$451,269
Buildings	2,274,213	5,129,957	1,767,772	0	0	9,171,942
Machinery, Equipment and Vehicles	906,981	1,055,171	28,097	175,531	3,739	2,169,519
Infrastructure	9,690,796	11,172,513	0	0	0	20,863,309
Construction in Progress	72,464	17,780	1,069,500	0	0	1,159,744
	<u>12,981,564</u>	<u>17,479,131</u>	<u>3,161,143</u>	<u>190,206</u>	<u>3,739</u>	<u>33,815,783</u>
Less: Accumulated Depreciation	6,369,542	6,159,183	1,142,227	120,393	1,461	13,792,806
Total	<u>\$6,612,022</u>	<u>\$11,319,948</u>	<u>\$2,018,916</u>	<u>\$69,813</u>	<u>\$2,278</u>	<u>\$20,022,977</u>

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 7 - 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 twenty (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 (5) years). Any period in excess of five (5) years must be deducted from the permitted maximum maturity of bonds anticipated, and portions of the principal amount of notes outstanding for more than five (5) years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five (5) 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 available funds of the City, or a combination of these sources. All notes are backed by the full faith and credit of the City and are reported as a liability in the fund which received the note proceeds.

The City had the following general obligation bond anticipation notes outstanding at December 31, 2000:

Purpose/Description	Maturity Date	Interest Rate	Balance January 1, 2000	Issued	Retired	Balance December 31, 2000
<u>Capital Projects Funds:</u>						
Community Center	11/23/00	4.25%	\$3,900,000	\$0	\$3,900,000	\$0
Community Center	2/4/00	3.50%	2,600,000	0	2,600,000	0
Community Center	11/23/00	4.60%	0	2,600,000	2,600,000	0
Armory Building / Hudson Street Building	4/15/00	3.30%	165,000	0	165,000	0
Total Capital Projects Funds			<u>\$6,665,000</u>	<u>\$2,600,000</u>	<u>\$9,265,000</u>	<u>\$0</u>
<u>Enterprise Funds:</u>						
Parking Garage	7/24/01	4.72%	\$0	\$1,200,000	\$0	\$1,200,000
EPA Litigation - Water	2/6/01	3.75%	198,396	42,661	0	241,057
Water Treatment Plant Improvement	10/17/01	4.30%	0	367,500	0	367,500
Total Enterprise Funds			<u>\$198,396</u>	<u>\$1,610,161</u>	<u>\$0</u>	<u>\$1,808,557</u>

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 8 - LONG-TERM DEBT AND OTHER OBLIGATIONS

The following is a summary of long-term bond and loan obligations of the City as of December 31, 2000:

Purpose/ Description	Maturity Date	Interest Rate	Balance January 1, 2000	Issued	Retired	Balance December 31, 2000
<i><u>OWDA Loans Payable from Enterprise Revenues:</u></i>						
Loan No. 751	2006	8.97%	\$185,573	\$0	\$22,307	\$163,266
Loan No. 813	2007	7.86%	213,506	0	22,006	191,500
Loan No. 129	2011	5.00%	2,809,903	0	175,892	2,634,011
Loan No. 146	2013	5.20%	1,024,028	0	51,287	972,741
Loan No. 324	2016	4.16%	835,259	0	28,364	806,895
Total OWDA Loans Payable			<u>\$5,068,269</u>	<u>\$0</u>	<u>\$299,856</u>	<u>\$4,768,413</u>
<i><u>Special Assessment Bonds Payable from Special Assessment Revenues:</u></i>						
S.R. 56 Improvement	2003	8.875%	\$55,000	\$0	\$15,000	\$40,000
Total Special Assessment Bonds Payable			<u>\$55,000</u>	<u>\$0</u>	<u>\$15,000</u>	<u>\$40,000</u>
<i><u>General Obligation Bonds Payable from General Government Revenues:</u></i>						
Community Center	2016	4.30- 5.40%	\$0	\$6,085,000	\$0	\$6,085,000
Total General Obligation Bonds			<u>\$0</u>	<u>\$6,085,000</u>	<u>\$0</u>	<u>\$6,085,000</u>

The General Obligation Bonds were issued by the City on August 15, 2000 in the amount of \$6,085,000 for the purpose of constructing, equipping and furnishing a Community Recreation Center. These bonds were issued for a period of 16 years at a maximum rate of 5.40%, mature December 1, 2016, and are in full compliance with the general laws of the State of Ohio.

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 8 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2000 follows.

Enterprise Funds	
Year Ended December 31	OWDA Loans
2001	\$563,018
2002	563,018
2003	563,018
2004	563,018
2005	563,018
2006-2010	2,504,047
2011-2015	961,770
2016	67,184
Totals	6,348,091
Less: Interest Requirements	1,579,678
Principal Due	<u><u>\$4,768,413</u></u>

General Long-Term Obligations Account Group		
Year Ended December 31	Special Assessment Bonds	General Obligation Bonds
2001	\$13,550	\$563,656
2002	17,662	492,725
2003	16,331	508,925
2004	0	523,913
2005	0	537,663
2006-2010	0	2,848,475
2011-2015	0	3,223,825
2016	0	600,780
Totals	47,543	9,299,962
Less: Interest Requirements	7,543	3,214,962
Principal Due	<u><u>\$40,000</u></u>	<u><u>\$6,085,000</u></u>

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 8 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

Defeased Debt: In December 1991, the City defeased an outstanding \$4,280,000 of Sewer Mortgage Revenue Bonds and fully funded the defeasance through the purchase of U.S. Government Securities which have amounts and maturities that are sufficient to generate a cash flow that will meet the principal and interest payments as they become due over the remaining life of the bonds. The investments and uninvested cash are being held in an irrevocable trust by Star Bank, Cincinnati, Ohio and as of December 31, 2000 there was \$3,760,179 held in trust with the Bank.

The amount of debt considered to be defeased for the Sewer Mortgage Revenue Bonds at December 31, 2000 is \$3,755,000. Accordingly, the trust account and corresponding debt are not included in the combined financial statements.

Long-Term Bonds and Loans: All long-term debt issued for governmental purposes of the City (including special assessment debt with governmental commitment) is retired through the Debt Service Fund. OWDA enterprise loans are retired through the respective Enterprise Funds. OWDA loans are secured by revenues generated from enterprise operations. Special assessment bonds are secured by an unvoted property tax levy (special assessment), which constitutes a lien on assessed properties. In the event of default by the assessed property owners, the City would be obligated to pay the special assessment debt. These bonds are also backed by the full faith and credit of the City as additional security.

General obligations bonds are secured by .1% of the City's income tax. These bonds are also backed by the full faith and credit of the City.

The following is a summary of changes in the remaining components of the General Long-Term Obligations Account Group:

Obligations	January 1, 2000	Additions	Deductions	December 31, 2000
Compensated Absences	\$565,331	\$78,432	\$0	\$643,763
Due to Other Governments	123,273	190,154	0	313,427
Landfill Postclosure Care	46,975	0	2,639	44,336
Totals	<u>\$735,579</u>	<u>\$268,586</u>	<u>\$2,639</u>	<u>\$1,001,526</u>

Compensated Absences: Upon retirement, employees with credited service are paid twenty-five (25) percent, up to a maximum of thirty (30) days, of their accrued sick leave. Vacation time is vested for employees after a minimum of one (1) year of credited service. Unused vacation may be accumulated up to three (3) years according to Ohio law. Compensatory time may also be accumulated by employees but must be used within specified limits. However, some employees have the option of being compensated for overtime worked in lieu of compensatory time off. All sick leave, vacation and compensatory time is compensated at the employee's current rate of pay at the time of retirement or termination. The liability reflected above as part of the General Long-Term Obligations Account Group represents the long-term portion of accumulated sick leave, vacation and compensatory time. The current portion of this liability is reflected within each of the appropriate funds.

Due to Other Governments: The City's obligation to the worker's compensation group rating plan at December 31, 2000 represents a Governmental Fund Type obligation incurred at year end that is not paid during the available period. This amount is reported in the General Long-Term Obligations Account Group since available financial resources are not used to pay this obligation.

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 9 - PENSION OBLIGATIONS

Public Employee Retirement System

Plan Description: The City contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established and amended by state statute per chapter 145 of the Ohio Revised Code. The PERS issues a stand-alone publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Funding Policy: The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. Law enforcement employees contribute 9.0% of covered payroll. The 2000 contribution rate for local government employers was temporarily rolled back by 20%, from 13.55% to 10.84% of annual covered payroll. The law enforcement employer rate was 15.70% of covered payroll. The City's required contributions to PERS for the years ending December 31, 2000, 1999 and 1998 were \$550,962, \$629,132, and \$598,651, respectively; 89.9% has been contributed for 2000 and 100 percent for years 1999 and 1998. Of the 2000 amount, \$55,156 was unpaid at December 31, 2000 and is recorded as a liability within the respective funds.

Postemployment Benefits: The Public Employees Retirement System of Ohio also provides postemployment health care coverage to age and service retirants with ten (10) or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postemployment health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2000 employer contribution rate for local government employer units was 10.84% of covered payroll; 4.3% was the portion that was used to fund health care for the year 2000. The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through contributions to PERS.

The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 1999. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 1999 was 7.75%. An annual increase of 4.75% compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.10%. Health care costs were assumed to increase 4.75% annually.

As of December 31, 1999, the actuarial value of net assets available for other postemployment benefits payments was \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively. The number of active contributing participants at December 31, 1999 was 401,339.

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 9 - PENSION OBLIGATIONS (Continued)

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

Police and Fire Pension Fund

Plan Description: The City contributes to the Police and Fire Pension Fund of Ohio (PFPF), a cost-sharing multiple-employer defined benefit pension plan. PFPF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The PFPF issues a publicly available financial report that includes financial statements and required supplementary information for the plan. This report may be obtained by writing to Police and Fire Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43125-5164 or by calling (614) 228-2975.

Funding Policy: Plan members (both policemen and firemen) are required to contribute 10.0% of their annual covered salary and the employers are required to contribute 19.50% of annual covered payroll for policemen and 24.0% of annual covered payroll for firemen. The City's contributions to PFPF for the years ending December 31, 2000, 1999 and 1998 were \$277,669, \$257,518, and \$242,974, for police; \$278,624, \$254,521, and \$246,108, for firemen, respectively; 70.3% has been contributed for 2000 and 100 percent for years 1999 and 1998 for police; and 67.6% has been contributed for 2000 and 100 percent for years 1999 and 1998 for firemen. Of the 2000 amount for police, \$82,417 and \$90,360 for firemen was unpaid at December 31, 2000 and is recorded as a liability within the General Long-Term Obligations Account Group.

Postemployment Benefits: The Police and Fire Pension Fund of Ohio (PFPF) provides postemployment health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of eighteen (18) whether or not the child is attending school or under the age of twenty-two (22) if attending school full-time or on a two-thirds (2/3) basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No.12. The Ohio Revised Code provides that health care cost paid from the fund of the PFPF shall be included in the employer's contribution rate which is 19.5% for police and 24.0% for firefighters of covered payroll. The Ohio Revised Code provides the statutory authority allowing the PFPF Board of Trustees to provide health care coverage to all eligible individuals.

Health care funding and accounting are on a pay-as-you-go basis. Currently, 7.25% of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The portion of the 2000 covered payroll that was used to fund postemployment health care benefits was \$103,236 for police and \$84,168 for firemen. Also 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 check. As of December 31, 1999 the number of participants eligible to receive health care benefits was 12,467 for police and 9,807 for firefighters. The Fund's total health care expenses for the year ended December 31, 1999 were \$95,004,633.

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 10 - DEFERRED COMPENSATION

City employees and elected officials may participate in a state-wide deferred compensation plan and a deferred compensation plan administered by the Aetna Life Insurance Company. Both plans are created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis.

The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

Under both deferral compensation programs, all plan assets are now being held in a trust agreement for the exclusive benefit of participants and their beneficiaries as required by the Small Business Job Protection Act of 1996. Under this Act, all existing deferred compensation plans were required to establish such a trust arrangement by January 1, 1999. As a result, the assets of these plans are no longer reflected in the combined financial statements of the City.

NOTE 11 - ENCUMBRANCES

Encumbrance accounting for purchase orders and contracts is used during the normal course of operations to reserve portions of appropriations in City funds as an extension of budgetary control. An encumbrance is a reserve on the available spending authority due to a commitment related to nonperformed contracts for goods or services and does not represent a GAAP expenditure or liability. Reserves for encumbrances are reported separately for each Governmental Fund Type.

NOTE 12 - PROPERTY TAX REVENUE

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value by property classification upon which the 2000 tax levy was based follows:

	<u>Assessed Values</u>
Real Property	\$178,877,570
Tangible Personal Property	21,890,352
Public Utility Property	<u>11,307,330</u>
Total Assessed Valuation	<u><u>\$212,075,252</u></u>

Real property taxes (other than public utility) are collected in one calendar year on assessed values as of January 1 of the preceding year, the lien date. Assessed values are established by the County Auditor at thirty-five (35) percent of appraised market value. All property is required to be revalued every six (6) years. The last revaluation was completed for tax year 1996. Real property taxes are payable annually or semi-annually. If paid annually, payment is due by January 31; if paid semi-annually, the first payment is due during February, with the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 12 - PROPERTY TAX REVENUE (Continued)

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the 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. All public utility property taxes are payable on the same dates as real property taxes described previously.

Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Presently, the City levies 2.60 mills of the first 10 mills of assessed value for the General Fund.

The County Treasurer collects property taxes on behalf of the City. The County Auditor periodically remits to the City their portion of the taxes collected. Accrued property taxes receivable represent current taxes which were levied, measurable and unpaid, as well as, delinquent taxes outstanding as of December 31, 2000. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are intended to finance the subsequent year's operations. Therefore, the total property taxes receivable at year end are credited to deferred revenue.

NOTE 13 - INCOME TAX REVENUE

The City levies a tax of 1.65% on all salaries, wages, commissions, other compensation and 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 employees 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. In 2000, the income tax generated a total of \$7,045,480 in income tax revenue.

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 14 - INTERGOVERNMENTAL REVENUE

The following is a summary of major intergovernmental revenue:

General Fund:

Local Government Distributions	\$846,534
Estate Tax Distributions	443,385
Other Distributions	373,685
	<hr/>
Total General Fund	<u><u>\$1,663,604</u></u>

Special Revenue Funds:

Transportation Assistance Grants	\$209,419
Motor Vehicle and Gasoline Tax Distributions	259,959
Permissive Wheel Tax Distributions	100,881
Community Development Grants	43,613
Other Grants and Distributions	14,451
	<hr/>
Total Special Revenue Funds	<u><u>\$628,323</u></u>

Capital Projects Funds:

Capital Improvement Grant	\$38,961
Community Center Grant	121,196
Issue II Grant	20,623
	<hr/>
Total Capital Projects Funds	<u><u>\$180,780</u></u>

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 15 - INTERFUND TRANSFERS

A summary of operating transfers by fund type follows:

Fund	Transfers In	Transfers Out
<u>General Fund:</u>	\$396,116	\$97,357
 <u>Special Revenue Funds:</u>		
Transportation Assistance Fund	55,000	0
Street Fund	8,373	129,710
Community Center Fund	1,554	48,091
Total Special Revenue Funds	64,927	177,801
 <u>Capital Projects Funds:</u>		
Capital Improvement Fund	0	155,500
Armory/Hudson Street Buildings Fund	155,500	0
FEMA Grant Fund	0	16,403
Total Capital Projects Funds	155,500	171,903
 <u>Enterprise Funds:</u>		
Parking Garage Fund	15,000	19,248
Water Fund	0	187,929
Sewer Fund	4,430	190,758
Total Enterprise Funds	19,430	397,935
 <u>Internal Service Funds:</u>		
Internal Service Fund	236,225	27,202
Total Internal Service Funds	236,225	27,202
Total - All Funds	\$872,198	\$872,198

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains four Enterprise Funds which account for the parking garage, water, sewer, and garbage collection services provided to the residents of the City. Segment information for the year ended December 31, 2000 follows:

	Parking Garage	Water	Sewer	Garbage	Totals
Operating Revenues	\$292,482	\$2,379,724	\$2,454,649	\$546,637	\$5,673,492
Operating Expenses Before Depreciation	202,543	1,771,888	1,541,719	546,616	4,062,766
Depreciation Expense	53,436	360,275	243,739	18,469	675,919
Operating Income	36,503	247,561	669,191	(18,448)	934,807
Operating Transfers-In	15,000	0	4,430	0	19,430
Operating Transfers-Out	19,248	187,929	190,758	0	397,935
Net Income (Loss)	100,983	65,824	118,762	(6,382)	279,187
Increase in Current Capital Contribution	0	5,031	0	0	5,031
Fixed Assets:					
Additions	1,043,128	42,264	117,645	2,099	1,205,136
Disposals	0	23,084	223,698	271	247,053
Net Working Capital	(513,168)	534,184	277,006	201,975	499,997
Total Assets	3,036,991	8,156,902	12,178,145	320,491	23,692,529
Bonds and Other Long-Term Obligations Payable From Operating Revenues (Net of Current Portion)	0	306,720	4,139,689	0	4,446,409
Total Equity	1,505,748	6,839,486	7,457,265	271,788	16,074,287

NOTE 17 - CONTRIBUTED CAPITAL

During the year ended December 31, 2000, the following changes occurred in contributed capital:

	Water	Sewer	Garbage	Totals
Balance at January 1, 2000	\$295,255	\$3,344,599	\$1,467	\$3,641,321
Contributions from Special Assessments	5,031	0	0	5,031
Balance at December 31, 2000	\$300,286	\$3,344,599	\$1,467	\$3,646,352

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 18 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries and natural disasters. The City has addressed these various types of risk by participating in a risk-sharing pool and by purchasing comprehensive insurance through a commercial carrier.

General liability insurance is maintained in the amount of \$7,000,000 in the aggregate, which includes \$7,000,000 law enforcement professional liability, \$2,000,000 for public official errors and omissions liability, \$7,000,000 for automobile liability, and \$100,000 for uninsured and \$100,000 for underinsured motorist liability.

In addition, the City maintains replacement cost insurance on buildings and contents in the amount of \$52,458,964. Other property insurance includes the following: \$672,984 for contractor's equipment. Supplemental boiler and machinery coverage is carried in the amount of \$100,000 with business interruption and extra expense/actual loss provisions.

Insurance deductibles on any of the above coverages do not exceed \$1,000.

The City participates in a medical self-insurance plan for employees which covers medical claims and prescription drugs. The medical portion is a limited risk health plan with a third party administrator, Harrington Benefit Services. The prescription drug coverage is administered by Claimspro, with the employee paying a deductible amount, then Claimspro paying the balance and billing the City. All claims are paid by the third party administrator under policies established by the City. The City pays an administrative fee to Harrington Benefit to service the claims. All funds contribute to the Medical Internal Service Fund based on fees legislatively set by Council to insure historical and anticipated claims coverage in relation to the number of employees paid from each fund. This fund is presented in the financial statements and reflects all fees paid into the fund and all claims and administrative costs paid out of the fund. The City also carries a specific excess coverage (stop-loss) policy for medical claims in excess of \$60,000 per person and \$1,363,000 in the aggregate. The specific and aggregate excess loss insurance is carried with Guarantee Mutual Company through the third party administrator.

The City maintains a minimum reserve for claims in the Medical Internal Service Fund that is set legislatively by Council at one-fourth of the projected annual claims, based on actuarial forecasts developed by the third party administrator.

Changes in the fund's claims liability in 1999 and 2000 were as follows:

	Beginning Year Balance	Current Year Claims	Claim Payments	Ending Year Balance
1999	\$97,929	\$868,929	\$879,836	\$87,022
2000	87,022	1,120,652	1,071,331	136,343

The City carries a separate coverage for life insurance with a private commercial carrier, Great West Life Assurance Company, for each employee. The amounts of coverage are \$25,000 for life insurance and \$25,000 for AD & D insurance for all employees.

CITY OF ATHENS, OHIO
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 18 - RISK MANAGEMENT - (Continued)

The City participates in the Workers' Compensation Group Rating Plan sponsored by the Ohio Municipal League. Eligibility and continued participation of member municipalities is determined annually based on the members' claims. It is a rating plan only with no risk assumed directly by the City. Claims are paid directly by the Ohio Bureau of Workers' Compensation. The savings under this plan totaled \$51,737 for 2000, compared to the regular premium rates.

The City has had no significant reductions in any of its insurance coverage from that which was maintained in the prior year. Additionally, there have been no insurance settlements that have exceeded insurance coverage in any of the past three years.

NOTE 19 - LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

The City owns one landfill which was closed prior to 1975. State and federal laws and regulations require that certain maintenance and monitoring functions at landfill sites be performed for 20 to 30 years. In 1995, the City was required to begin maintenance and monitoring functions at the landfill site for 20 years. While there were some preliminary planning costs in 1995, the City installed its monitoring system in 1996 and 1997, but began monitoring in 1996. The City is required to obtain quarterly monitoring samples for the first five years, and semi-annual monitoring samples for the next 15 years. The sampling costs for 2001 are expected to be \$1,800. The City has projected costs, with built-in inflation, for the remaining 16 years.

The City has recorded a liability of \$44,336 as an estimate of future post closure care costs of the landfill. The actual cost of postclosure care may be higher depending upon results from surveying and required well testing, changes in technology, or changes in landfill laws and regulations. The City has partially funded this liability through the Internal Service Fund and Capital Improvements (Capital Projects) Fund.

NOTE 20 - CONTINGENCIES

The City is a defendant in several claims and legal proceedings which may be classified as routine litigation in which minimal damages are being sought. The City believes that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

In addition, the City participates in several federal and state assisted grants and programs that are subject to financial and compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The City believes that disallowed claims, if any, will not have a material adverse effect on the City's financial condition.

Finally, an administrative complaint was filed against the City by the United States Environmental Protection Agency (EPA) alleging that the City violated regulations applicable to hazardous waste treatment, storage and disposal facilities. The City disagrees with the complaint and has actively defended its position. There has been a finding against the City and a court ordered determination of the penalty assessed at \$111,937. The City has accrued a liability in the Water (Enterprise) Fund for this penalty, since it is a court ordered amount that will be paid during 2001.

NOTE 21 - SUBSEQUENT EVENTS

In July 2001, the City issued bond anticipation notes in the amount of \$1,200,000. This is a renewal of the notes reported by the City in the Parking Garage Fund, that mature on July 24, 2001. The purpose of these notes is to pay for the renovations to the City's parking garage.

CITY OF ATHENS, OHIO
Combining Statement of Changes in Assets and Liabilities -
All Agency Funds
For the Year Ended December 31, 2000

	Balance 1-1-00	Additions	Reductions	Balance 12-31-00
<u>Municipal Court Fund</u>				
<u>Assets:</u>				
Cash and Cash Equivalents in Segregated Accounts	\$146,273	\$1,829,828	\$1,851,046	\$125,055
Total Assets	<u>\$146,273</u>	<u>\$1,829,828</u>	<u>\$1,851,046</u>	<u>\$125,055</u>
<u>Liabilities:</u>				
Deposits Held and Due to Others	\$146,273	\$1,829,828	\$1,851,046	\$125,055
Total Liabilities	<u>\$146,273</u>	<u>\$1,829,828</u>	<u>\$1,851,046</u>	<u>\$125,055</u>
<u>Emergency Shelter Fund</u>				
<u>Assets:</u>				
Cash and Cash Equivalents	\$14,275	\$57,475	\$71,750	\$0
Total Assets	<u>\$14,275</u>	<u>\$57,475</u>	<u>\$71,750</u>	<u>\$0</u>
<u>Liabilities:</u>				
Deposits Held and Due to Others	\$14,275	\$57,475	\$71,750	\$0
Total Liabilities	<u>\$14,275</u>	<u>\$57,475</u>	<u>\$71,750</u>	<u>\$0</u>

(Continued)

CITY OF ATHENS, OHIO
Combining Statement of Changes in Assets and Liabilities -
All Agency Funds
For the Year Ended December 31, 2000

	Balance 1-1-00	Additions	Reductions	Balance 12-31-00
<u>Mansfield House Maintenance Fund</u>				
<u>Assets:</u>				
Cash and Cash Equivalents	\$3,773	\$550	\$0	\$4,323
Total Assets	\$3,773	\$550	\$0	\$4,323
<u>Liabilities:</u>				
Deposits Held and Due to Others	\$3,773	\$550	\$0	\$4,323
Total Liabilities	\$3,773	\$550	\$0	\$4,323
<u>All Agency Funds</u>				
<u>Assets:</u>				
Cash and Cash Equivalents	\$18,048	\$58,025	\$71,750	\$4,323
Cash and Cash Equivalents in Segregated Accounts	146,273	1,829,828	1,851,046	125,055
Total Assets	\$164,321	\$1,887,853	\$1,922,796	\$129,378
<u>Liabilities:</u>				
Deposits Held and Due to Others	\$164,321	\$1,887,853	\$1,922,796	\$129,378
Total Liabilities	\$164,321	\$1,887,853	\$1,922,796	\$129,378

CITY OF ATHENS, OHIO
Schedule of General Fixed Assets
By Source
For the Year Ended December 31, 2000

General Fixed Assets:

Land	\$2,102,215
Buildings	5,286,049
Machinery, Equipment and Vehicles	5,885,715
Construction in Progress	6,715,873
<i>Total General Fixed Assets</i>	<u>\$19,989,852</u>

Investment in General Fixed Assets:

General Fixed Assets Accumulated Prior to December 31, 1988	\$5,218,582
General Fund Revenues	365,994
Special Revenue Fund Revenues	1,422,262
Capital Project Fund Revenues	12,334,803
Enterprise Fund	211,949
Internal Service Fund	26,616
Donations	409,646
<i>Total Investment in General Fixed Assets</i>	<u>\$19,989,852</u>

CITY OF ATHENS, OHIO
Schedule of Changes in General Fixed Assets
By Function and Activity
For the Year Ended December 31, 2000

Function and Activity	Balance 1-1-00	Additions/ Transfers	Deletions/ Transfers	Balance 12-31-00
General Government				
Mayor	\$356,151	\$14,999	\$0	\$371,150
Auditor	113,547	1,716	10,765	104,498
Treasurer	5,036	994	0	6,030
Law Director	66,583	8,107	2,872	71,818
City Council	17,221	0	9,996	7,225
Municipal Court	166,094	17,077	4,439	178,732
Animal Control	13,183	0	11,683	1,500
Land and Buildings	5,282,537	31,746	0	5,314,283
General Administration	173,021	750	0	173,771
Cable Access	118,602	21,365	2,298	137,669
<i>Total General Government</i>	<u>6,311,975</u>	<u>96,754</u>	<u>42,053</u>	<u>6,366,676</u>
Security of Persons & Property				
Police Department	833,855	114,753	167,821	780,787
Fire Department	2,010,425	56,543	4,256	2,062,712
<i>Total Security of Persons & Property</i>	<u>2,844,280</u>	<u>171,296</u>	<u>172,077</u>	<u>2,843,499</u>
Transportation				
Streets, Meters and Transportation	2,112,090	91,473	69,699	2,133,864
<i>Total Transportation</i>	<u>2,112,090</u>	<u>91,473</u>	<u>69,699</u>	<u>2,133,864</u>
Community Development				
Code Enforcement	109,453	19,836	0	129,289
<i>Total Community Development</i>	<u>109,453</u>	<u>19,836</u>	<u>0</u>	<u>129,289</u>
Leisure Time Activities				
Parks & Recreation	3,719,815	4,640,283	34,938	8,325,160
Community Center Operations	0	191,364	0	191,364
<i>Total Leisure Time Activities</i>	<u>3,719,815</u>	<u>4,831,647</u>	<u>34,938</u>	<u>8,516,524</u>
Total General Fixed Assets	<u><u>\$15,097,613</u></u>	<u><u>\$5,211,006</u></u>	<u><u>\$318,767</u></u>	<u><u>\$19,989,852</u></u>

CITY OF ATHENS, OHIO
Schedule of General Fixed Assets
By Function and Activity
For the Year Ended December 31, 2000

Function and Activity	Land	Buildings	Machinery, Equipment & Vehicles	Construction in Progress	Total
General Government					
Mayor	\$0	\$172,720	\$198,430	\$0	\$371,150
Auditor	0	0	104,498	0	104,498
Treasurer	0	0	6,030	0	6,030
Law Director	0	0	71,818	0	71,818
City Council	0	0	7,225	0	7,225
Municipal Court	0	0	178,732	0	178,732
Animal Control	0	0	1,500	0	1,500
Land and Buildings	1,704,612	3,535,956	66,756	6,959	5,314,283
General Administration	0	9,071	164,700	0	173,771
Cable Access	0	0	137,669	0	137,669
<i>Total General Government</i>	<u>1,704,612</u>	<u>3,717,747</u>	<u>937,358</u>	<u>6,959</u>	<u>6,366,676</u>
Security of Persons & Property					
Police Department	0	7,722	773,065	0	780,787
Fire Department	37,971	344,099	1,680,642	0	2,062,712
<i>Total Security of Persons & Property</i>	<u>37,971</u>	<u>351,821</u>	<u>2,453,707</u>	<u>0</u>	<u>2,843,499</u>
Transportation					
Streets, Meters and Transportation	17,568	482,305	1,633,991	0	2,133,864
<i>Total Transportation</i>	<u>17,568</u>	<u>482,305</u>	<u>1,633,991</u>	<u>0</u>	<u>2,133,864</u>
Community Development					
Code Enforcement	0	0	129,289	0	129,289
<i>Total Community Development</i>	<u>0</u>	<u>0</u>	<u>129,289</u>	<u>0</u>	<u>129,289</u>
Leisure Time Activities					
Parks & Recreation	342,064	734,176	540,006	6,708,914	8,325,160
Community Center Operations	0	0	191,364	0	191,364
<i>Total Leisure Time Activities</i>	<u>342,064</u>	<u>734,176</u>	<u>731,370</u>	<u>6,708,914</u>	<u>8,516,524</u>
Total General Fixed Assets	<u><u>\$2,102,215</u></u>	<u><u>\$5,286,049</u></u>	<u><u>\$5,885,715</u></u>	<u><u>\$6,715,873</u></u>	<u><u>\$19,989,852</u></u>

CITY OF ATHENS, OHIO
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2000

Federal Grantor / Pass through Grantor / Program Title	Pass through Entity Number	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development			
<i>Passed through Ohio Department of Development:</i>			
Community Development Block Grants:			
Small Cities Grant Program	A-F-99-086-1	14.228	\$25,056
Emergency Shelter Grant Program	A-L-99-086-1	14.228	57,100
Emergency Shelter Grant Program	A-L-00-086-1	14.228	14,650
Total U.S. Department of Housing and Urban Development			96,806
U.S. Department of Justice			
<i>Direct from the Federal Government:</i>			
Bulletproof Vest Partnership Program	N/A	16.607	3,000
<i>Passed through the Governor's Office of Criminal Justice Services:</i>			
Violence Against Women Formula Grant	98-WF-VA2-8414	16.588	14,555
Violence Against Women Formula Grant	99-WF-VA2-8414	16.588	52,560
			67,115
Total U.S. Department of Justice			70,115
U.S. Department of Transportation			
<i>Passed through Ohio Department of Transportation:</i>			
Public Transportation for Nonurbanized Areas	RPT-4005-015-981	20.509	4,917
Public Transportation for Nonurbanized Areas	RPT-4005-019-001	20.509	106,904
Public Transportation for Nonurbanized Areas - Capital	RPT-0005-019-002	20.509	6,092
Total Public Transportation for Nonurbanized Areas			117,913
<i>Passed through the Governor's Highway Safety Representative:</i>			
State and Community Highway Safety	GR-1-01180.0	20.600	32,688
Total U.S. Department of Transportation			150,601
Total Federal Awards Expenditures			\$317,522

CITY OF ATHENS, OHIO
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2000

Note 1 - Significant Accounting Policies

The City prepares its Schedule of Federal Awards Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

Note 2 - CDBG Revolving Loans

The City administers a CDBG rehabilitation loan program to provide low-interest loans to businesses to create jobs for persons from low to moderate income households, the activity of which is not reflected in the schedule above. During the year ended December 31, 2000, the City made no new disbursements, but received loan principal payments of \$29,899 under this program. At December 31, 2000 the City reflects \$656,909 as loans receivable under this program which is included on the balance sheet. Delinquent amounts due were \$1,126. Amounts written off during 2000 were \$12,107.

Note 3 - Subrecipients

The City passes through certain Federal Emergency Shelter Grant program assistance from the State Department of Development to Good Works, Inc., a non-profit corporation. As described in Note 1 to the Schedule of Federal Awards Expenditures, the City records expenditures of federal awards to subrecipients when paid in cash.

The subrecipient agency has certain compliance responsibilities related to administering this federal program. Under OMB Circular A-133, the City is responsible for monitoring subrecipients to help assure that federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grants agreements, and that performance goals are achieved.

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

Members of Council
City of Athens
8 East Washington Street
Athens, Ohio 45701

We have audited the financial statements of the City of Athens, Ohio (the City), as of and for the year ended December 31, 2000 and have issued our report thereon dated July 30, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the City in a separate letter dated July 30, 2001.

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 certain matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated July 30, 2001.

City of Athens, Ohio
Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

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

J. L. Uhrig & Associates, Inc.

J. L. UHRIG & ASSOCIATES, INC.
Certified Public Accountants

July 30, 2001

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

Members of Council
City of Athens
8 East Washington Street
Athens, Ohio 45701

Compliance

We have audited the compliance of the City of Athens, Ohio (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 each of its major federal programs for the year ended December 31, 2000. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs 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.

The results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2000-001.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2000.

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.

City of Athens, Ohio
Report on Compliance with Requirements Applicable to Each Major
Program and Internal Control over Compliance in Accordance with
OMB Circular A-133

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

J. L. Uhrig & Associates, Inc.

J. L. UHRIG & ASSOCIATES, INC.
Certified Public Accountants

July 30, 2001

CITY OF ATHENS, OHIO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2000

A. SUMMARY OF AUDITOR'S RESULTS

1. <i>Type of Financial Statement Opinion</i>	Unqualified
2. <i>Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?</i>	No
3. <i>Were there any other reportable internal control weaknesses reported at the financial statement level (GAGAS)?</i>	No
4. <i>Was there any material noncompliance reported at the financial statement level (GAGAS)?</i>	No
5. <i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
6. <i>Were there any other reportable internal control weaknesses reported for major federal programs?</i>	No
7. <i>Type of Major Programs' Compliance Opinion</i>	Qualified
8. <i>Are there any reportable findings under § .510?</i>	Yes
9. <i>Major Programs (list):</i>	Community Development Block Grants - CFDA #14.228 Public Transportation for Nonurbanized Areas - CFDA #20.509
10. <i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: All Other Programs
11. <i>Low Risk Auditee?</i>	No

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

There were no findings related to the financial statements required to be reported in accordance with GAGAS.

CITY OF ATHENS, OHIO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2000

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

<i>Finding Number</i>	2000-001
<i>CFDA Title and Number</i>	Community Development Block Grant Program - CFDA #14.228
<i>Federal Award Number / Year</i>	A-F-99-086-1, A-L-99-086-1, A-L-00-086-1
<i>Federal Agency</i>	U.S. Department of Housing and Urban Development
<i>Pass-Through Agency</i>	Ohio Department of Development

Noncompliance - Cash Management

In accordance with Ohio Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section A(3)(f), the grantee must develop a cash management system to ensure compliance with the fifteen-day rule relating to the prompt disbursement of funds. The rule states that funds drawn down should be limited to an amount that will enable the grantee to disburse funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds.

We noted five drawdowns that were in violation of the fifteen-day rule. These violations ranged from 21 to 30 days of elapsed time between the drawdown and the payment of an obligation.

We recommend the City establish a cash management system that ensures compliance with the fifteen-day disbursement rule.

CITY OF ATHENS, OHIO
Corrective Action Plan
For the Year Ended December 31, 2000

Finding Number	2000-001
Planned Corrective Action	<p>We thought we had a workable plan in place for the fifteen-day disbursement of funds rule since the 1998 finding and our plan worked correctly in 1999. However, we seem to have had some problems with our policy in 2000.</p> <p>The CDBG drawdowns and payments are handled by both the Mayor’s Office and the Auditor’s Office. Three out of the five payments that did not meet the fifteen-day rule in 2000 were for the Emergency Shelter Grant which is a pass-through grant for a homeless shelter in the City. We are required to have a quarterly report from the CPA firm for the homeless shelter before we can disburse the funds. However, we had been requesting drawdowns of funds before we received the report from the CPA firm which created some delays between the time of receipt and disbursement of funds. In the future, we will not request a drawdown of funds until the quarterly report from the CPA firm is received.</p> <p>For all other CDBG drawdowns, we have also implemented new procedures. Any voucher for payment of CDBG funds will immediately be given to the Deputy Auditor in the Auditor’s Office (who also signs the drawdowns and gets notice of the receipt of funds) and it will be her responsibility to see that the funds are disbursed within the fifteen-day time period. Additionally, before the Deputy Auditor signs a drawdown request, she will check with the person in the Mayor’s office that initiates the request to make sure that the work is completed and they have an invoice. We are quite sure that these problems will not happen again with our new procedures.</p>
Anticipated Completion Date	August 2001 (For requests made from this date on)
Contact Person	<p>Ms. Judith D. Laughlin Deputy Auditor 8 East Washington Street Athens, OH 46701 (740) 592-3336</p>



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 ATHENS

ATHENS 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 25, 2001**