

City Of Greenville, Ohio

GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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Honorable Mayor and Members
of the Legislative Body
City of Greenville
100 Public Square
Greenville, Ohio 45331-1471

We have reviewed the Independent Auditor's Report of the City of Greenville, Darke County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2000 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

July 9, 2001

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CITY OF GREENVILLE, OHIO

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

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of
the Legislative Body
City of Greenville
Greenville, Ohio

We have audited the accompanying general-purpose financial statements of the City of Greenville as of and for the year ended December 31, 2000 as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Greenville, 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 June 19, 2001 on our consideration of City of Greenville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 19, 2001

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CITY OF GREENVILLE, OHIO

GENERAL-PURPOSE FINANCIAL STATEMENTS

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

CITY OF GREENVILLE, OHIO

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 2000

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<u>ASSETS AND OTHER DEBITS</u>			
<u>Assets</u>			
Cash and Cash Equivalents	\$ 4,195,389	\$ 943,933	\$ 239,267
Restricted Cash and Investments	-	-	-
Taxes Receivable	1,128,360	93,060	-
Accounts Receivable	93,586	8,994	-
Intergovernmental Receivable	7,409	39,722	-
Loan Receivable	-	8,981	-
Interest Receivable	58,602	6,314	-
Material and Supplies Inventory	20,741	8,094	-
Prepaid Items	97,591	9,098	-
Fixed Assets (Net of Accumulated Depreciation)	-	-	-
<u>Other Debits</u>			
Amount Available in the Debt Service Fund	-	-	-
Amount Provided for General Long-Term Debt Obligations	-	-	-
Total Assets and Other Debits	\$ <u>5,601,678</u>	\$ <u>1,118,196</u>	\$ <u>239,267</u>

See accompanying notes to the General Purpose Financial Statements

<u>Proprietary Fund Types</u>		<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>General Fixed Assets</u>	<u>General Long-term Obligations</u>	
\$ 6,799,570	\$ 554,966	\$ -	\$ -	\$ 12,733,125
337,497	-	-	-	337,497
-	-	-	-	1,221,420
486,195	3,755	-	-	592,530
6,261	-	-	-	53,392
-	-	-	-	8,981
93,426	5,050	-	-	163,392
85,517	-	-	-	114,352
23,535	-	-	-	130,224
6,224,321	-	6,450,958	-	12,675,279
-	-	-	239,267	239,267
-	-	-	3,544,238	3,544,238
<u>\$ 14,056,322</u>	<u>\$ 563,771</u>	<u>\$ 6,450,958</u>	<u>\$ 3,783,505</u>	<u>\$ 31,813,697</u>

Continued

CITY OF GREENVILLE, OHIO

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

DECEMBER 31, 2000

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 79,337	\$ 27,547	\$ -
Claims Payable	-	-	-
Accrued Wages	72,347	10,551	-
Accrued Compensated Absences	39,995	7,240	-
Due to Other Governments	33,172	4,498	-
Deferred Revenue	700,385	95,900	-
Accrued Pension	153,330	10,879	-
Accrued Interest Payable	-	-	-
Bonds Payable	-	-	-
Total Liabilities	<u>1,078,566</u>	<u>156,615</u>	<u>-</u>
<u>Fund Equity and Other Credits</u>			
Investment in General Fixed Assets	-	-	-
Contributed Capital	-	-	-
Retained Earnings	-	-	-
<u>Fund Balances:</u>			
Reserve for Encumbrances	450,325	137,319	-
Reserve for Inventory	20,741	8,094	-
Reserve for Prepaid Items	97,591	9,098	-
Reserve for Notes Receivable	-	8,981	-
Reserve for Debt Service	-	-	239,267
Unreserved/Undesignated	<u>3,954,455</u>	<u>798,089</u>	<u>-</u>
Total Fund Equity and Other Credits	<u>4,523,112</u>	<u>961,581</u>	<u>239,267</u>
 Total Liabilities, Fund Equity and Other Credits	 \$ <u>5,601,678</u>	 \$ <u>1,118,196</u>	 \$ <u>239,267</u>

See accompanying notes to the General Purpose Financial Statements

<u>Proprietary Fund Types</u>		<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>General Fixed Assets</u>	<u>General Long-term Obligations</u>	
\$ 61,464	\$ -	\$ -	\$ -	\$ 168,348
-	62,303	-	-	62,303
15,722	-	-	-	98,620
101,849	-	-	428,968	578,052
9,014	-	-	-	46,684
-	2,503	-	-	798,788
24,619	-	-	264,537	453,365
15,000	-	-	-	15,000
<u>2,835,000</u>	<u>-</u>	<u>-</u>	<u>3,090,000</u>	<u>5,925,000</u>
<u>3,062,668</u>	<u>64,806</u>	<u>-</u>	<u>3,783,505</u>	<u>8,146,160</u>
-	-	6,450,958	-	6,450,958
1,698,543	-	-	-	1,698,543
9,295,111	498,965	-	-	9,794,076
-	-	-	-	587,644
-	-	-	-	28,835
-	-	-	-	106,689
-	-	-	-	8,981
-	-	-	-	239,267
-	-	-	-	<u>4,752,544</u>
<u>10,993,654</u>	<u>498,965</u>	<u>6,450,958</u>	<u>-</u>	<u>23,667,537</u>
\$ <u>14,056,322</u>	\$ <u>563,771</u>	\$ <u>6,450,958</u>	\$ <u>3,783,505</u>	\$ <u>31,813,697</u>

CITY OF GREENVILLE, OHIO

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

FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total (Memorandum Only)</u>
<u>Revenues</u>				
Property Taxes	\$ 1,322,300	\$ 150,297	\$ -	\$ 1,472,597
Municipal Income Tax	4,452,316	-	-	4,452,316
Other Local Taxes	1,533,113	451,923	-	1,985,036
Intergovernmental	602,982	203,136	-	806,118
Charges for Services	132,753	153,115	-	285,868
License and Permits	107,568	-	-	107,568
Fines and Forfeitures	40,387	2,535	-	42,922
Special Assessments	-	-	1,875	1,875
Investment Income	281,326	44,261	-	325,587
Reimbursements	24,041	708,387	-	732,428
Other	<u>84,858</u>	<u>62,405</u>	<u>-</u>	<u>147,263</u>
Total Revenues	<u>8,581,644</u>	<u>1,776,059</u>	<u>1,875</u>	<u>10,359,578</u>
<u>Expenditures</u>				
Current Operations and Maintenance:				
Security of Persons and Property	2,473,663	565,891	-	3,039,554
Public Health	26,023	-	-	26,023
Leisure Time Activities	510,793	-	-	510,793
Community Development	19,689	273,827	-	293,516
Basic Utility Service	150,840	-	-	150,840
Transportation	210,591	1,509,865	-	1,720,456
General Government	1,384,110	-	-	1,384,110
Capital Outlay	1,473,463	-	-	1,473,463
Debt Service:				
Principal Retirement	-	-	100,000	100,000
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>163,540</u>	<u>163,540</u>
Total Expenditures	<u>6,249,172</u>	<u>2,349,583</u>	<u>263,540</u>	<u>8,862,295</u>
Excess of Revenues Over (Under) Expenditures	<u>2,332,472</u>	<u>(573,524)</u>	<u>(261,665)</u>	<u>1,497,283</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers - In	431,590	934,305	263,540	1,629,435
Operating Transfers - Out	<u>(1,912,799)</u>	<u>(59,184)</u>	<u>-</u>	<u>(1,971,983)</u>
Total Other Financing Sources (Uses)	<u>(1,481,209)</u>	<u>875,121</u>	<u>263,540</u>	<u>(342,548)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	851,263	301,597	1,875	1,154,735
Fund Balance at Beginning of Year	3,675,193	674,165	237,392	4,586,750
Decrease in Reserves	<u>(3,344)</u>	<u>(14,181)</u>	<u>-</u>	<u>(17,525)</u>
Fund Balance at End of Year	<u>\$ 4,523,112</u>	<u>\$ 961,581</u>	<u>\$ 239,267</u>	<u>\$ 5,723,960</u>

See accompanying notes to the General Purpose Financial Statements

ITY OF GREENVILLE, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>General Fund</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
<u>Revenues</u>			
Property Taxes	\$ 1,331,370	\$ 1,322,300	\$ (9,070)
Municipal Income Tax	2,655,920	3,995,116	1,339,196
Other Local Taxes	1,291,429	1,942,606	651,177
Intergovernmental	201,444	602,982	401,538
Charges for Services	84,064	126,452	42,388
License and Permits	74,526	112,105	37,579
Fines and Forfeitures	22,994	34,589	11,595
Investment Income	167,474	251,919	84,445
Miscellaneous Income	<u>63,186</u>	<u>95,046</u>	<u>31,860</u>
Total Revenues	<u>5,892,407</u>	<u>8,483,115</u>	<u>2,590,708</u>
<u>Expenditures</u>			
Current Operations and Maintenance			
Security of Persons and Property	2,766,316	2,476,122	290,194
Public Health and Welfare	29,700	26,072	3,628
Leisure Time Activity	546,281	524,298	21,983
Community Development	24,135	22,934	1,201
Basic Utility Service	190,918	181,545	9,373
Transportation	238,373	214,730	23,643
General Government	2,331,103	1,456,293	874,810
Capital Outlay	<u>1,904,487</u>	<u>1,826,142</u>	<u>78,345</u>
Total Expenditures	<u>8,031,313</u>	<u>6,728,136</u>	<u>1,303,177</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,138,906)</u>	<u>1,754,979</u>	<u>3,893,885</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	286,918	431,590	144,672
Operating Transfers - Out	<u>(1,843,722)</u>	<u>(1,912,799)</u>	<u>(69,077)</u>
Total Other Financing Sources (Uses)	<u>(1,556,804)</u>	<u>(1,481,209)</u>	<u>75,595</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,695,710)	273,770	3,969,480
Fund Balance at Beginning of Year	3,398,348	3,398,348	-
Current Year Encumbrances	<u>523,271</u>	<u>523,271</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 225,909</u>	<u>\$ 4,195,389</u>	<u>\$ 3,969,480</u>

Continued

CITY OF GREENVILLE, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Special Revenue Funds</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Property Taxes	\$ 140,180	\$ 150,297	\$ 10,117
Other Local Taxes	558,764	416,249	(142,515)
Intergovernmental	313,460	233,511	(79,949)
Charges for Services	212,958	158,642	(54,316)
Fines and Forfeitures	3,460	2,577	(883)
Investment Income	54,752	40,787	(13,965)
Reimbursements	945,597	704,418	(241,179)
Miscellaneous Income	<u>73,582</u>	<u>54,815</u>	<u>(18,767)</u>
Total Revenues	<u>2,302,753</u>	<u>1,761,296</u>	<u>(541,457)</u>
<u>Expenditures</u>			
Current Operations and Maintenance			
Security of Persons and Property	612,209	566,058	46,151
Community Development	782,052	348,194	433,858
Transportation	<u>1,873,947</u>	<u>1,768,075</u>	<u>105,872</u>
Total Expenditures	<u>3,268,208</u>	<u>2,682,327</u>	<u>585,881</u>
Excess of Revenues Over (Under) Expenditures	<u>(965,455)</u>	<u>(921,031)</u>	<u>44,424</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	1,254,192	934,305	(319,887)
Operating Transfers - Out	<u>(60,900)</u>	<u>(59,184)</u>	<u>1,716</u>
Total Other Financing Sources (Uses)	<u>1,193,292</u>	<u>875,121</u>	<u>(318,171)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	227,837	(45,910)	(273,747)
Fund Balance at Beginning of Year	834,237	834,237	-
Current Year Encumbrances	<u>155,606</u>	<u>155,606</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>1,217,680</u>	\$ <u>943,933</u>	\$ <u>(273,747)</u>

Continued

See accompanying notes to the General Purpose Financial Statements

CITY OF GREENVILLE, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Debt Service Fund</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Special Assessments	\$ <u>2,000</u>	\$ <u>1,875</u>	\$ <u>(125)</u>
<u>Expenditures</u>			
Interest and Fiscal Charges	<u>263,540</u>	<u>263,540</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(261,540)	(261,665)	(125)
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>263,540</u>	<u>263,540</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,000	1,875	(125)
Fund Balance at Beginning of Year	<u>237,392</u>	<u>237,392</u>	<u>-</u>
Fund Balance at End of Year	\$ <u><u>239,392</u></u>	\$ <u><u>239,267</u></u>	\$ <u><u>(125)</u></u>

See accompanying notes to the General Purpose Financial Statements

CITY OF GREENVILLE, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS – ALL PROPRIETARY FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Totals (Memorandum Only)</u>
<u>Operating Revenues</u>			
Charges for Services	\$ 2,605,176	\$ 82,265	\$ 2,687,441
Other Income	<u>13,357</u>	<u>58,026</u>	<u>71,383</u>
Total Operating Revenues	<u>2,618,533</u>	<u>140,291</u>	<u>2,758,824</u>
<u>Operating Expenses</u>			
Personal Services	922,148	-	922,148
Materials and Supplies Inventory	217,396	-	217,396
Contractual Services	626,809	-	626,809
Utilities	287,585	-	287,585
Reimbursements Paid	-	478,963	478,963
Depreciation	<u>460,872</u>	<u>-</u>	<u>460,872</u>
Total Operating Expenses	<u>2,514,810</u>	<u>478,963</u>	<u>2,993,773</u>
Operating Income (Loss)	<u>103,723</u>	<u>(338,672)</u>	<u>(234,949)</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest Income	495,330	23,337	518,667
Interest Expense	(193,669)	-	(193,669)
Loss on Sales of Equipment	<u>(18,366)</u>	<u>-</u>	<u>(18,366)</u>
Total Non-Operating Revenues (Expenses)	<u>283,295</u>	<u>23,337</u>	<u>306,632</u>
Net Income (Loss) Before Operating Transfers	387,018	(315,335)	71,683
Operating Transfers - In	830,000	395,574	1,225,574
Operating Transfers - Out	<u>(883,026)</u>	<u>-</u>	<u>(883,026)</u>
Net Income	333,992	80,239	414,231
Retained Earnings at Beginning of Year, Restated	8,871,793	418,726	9,290,519
Depreciation Charged on Contributed Capital	<u>89,326</u>	<u>-</u>	<u>89,326</u>
Retained Earnings at End of Year	\$ <u>9,295,111</u>	\$ <u>498,965</u>	\$ <u>9,794,076</u>

See accompanying notes to the General Purpose Financial Statements

CITY OF GREENVILLE, OHIO

COMBINED STATEMENT OF CASH FLOWS – ALL PROPRIETARY FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Totals (Memorandum Only)</u>
<u>Cash Flows From Operating Activities</u>			
Cash Received from Customers	\$ 2,679,486	\$ 82,291	\$ 2,761,777
Cash Payments for Goods and Services	(1,076,126)	(483,431)	(1,559,557)
Cash Payments to Employees	(926,064)	-	(926,064)
Other Operating Receipts	<u>19,613</u>	<u>56,390</u>	<u>76,003</u>
Net Cash Provided by (Used in) Operating Activities	<u>696,909</u>	<u>(344,750)</u>	<u>352,159</u>
<u>Cash Flows from Non-Capital Financing Activities</u>			
Operating Transfers - In	830,000	395,574	1,225,574
Operating Transfers - Out	<u>(883,028)</u>	<u>-</u>	<u>(883,028)</u>
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(53,028)</u>	<u>395,574</u>	<u>342,546</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition of Capital Assets	(187,032)	-	(187,032)
Principal Paid on Bonds	(95,000)	-	(95,000)
Interest Paid on Bonds	<u>(178,669)</u>	<u>-</u>	<u>(178,669)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(460,701)</u>	<u>-</u>	<u>(460,701)</u>
<u>Cash Flows From Investing Activities</u>			
Interest Income	<u>383,383</u>	<u>20,790</u>	<u>404,173</u>
Net Increase in Cash and Cash Equivalents	566,563	71,614	638,177
Cash and Cash Equivalents Beginning of Year	<u>6,233,007</u>	<u>483,352</u>	<u>6,716,359</u>
Cash and Cash Equivalents End of Year	\$ <u>6,799,570</u>	\$ <u>554,966</u>	\$ <u>7,354,536</u>

Continued

CITY OF GREENVILLE, OHIO

COMBINED STATEMENT OF CASH FLOWS – ALL PROPRIETARY FUND TYPES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Totals (Memorandum Only)</u>
Reconciliation of Operating Income (Loss) <u>To Net Cash From Operating Activities</u>			
Operating Income (Loss)	\$ 103,723	\$ (338,672)	\$ (234,949)
Adjustments to Reconcile Operating Income (Loss) To Net Cash From Operating Activities:			
Depreciation	460,872	-	460,872
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	15,314	(3,729)	11,585
Increase in Intergovernmental Receivable	(6,261)	-	(6,261)
Decrease in Other Receivable	71,513	2,119	73,632
Decrease in Inventory	15,524	-	15,524
Decrease in Prepaid Items	30	-	30
Increase in Accounts Payable	39,195	-	39,195
Increase in Accrued Wages and Benefits	6,022	-	6,022
Decrease in Compensated Absences Payable	(4,015)	-	(4,015)
Decrease in Claims Payable	-	(4,468)	(4,468)
Increase in Due to Other Governments	6,804	-	6,804
Decrease in Accrued Pension	(11,812)	-	(11,812)
Total Adjustments	<u>593,186</u>	<u>(6,078)</u>	<u>587,108</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u>696,909</u>	\$ <u>(344,750)</u>	\$ <u>352,159</u>

See accompanying notes to the General Purpose Financial Statements

CITY OF GREENVILLE, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Greenville have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. THE REPORTING ENTITY

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

In evaluating how to define the governmental reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by GAAP. In June 1991, the Governmental Accounting Standards Board (GASB) issued Statement No. 14, "The Financial Reporting Entity", which is effective for fiscal years beginning after December 15, 1992 and defines the financial reporting entity of a governmental unit. These principles provide that the reporting entity is comprised of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the general purpose financial statements to be misleading or incomplete.

Based on the foregoing criteria, these financial statements do not include any component units.

The City of Greenville is divided into various departments and financial management and control systems. The City includes a public safety department, a street maintenance department, a parks and recreation department, health, community and general administrative services. In addition, the City owns and operates several enterprise activities, including a water system and sewage treatment facility. The operation of each of these activities and entities is directly controlled by the City Council through the budgetary process and therefore is included as a part of the reporting entity.

B. BASIS OF PRESENTATION – FUND ACCOUNTING

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

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

CITY OF GREENVILLE, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION – FUND ACCOUNTING (CONTINUED)

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

GOVERNMENTAL FUNDS

General Fund: This is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

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

Debt Service Fund: To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related cost.

PROPRIETARY FUNDS

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

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

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

Under the guidelines of Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Units That Use Proprietary Fund Accounting*, the City has elected not to apply Financial Accounting Standard Board Statements and Interpretations issued after November 30, 1989 to proprietary activities. The adoption of this approach to accounting for proprietary activities by the City required no change from prior years.

CITY OF GREENVILLE, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION – FUND ACCOUNTING (CONTINUED)

ACCOUNT GROUPS

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

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

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

C. BASIS OF ACCOUNTING

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

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

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

D. BUDGET

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable.

The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting.

The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the departmental level or by projects.

CITY OF GREENVILLE, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BUDGET (CONTINUED)

Tax Budget

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

Estimated Resources

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

Appropriations

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

Lapsing of Appropriations

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

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

CITY OF GREENVILLE, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BUDGET (CONTINUED)

The adjustments necessary to convert the results of operations for the year ended December 31, 2000, on the GAAP basis to the budget basis are as follows:

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses - <u>All Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
GAAP Basis	\$ 851,263	\$ 301,597	\$ 1,875
Net Revenue Adjustments	(98,529)	(14,763)	-
Net Expenditure Adjustments	44,307	(177,138)	-
Net Encumbrances Adjustments	<u>(523,271)</u>	<u>(155,606)</u>	<u>-</u>
Budget Basis	\$ <u>273,770</u>	\$ <u>(45,910)</u>	\$ <u>1,875</u>

Encumbrances

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

E. CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

F. RESTRICTED ASSETS

Certain resources, set aside for repayment of enterprise fund mortgage revenue bonds under bond covenants represent restricted assets because their use is limited by the bond indenture. At December 31, 2000, \$337,497 was reflected on the City's Combined Balance Sheet as "Restricted Cash and Investments".

CITY OF GREENVILLE, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. INVENTORY

Inventory is valued at cost using the first-in/first-out (FIFO) method. The proprietary funds inventories are recorded as expenses when used. Inventory in governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute “available spendable resources” and thus, are not available for appropriation.

H. PREPAID EXPENDITURES

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

I. FIXED ASSETS AND DEPRECIATION

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

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

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

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

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

<u>Class</u>	<u>Estimated Useful Life</u>
Land Improvements	20 to 25 years
Buildings and Improvements	20 to 40 years
Machinery and Equipment	2 to 25 years

CITY OF GREENVILLE, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. COMPENSATED ABSENCES

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

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

K. INTERFUND TRANSACTIONS

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

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

L. FUND BALANCE RESERVES

Reserves of fund balance in governmental fund types indicated that a portion of fund balance is not available for current appropriation or is legally segregated for a specific future use. Fund balances are reserved for encumbrances, inventories, prepaid expenditures, notes receivable and debt service. Retained earnings in the Enterprise funds are reserved for debt service.

M. GRANTS AND OTHER INTERGOVERNMENTAL REVENUES

Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditures/expenses are incurred.

CITY OF GREENVILLE, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. TOTAL COLUMNS ON COMBINED STATEMENTS

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

NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS

State statutes require the classification of moneys held by the City into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts. Interim monies may be invested in the following obligations provided they mature or are redeemable within two years from the date of principal and interest;

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or other obligations or securities issued by any federal governments agency or instrumentality;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of purchase;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in divisions (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's Investment Pool (STAR Ohio);

CITY OF GREENVILLE, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS (CONTINUED)

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

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

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

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

A. DEPOSITS

At year-end, the carrying amount of the City's deposits was \$12,733,125 and the bank balance was \$15,230,910. In addition to deposits at year end, the City also had restricted cash and investments in the amount of \$337,497. Of the bank balance:

1. \$500,000 was covered by federal depository insurance.
2. \$14,730,910 was covered by collateral held by financial institutions not in the City's name or by single financial institution collateralized pools held in the financial institution's name as specified by Section 135.181 of the Ohio Revised Code.

NOTE 3 – LOAN RECEIVABLE

The loan receivable represents a low interest loan for economic development granted to eligible City businesses under the Federal Community Development Block Grant Program.

CITY OF GREENVILLE, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

NOTE 4 – FIXED ASSETS

During 2000, the City input a new fixed asset system, performed a physical inventory of fixed assets, and re-evaluated the useful lives of the assets on hand. Based upon the physical inventory performed and the re-evaluation of the useful lives, the following adjustments have been made in order to restate the January 1, 2000 fund equity accounts in the Enterprise Fund and the General Fixed Asset Account Group:

General Fixed Asset Account Group

Investment in General Fixed Assets, as of December 31, 1999	\$ 6,346,855
Physical Inventory Adjustment	<u>(665,161)</u>
Investment in General Fixed Assets, as of January 1, 2000, as Restated	\$ <u>5,681,694</u>

Enterprise Fund

Retained Earnings, as of December 31, 1999	\$ 11,390,854
Physical Inventory Adjustment	<u>(3,459,929)</u>
Re-evaluation of Useful Lives	<u>940,868</u>
Retained Earnings, as of January 1, 2000, as Restated	\$ <u>8,871,793</u>

The changes in fixed assets for the General Fixed Asset Account Group during 2000 were as follows:

<u>Description</u>	<u>December 31,</u> <u>1999</u>	<u>Adjustment/</u> <u>Reclassification</u>	<u>Restated</u> <u>Balance</u> <u>January 1,</u> <u>2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31,</u> <u>2000</u>
Land and Land Improvements	\$ 769,993	\$ (140,391)	\$ 629,602	\$ 300,280	\$ -	\$ 929,882
Buildings and Improvements	1,531,751	(244,600)	1,287,151	-	-	1,287,151
Machinery and Equipment	4,045,111	(2,131,256)	1,913,855	85,563	(2,000)	1,997,418
Furniture and Fixtures	-	45,406	45,406	2,196	-	47,602
Vehicles	-	1,805,680	1,805,680	383,225	-	2,188,905
Totals	\$ <u>6,346,855</u>	\$ <u>(665,161)</u>	\$ <u>5,681,694</u>	\$ <u>771,264</u>	\$ <u>(2,000)</u>	\$ <u>6,450,958</u>

CITY OF GREENVILLE, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

NOTE 4 – FIXED ASSETS (CONTINUED)

The changes in Enterprise Fund fixed assets during 2000 were as follows:

Description	December 31, 1999	Adjustment/ Reclassification	Restated Balance January 1, 2000	Additions	Deletions	December 31, 2000
Land and Land Improvements	\$ 169,682	\$ 3,421	\$ 173,103	\$ -	\$ -	\$ 173,103
Buildings and Improvements	8,735,877	(5,569,265)	3,166,612	114,782	-	3,281,394
Machinery and Equipment	4,608,175	2,034,682	6,642,857	41,060	(40,043)	6,643,874
Furniture and Fixtures	-	5,923	5,923	-	-	5,923
Vehicles	-	65,310	65,310	31,190	(648)	95,852
Sewer Lines	<u>5,837,598</u>	<u>-</u>	<u>5,837,598</u>	<u>-</u>	<u>-</u>	<u>5,837,598</u>
Total	19,351,332	(3,459,929)	15,891,403	187,032	(40,691)	16,037,744
Less: Accumulated Depreciation	<u>(10,315,744)</u>	<u>940,868</u>	<u>(9,374,876)</u>	<u>(460,872)</u>	<u>22,325</u>	<u>(9,813,423)</u>
Net Fixed Assets	\$ <u>9,035,588</u>	\$ <u>(2,519,061)</u>	\$ <u>6,516,527</u>	\$ <u>(273,840)</u>	\$ <u>(18,366)</u>	\$ <u>6,224,321</u>

NOTE 5 – PROPERTY TAXES

Property taxes consist of amounts levied against real and tangible property (used in business) located in the City. Real property taxes are levied each January 1 on the assessed value listed as of the prior January 1. Assessed values are required to be updated every three years and revalued every six years. The last revaluation was completed in 2000.

The property tax calendar is as follows:

Levy date	January 1, 1999
Lien date	January 1, 2000
First tax bill mailed	January 13, 2000
Second tax bill mailed	June 9, 2000
First installment payment due	February 7, 2000
Second installment payment due	July 11, 2000

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

Because all settlements are made within the fiscal period of the City, each must be recognized as revenue and thus no advance would be available for recognition as revenue at year end since 2000 settlements cannot be appropriated until 2001.

CITY OF GREENVILLE, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

NOTE 5 – PROPERTY TAXES (CONTINUED)

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

The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

Real Property	\$ 177,472,860
Public Utility Property	10,777,970
Intangible Personal Property	<u>78,586,160</u>
Total Valuation	\$ <u>266,836,990</u>

NOTE 6 – INCOME TAXES

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

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

NOTE 7 – LONG-TERM DEBT

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

	Balance <u>01-01-00</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12-31-00</u>
General Obligation Bonds Payable	\$ 3,190,000	\$ -	\$ 100,000	\$ 3,090,000
Compensated Absences Payable	443,630	-	14,662	428,968
Accrued Pension	<u>264,579</u>	<u>-</u>	<u>42</u>	<u>264,537</u>
Total	\$ <u>3,898,209</u>	\$ <u>-</u>	\$ <u>114,704</u>	\$ <u>3,783,505</u>

CITY OF GREENVILLE, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

NOTE 7 – LONG-TERM DEBT (CONTINUED)

Outstanding debt of the City is as follows:

	<u>Balance</u> <u>01-01-00</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12-31-00</u>
Landfill Closure General Obligation Bond, due July 8, 2017, 5.23%	\$ 178,700	\$ -	\$ 5,000	\$ 173,700
Street Improvement General Obligation Bond due July 8, 2017, 5.23%	178,700	-	5,000	173,700
Storm Water Drainage General Obligation Bond due July 8, 2017, 5.23%	145,275	-	5,000	140,275
Infrastructure General Obligation Bond due July 8, 2017, 5.23%	402,400	-	15,000	387,400
Whirlpool Project General Obligation Bond due July 8, 2017, 5.23%	1,873,575	-	55,000	1,818,575
Wagner Ave. Improvements General Obligation Bond due July 8, 2017, 5.23%	<u>411,350</u>	<u>-</u>	<u>15,000</u>	<u>396,350</u>
Total General Long-Term Obligations Account Group	<u>3,190,000</u>	<u>-</u>	<u>100,000</u>	<u>3,090,000</u>
 <i>Enterprise Funds:</i>				
Wastewater System First Mortgage Revenue Bond, payable in annual installments through 2017, 2.95%-6.35%	<u>2,930,000</u>	<u>-</u>	<u>95,000</u>	<u>2,835,000</u>
Total Long-Term Debt	\$ <u>6,120,000</u>	\$ <u>-</u>	\$ <u>195,000</u>	\$ <u>5,925,000</u>

The assets and revenues of the water and sewer utilities are pledged as collateral for the above mortgage revenue bonds.

CITY OF GREENVILLE, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

NOTE 7 – LONG-TERM DEBT (CONTINUED)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2000 are as follows:

<u>Year Ending December 31</u>	<u>Wastewater System First Mortgage Revenue Bonds</u>	<u>General Obligation Bonds</u>	<u>Total</u>
2001	\$ 275,685	\$ 273,940	\$ 549,625
2002	275,435	273,650	549,085
2003	274,713	273,130	547,843
2004	278,552	277,380	555,932
2005	276,713	286,035	562,748
2006-2010	1,383,413	1,397,738	2,781,151
2011-2015	1,382,585	1,410,620	2,793,205
2016-2017	<u>553,578</u>	<u>553,470</u>	<u>1,107,048</u>
Total	\$ <u>4,700,674</u>	\$ <u>4,745,963</u>	\$ <u>9,446,637</u>

NOTE 8 – DEFINED BENEFIT PENSION PLANS

A. PUBLIC EMPLOYEE RETIREMENT SYSTEM

The City of Greenville contributes to the Public Employees Retirement System of Ohio ("PERS"), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20 percent and the 2000 employer contribution rate was 10.84 percent of covered payroll. The City's contributions to the System for the years ended December 31, 2000, 1999, and 1998, were \$123,576, \$211,632, and \$201,483, respectively, equal to the required contributions for each year.

B. OHIO POLICE AND FIRE PENSION FUND

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

CITY OF GREENVILLE, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

NOTE 8 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. OHIO POLICE AND FIRE PENSION FUND (CONTINUED)

Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent and 24 percent, respectively for police officers and firefighters. The City of Greenville contributions to OP&F for the years ending December 31, 2000, 1999, and 1998, were \$389,250, \$372,151, and \$410,777, respectively, equal to the required contributions for each year.

NOTE 9 – POST-EMPLOYMENT BENEFITS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employees Retirement System (PERS) of Ohio provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credits. Health care coverage for disability recipients and primary survivor recipients is also available. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to PERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The employer contribution rate was rolled back for the year 2000. The employer contribution rate was 10.84 percent of covered payroll, of which 4.30 percent was used to fund health care for the year.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to PERS.

OPEB are advanced/refunded on an actuarially determined basis. The number of active contributing participants for 2000 was 401,339. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 1999 was \$10,805,500. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473,600 and \$1,668,100, respectively. The City of Greenville's actual contribution for 2000, which was used to fund post-employment benefits was \$79,361.

B. OHIO POLICE AND FIRE PENSION FUND

The Ohio Police and Fire Pension Fund (the "Fund") provides post-retirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of eighteen whether or not the child is attending school or under the age of twenty two if attending school full-time or on a two thirds basis. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. The contribution rate for Police is 19.50 percent of covered payroll and for Firemen is 24.00 percent of covered payroll of which 7.50 percent and 7.25 percent was applied to the post-employment health care program for 1999 and 2000, respectively. The allocation is 7.50 percent in 2001. Health care funding and accounting are on a pay-as-you-go basis.

CITY OF GREENVILLE, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

NOTE 9 – POST-EMPLOYMENT BENEFITS (CONTINUED)

B. OHIO POLICE AND FIRE PENSION FUND (CONTINUED)

The number of participants eligible to receive health care benefits as of December 31, 1999, the date of the last actuarial valuation available, was 12,467 for police and 9,807 for firefighters. The City's actual contributions for 2000 that were used to fund post-employment benefits were \$75,405 for police and \$56,320 for firefighters. The Fund's total health care expense for the year ending December 31, 1999, the date of the last actuarial valuation available, was \$95,004,633, which was net of member contributions of \$5,518,098.

NOTE 10 – ENTERPRISE FUNDS SEGMENT INFORMATION

The City has five Enterprise funds which provide water, sewer, and other community services to its residents. Selected segment information for the year ended December 31, 2000 is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Special Park</u>
Operating Revenues	\$ 1,121,428	\$ 1,396,862	\$ 31,375
Operating Expenses Before Depreciation	1,457,456	491,123	36,047
Depreciation and Amortization	93,648	358,977	-
Operating Income (Loss)	(429,676)	546,762	(4,672)
Operating Transfers - In	802,000	-	-
Operating Transfers - Out	394,118	473,908	-
Net Income (Loss)	418,604	(84,248)	(4,673)
Net Working Capital	6,310,517	1,249,697	4,100
Bond Indebtedness	-	2,835,000	-
Total Assets	7,687,314	6,247,119	4,275
Total Equity	7,529,526	3,342,847	4,100

	<u>Swimming Pool</u>	<u>Parking Meter</u>	<u>Total</u>
Operating Revenues	\$ 62,508	\$ 6,360	\$ 2,618,533
Operating Expenses Before Depreciation	66,595	2,717	2,053,938
Depreciation and Amortization	8,247	-	460,872
Operating Income (Loss)	(12,334)	3,643	103,723
Operating Transfers - In	28,000	-	830,000
Operating Transfers - Out	15,000	-	883,026
Net Income (Loss)	666	3,643	333,992
Net Working Capital	32,886	7,133	7,604,333
Bond Indebtedness	-	-	2,835,000
Total Assets	110,481	7,133	14,056,322
Total Equity	110,048	7,133	10,993,654

CITY OF GREENVILLE, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

NOTE 11 – COMMITMENTS AND CONTINGENT LIABILITIES

Federal Assistance

The City participates in several federally assisted programs (primarily Transportation and Community Development Block Grants) which are subject to program compliance audits by the grantors or their representatives. A single financial and compliance audit of the City has been completed with no findings for recovery. The grantor agencies, at their option, may perform economy and efficiency audits, program results audits or conduct monitoring visits. Such audits and visits could lead to reimbursement to the grantor agencies. Management believes such reimbursements, if any, would not be material.

NOTE 12 – RISK MANAGEMENT

Comprehensive

The City is exposed to various risks of loss related to torts, theft, or damage/destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2000, the City contracted with private carriers for property and fleet insurance, general liability insurance, and various other coverages. Coverage provided during the fiscal year is as follows:

Building and Contents - replacement cost (\$1,000 deductible) - \$25,689,633
Boiler and Machinery Coverage - \$6,000,000
Inland Marine Coverage - (\$1,000 deductible) - \$1,238,404
Automobile Liability - (\$1,000 deductible) - \$2,000,000
Uninsured Motorists - \$2,000,000
General Liability - (\$1,000 deductible) - \$2,000,000
Public Officials - \$2,000,000
Umbrella Coverage - \$5,000,000

There have been no significant reductions in insurance coverages during the fiscal year 2000. Settled claims have not exceeded commercial excess coverages in any of the past three years.

Self-Insurance

Additionally, the City operates a self-insurance plan for health care benefits. The activity of the plan is recorded in the City's Internal Service Fund. Funds are transferred on a monthly basis to the Internal Service Fund from the other participating funds. Claims are paid weekly through checks written on the City's Health Care account. The claims liability of \$62,303 reported on the Combined Balance Sheet at December 31, 2000 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims cost, including estimates of costs relating to incurred but not reported claims, be reported. Changes in claims activity for the past two years are as follows:

	<u>Balance at</u>		<u>Current</u>		<u>Claims</u>		<u>Balance at</u>
	<u>January 1</u>		<u>Year Claims</u>		<u>Payments</u>		<u>December 31</u>
1999	\$ 72,063	\$	435,692	\$	440,984	\$	66,771
2000	\$ 66,771	\$	478,964	\$	483,432	\$	62,303

CITY OF GREENVILLE, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

NOTE 13 – CONTRIBUTED CAPITAL

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

Balance as of January 1, 2000	\$ 1,787,869
Contributed Capital Additions	-
Depreciation on Fixed Assets Acquired by Contributions	<u>(89,326)</u>
Balance as of December 31, 2000	\$ <u>1,698,543</u>

NOTE 14 – OPERATING TRANSFERS

The following represents all operating transfers for the year ended December 31, 2000.

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 431,590	\$ 1,912,799
Special Revenue Funds	934,305	59,184
Debt Service Funds	263,540	-
Enterprise Funds	830,000	883,026
Internal Service Fund	<u>395,574</u>	<u>-</u>
Total	\$ <u>2,855,009</u>	\$ <u>2,855,009</u>

NOTE 15 – SUBSEQUENT EVENTS

The City has been awarded a 0% loan from the Ohio Public Works Commission for road improvements in the amount of \$500,000. The loan will be drawn upon by the City mid to late 2001.

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

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

We have audited the financial statements of the City of Greenville, Ohio as of and for the year ended December 31, 2000, and have issued our report thereon dated June 19, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Greenville, Ohio'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 a certain immaterial instance of noncompliance, which we have reported to management of the City of Greenville, Ohio in a separate letter dated June 19, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Greenville, Ohio'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.

This report is intended solely for the information and use of the Audit Committee, Management, City Council, the Auditor of State, 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.

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 19, 2001

**Report On Compliance With Requirements Applicable To Each
Major Program And On Internal Control Over Compliance In
Accordance With OMB Circular A-133**

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

Compliance

We have audited the compliance of the City of Greenville, Ohio with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2000. The City of Greenville, Ohio's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City of Greenville, Ohio's management. Our responsibility is to express an opinion on the City of Greenville, Ohio'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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Greenville, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Greenville, Ohio's compliance with those requirements.

In our opinion, the City of Greenville, Ohio complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000.

Internal Control Over Compliance

The management of the City of Greenville, Ohio 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 of Greenville, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the City of Greenville, Ohio as of and for the year ended December 31, 2000, and have issued our report thereon dated June 19, 2001. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended solely for the information and use of Audit Committee, Management, City Council, the Auditor of State, 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.

Cirri A. Cantoni, Inc.

Cleveland, Ohio
June 19, 2001

CITY OF GREENVILLE, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2000

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Awards Expended</u>
U.S. Department of Housing and Urban Development:			
Pass-Through Ohio Department of Development:			
Community Development Block Grant	14.228	A-T-99-129-1	\$ 40,339
Community Development Block Grant	14.228	A-E-98-129-1	<u>192,977</u>
Total U.S. Department of Housing and Urban Development			<u>233,316</u>
U.S. Department of Transportation:			
Pass-Through Ohio Department of Transportation:			
Public Transportation for Nonurbanized Areas Grant	20.509	RPT-4019-019-001	184,318
Public Transportation for Nonurbanized Areas Grant	20.509	RPT-4019-019-002	<u>107,749</u>
Total U.S. Department of Transportation			<u>292,067</u>
Total Expenditures of Federal Awards			\$ <u><u>525,383</u></u>

The accompanying notes are an integral part of this schedule

CITY OF GREENVILLE, OHIO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2000

NOTE 1 - GENERAL

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

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the cash basis of accounting. The City's expenditures for the year ended December 31, 2000 as reported on the Schedule reflect federal expenditures only and do not include matching expenditures.

NOTE 3 – LOAN OUTSTANDING

The City administers a loan program with funds provided by the U.S. Department of Housing and Urban Development, through the Ohio Department of Development under the Federal Community Development Block Grant Program. As of December 31, 2000, the amount of the loan outstanding was \$8,981.

The accompanying notes are an integral part of this schedule

CITY OF GREENVILLE, OHIO

SCHEDULE OF FINDINGS OMB CIRCULAR A-133 SECTION .505

DECEMBER 31, 2000

1. SUMMARY OF AUDITOR'S RESULTS

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(I)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .510?	No
(d)(I)(vii)	Major Programs	Public Transportation for Nonurbanized Areas - #20.50
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

CITY OF GREENVILLE, OHIO

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

DECEMBER 31, 2000

There were no prior audit findings.

The accompanying notes are an integral part of this schedule

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

**Response to Findings Associated With
 Audit Conducted in Accordance with *Government Auditing Standards*
 for the Year Ended December 31, 2000**

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

The accompanying notes are an integral part of this schedule



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 GREENVILLE

DARKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 26, 2001**