

THE CITY OF HEATH, OHIO

LICKING COUNTY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Honorable Mayor and Members of City Council
City of Heath
Heath, Ohio 43056

We have reviewed the independent auditor's report of the City of Heath, Licking County, prepared by Wolfe, Wilson, & Phillips, 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 Heath is responsible for compliance with these laws and regulations.

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

JIM PETRO
Auditor of State

June 26, 2001

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FOR THE YEAR ENDED
DECEMBER 31, 2000

Prepared by:
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INTRODUCTORY SECTION



Daniel L. Dupps
Mayor

Carolyn J. Broyles
Auditor

CITY OF HEATH

Richard Bindley
Director of Law

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May 24, 2001

To the Council and The Citizens of the City of Heath, Ohio:

I am pleased to present this Comprehensive Annual Financial Report for the City of Heath (the City) for the fiscal year ended December 31, 2000. The report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Heath to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. I believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

The report is comprised of three major sections:

1. **The Introductory Section** includes this Letter of Transmittal which addresses the organization, accomplishments and operational structure of the City, a list of the Principal City Officials, and an Organizational Chart.
2. **The Financial Section** contains the City's general purpose financial statements, which include explanatory notes and provide an overview of the City's financial position and operating results; the Combining Financial Statements of the Individual Funds and Account Groups that provide detailed information to the General Purpose Financial Statements and the Report of the Independent Auditors.
3. **The Statistical Section** presents social, economic and historical data in a multi-year format, which can be used to identify financial trends and data relative to the fiscal capacity of the City.

The Reporting Entity

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, in that the financial statements include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the reporting entity of the City has no component units but includes the following services as authorized by its charter: police and fire protection, emergency medical response, parks and recreation, planning, zoning, street maintenance, utility billing, income tax collection and other governmental services.

The City of Heath

The City of Heath continues to be a rapidly, growing community located forty-five miles east of Ohio's capital city, Columbus, and is bounded on the north by the City of Newark, the county seat of Licking County. The City's elevation is approximately 830 feet above sea level. Its median temperatures are 75 degrees in summer and 30.2 degrees in winter. State highways 79 and 13 serve as the City's major transportation arteries. The east-west interstate highway I-70 that lies approximately 6 miles south also serves the City. Heath's 10.5 square mile area serves a residential population of 8,527 and an estimated daytime population of 45,000. The daytime population is concentrated in the area of the Central Ohio Aerospace and Technology Center, the Indian Mound Mall and Cross Creek Shopping Center.

The City of Heath was named after Fletcher Heath an employee of the Pure Oil Company, which was located just west of the City. A railroad freight station located near the company was named the Heath Station. In 1951, when area residents voted to incorporate, they created the Village of Heath. The Village of Heath became Ohio's 196th city on April 28, 1965.

Historical areas in the City of Heath include the Davis-Shai House, the old Four Mile Lock, part of the Ohio Canal and Moundbuilders State Park. A unique collection of prehistoric Hopewell Indian artifacts is on display in the Ohio Indian Art Museum located in the park.

The City operates under a charter, first adopted by the voters in 1964 and is opened for revision by a Charter Commission every ten years. The form of government provided in the Charter is known as the "Mayor- Council Plan". All elections are non-partisan. The Mayor and the Auditor are elected for overlapping terms every four years. The legislative body of Heath consists of a seven-member Council, three of whom are elected by Ward, and four of whom are elected At-Large for overlapping four year terms. City Council elects a president every two years to preside over meetings. In the event that the office of the Mayor shall become vacant the President of Council shall become Mayor and serve for the unexpired term of the Mayor. City Council appoints the Clerk of Council and the Mayor appoints the City Law Director.

Municipal Services

Police Services

The police department was established in 1963 with a Chief and one full time patrolman. The Heath Police department of today has twenty-two sworn officers, ten reserve officers, five full time and two part time dispatchers, and two clerks. The department is a progressive, service oriented agency that responds to approximately 14,000 calls for service a year. The department has seven marked patrol vehicles affording adequate protection to the citizens of Heath. Laptop computers have been incorporated into each marked vehicle. The police force has a canine unit and four undercover detective cars at its disposal. It is responsible for protecting approximately eighty-six miles of roadway and a very densely developed commercial area including a regional shopping mall, numerous outlying businesses and several strip shopping centers. Due to its full service status, the police department is entirely self-sufficient and provides 24-hour protection to the citizens of the City. However, in an unusually demanding situation, the department can call upon the City of Newark and/or the Licking County Sheriff's Office for assistance.

Mutual aid is provided for, with the previously mentioned entities, through mutual aid contracts. The department personnel conduct a number of community service related activities including the Drug Abuse Resistance Education (D.A.R.E.) program, a drug prevention program serving 4th and 5th grade students and Safety City, a safety program for small children and a Citizens Academy. The police also participate in "Olympic" type events during the Police Olympics. In July of 1997 the Heath Police Department became an internationally accredited law enforcement agency through the Commission on Accreditation for Law Enforcement Agencies of Fairfax, Virginia. In July of 2000 the HPD was reaccredited and continues to meet the rigorous standards of excellence.

Fire Services

The Heath Fire Department has grown with its community and currently operates two new stations housing four structural pumpers, three ALS medic Units, a Walters ARFF truck, snorkel, utility 4X4, County haz-mat response tractor, and a county foam response trailer. The department services 10.5 square miles with eighteen paid firefighter/paramedics including its Chief, a volunteer force of nineteen, and a part-time program of thirty-six employees. Heath operates a three-platoon system working 24/48-hour shift. Each shift is assigned a Captain, a Lieutenant, and three full time firefighter/medics. A part-time firefighter is also assigned to each shift. The Heath Fire Department operates under a mutual aid contract with all other county fire departments. Heath responds to approximately 1600 fire and EMS runs per year. The Heath Fire Department is part of the County Hazardous Materials Response Team and also houses the County Water Rescue Team trailer. A 1-mill levy generates approximately \$176,000 in revenue each year for equipment and operating expenses. A 1.5 mill, continuing levy, passed in May of 1997, provides an additional \$296,910 for personnel. The fire department is involved in Fire Prevention Week activities, National EMS week and has an active fire inspection and prevention program.

Water and Wastewater Services

Water is treated by the City's municipal water plant located on Dorsey Mill Road and delivered through the distribution system, which is also owned and maintained by the City. Current flow through the plant averages 1.6 million gallons per day (MGD). Construction was completed to upgrade the water plant, which doubled the treatment capacity of the plant from 2 MGD to 4 MGD. The 1998 upgrade added a 500,000 gallon clear well to increase storage capacity to 2.38 million gallons. The upgrade also included a renovation of the laboratory making it one of only two labs in Licking County certified in bacteria testing. There are seven employees involved in the production and distribution of water for the City.

Heath's drinking water was voted the best drinking water in the State of Ohio in 1994. Unlike most cities, Heath's drinking water comes from underground aquifers, instead of a more polluted surface source. The city water is softened to 100 mg/l making home water softeners unnecessary.

The wastewater plant and collection system is owned and maintained by the City. The ten million dollar facility, completed in 1992, has a capacity of 1.75 MGD and with a peak flow of 7 MGD. The federal sludge regulations have forced the operations of the plant to become more efficient and to produce a higher quality product, which has less negative impact on the environment. In 1998, the digesters were converted from anaerobic to more efficient aerobic digesters and a new pump station was installed in the Forest Hills subdivision. In the year 2000, two lift stations were replaced, one in Forest Hills and one in Greenbrier Estates. There are eight employees involved in the collection system and operation of the plant.

Street Department Services

The Heath Street Department Complex located at 550 Dog Leg Road consists of five buildings including an office, garage, and storage facilities. The Department has two salt-water storage pools, one located at the Municipal Office Building and the other at the Heath Wastewater Plant, and a rock salt storage facility with the capacity to store 850 tons of rock salt. The Department is also responsible for several retaining ponds located in various areas of the City and a stone quarry.

The Street Department has a total of eleven full-time employees including the Street Superintendent. The Department is responsible for maintenance and repair of approximately 86 miles of streets and highways in the City. The Department is also responsible for snow removal, storm sewer and catch basin maintenance and repair, traffic signal operation, road lines and markings, sign installation and maintenance, mowing and maintenance of extensive right-of-ways, crack sealing and asphalt repairs and the annual leaf pickup program.

The Department maintains a fleet of approximately fourteen vehicles and ten pieces of heavy-duty equipment. The Department also conducts an annual vehicle inspection of all other City owned vehicles to insure the reliability of the vehicles and the safety of City employees.

Building and Zoning Services

The Building and Zoning Department is responsible for overseeing community development, maintaining the Land Use and Thoroughfare Plan, participation in the local Metropolitan Planning Organization and maintaining the City's Geographic Information System. The department also is responsible for the review and approval of development plans, for the issuance of zoning permits, for general inspections for compliance and enforcement of zoning and utility ordinances and for complaint investigation and resolution.

Other general duties performed by the department include planning, securing funding and administering major construction projects such as road improvements and bridge replacements, acting as the city representative to the local Metropolitan Planning Organization, management of flood hazard areas and serving as liaison to the Bureau of the Census.

The Parks and Recreation Services

Eight City parks and one indoor recreation and fitness center are located within the City of Heath. Hoback Park, a 30.49-acre park named after Richard "Bert" Hitchcock in 1962, the city's first mayor, is located East of South 30th Street on Dorsey Mill Road and is the City's oldest park. It is the site of five Little League ball fields and one basketball court. Throughout the summer months, the Heath Sertoma Club offers a well-rounded Little League program in the park, including farm and varsity baseball, girls farm and varsity softball, and T-Ball.

In addition to sports, Hoback Park also offers newly installed playground equipment, restrooms, and an indoor shelter house. A riverfront walkway along the South fork of the Licking River was dedicated in November of 2000. Access to the Licking River, wooded area for hiking, and picnic tables provide a wonderful family environment for Heath citizens to enjoy.

Hitchcock Park, located on the corner of Partridge Court and Partridge Road is in the center of a residential area that includes single dwellings, an apartment complex and an elementary school. Originally known as Southgate Park, the park was rededicated and named Hitchcock Park in 1998 in honor of Edward Hitchcock, the City's second mayor. The 3.09-acre park offers playground equipment, an outdoor shelter, two basketball courts and a picnic area for public enjoyment.

The largest of the City's parks is John C. Geller Park, a 55.77-acre site purchased in 1978. Located at 580 Cynthia Street, the park offers an array of beauty, a two-mile walking path, open play areas, two outdoor shelters, two softball fields, two sand volleyball courts and handicap playground equipment. The park was originally known as Heath Community Park and was renamed in 1998 after John C. Geller, in honor of the Heath's fourth mayor. The park provides a sledding hill during the winter months and beautiful natural sun shelter during the summer months under any one of a vast array of trees planted as memorials.

The park is the hub of major community events such as the *Kids First! Fest*, *Star Spangled Celebration*, and the *1860's Muffins Basketball Game* held during the summer months. In 1987, it was the selected site for a Vietnam War Memorial. Anytime of year, citizens can stand at the entrance of John C. Geller Park and view the beautiful war memorial on the top of the hill with its arrowhead pointing toward the sky and its flags flying in honor of Heath citizens who served their country well.

Two smaller parks, Kroger Park and Dorsey Mill Park, are dedicated to open green space. Kroger Park, a one-acre park located on South 30th Street, and Dorsey Mill Park, an 8.49-acre park located at the end of Dorsey Mill Road, offer picnic areas for citizens to enjoy. Dorsey Mill Park is the southern end of the new Nature Works Walking Trail that follows the Licking River and extends northward to Hoback Park.

Historically, the 1.11-acre Canal Lock Park located at the City's southern entrance on Route 79 dates back to 1825 when the first spade full of dirt was lifted in Ohio to build the Ohio and Erie Canal. Canal Lock Park was deeded to the City of Heath in 1968 and is maintained as an historical site.

The Davis-Shai House, one of the City's oldest historical structures, was donated to the City in 1995 and was moved on April 16, 1996 from its original location near the corner of Hebron Road and 30th Street to its present location on Central Parkway. The historic structure sits on a 12-acre site. The City received a \$500,000 State Capitol Grant in 1999 to renovate the 3000 square foot facility as a Cultural Arts Center. Claggett and Sons was awarded the bid and began the renovation in June of 2000. The Heath Community Arts Council (a not-for-profit organization) will serve as its governing body. The Davis-Shai House is scheduled for a September 2001 grand opening and will be used for cultural events, meetings, weddings and receptions. The second floor of the facility will also serve as an office complex for the Heath Community Arts Council and the lower level will be used for arts and crafts as well as additional meeting rooms.

The Heath Pool Complex, located on Sgt. Simpson Boulevard, was opened in 1971. This state-of-the-art complex includes a diving well, Olympic pool (50 x 25 meters), wading pool and fountain pool. A shade shelter and concession stand are also located on the premise along with volleyball and basketball courts and playground equipment. A speed slide, water slide and two drop slides are planned for the 2001 season. Swimming lessons are offered during summer months, and the open space around the pool complex is used for soccer practice.

The City's first adventure at an indoor recreational program occurred in 1998 when the Department of Parks and Recreation opened the Heath Community Recreation and Fitness Center located at 771 Irving-Wick W. The facility offers Nautilus, Free Weight, and Cardiovascular equipment, saunas, Jacuzzi, tanning beds, aerobic classes and numerous opportunities for fitness. A racquetball court and large gymnasium also provide ample opportunities for sports activities and community events.

Because of the interest demonstrated by Heath citizens in the indoor fitness and recreation facility and the need for additional parks and open space, the Department of Parks and Recreation has completed a Strategic Plan for Parks, Recreation, and Open Space and a Feasibility Study for a Community Recreation Center. The study, conducted by Edsall & Associates, LLC, will become the springboard for future parks and recreation development.

Administrative Services

The Administrative Services Department is under the direction of the City Auditor and is responsible for the functions of tax collection, utility billing, financial control, data processing, risk management and public information. This department provides essential support services to all departments and divisions of the City, as well as several direct services to residents and businesses. The Administrative Services Department consists of two divisions - the Tax Division and the Finance Division.

The Tax Division is under the direction of the Tax Commissioner who is responsible for the collection and administration of the City's one and one-half percent earnings tax and the hotel excise tax. In addition, the Tax Division offers direct tax assistance services to all residents and businesses. An outside company was hired to address the issue of delinquent balances and non-filers.

The Finance Division is responsible for all areas of financial administration, including revenue recording, investments, debt service management, expenditure tracking, financial records, budgeting, financial reporting, utility billing and payroll/personnel administration.

Citywide, all personnel of the City of Heath are involved in Youth in Government Day. Each May, the two-day program allows students to serve as government officials for one day. The students are elected by their peers to various City offices. After the election they visit City Hall, write mock ordinances and develop mock plans for the City. On the second day a mock council meeting is held and the students spend the day with their respective counterparts. The annual program provides the students an opportunity to see the operation of the City first hand and to visit all City departments.

Labor Relations

A statewide public employee collective bargaining law applies generally to public employee relations and collective bargaining. The employee profile is as follows:

Number of Employees	Employee Classification
85	Classified employees
9	Elected officials
5	Appointed officials

The City has entered into bargaining agreements with the Fraternal Order of Police, Ohio Labor Council, Inc., International Association of Firefighters Local 2930 and the American Federation of State, County and Municipal Employees, AFL-CIO, Ohio Council 8. Other employees are governed by legislative action of City Council. In the judgment of the City, its employee relations have been and are considered to be good.

Full-time employees are represented by the following bargaining units:

Bargaining Unit	Agreement Expiration Date	Number of Employees Covered
Fraternal Order of Police, Ohio Labor Council (Dispatchers)	March 31, 2002	6
Fraternal Order of Police, Ohio Labor Council (Sergeants/Patrol)	March 31, 2002	21
International Association of Firefighters Local 2930	April 17, 2002	16
American Federation of State, County and Municipal Employees, AFL-CIO, Ohio Council 8	April 1, 2002	38

New police officers are not included in the union until their one-year probationary period is successfully completed. A reserve force of ten persons is authorized by order of the mayor. A thirty member volunteer fire department operated by the Heath Firefighters Association is authorized by City Ordinance.

The Administrative Section of the City of Heath Codified Ordinances provides for equal and similar treatment of employees employed by the city but not covered under a collective bargaining agreement. The following classifications are covered by the Administrative Section of the Heath Codified Ordinances:

- 9 Elected Officials
- 1 Appointed Clerk of Council
- 2 Appointed law advisors
- 2 Exempted classified employees
- 1 Appointed Secretary
- 1 Recreation Director
- 7 Department Heads

ECONOMIC OUTLOOK

The City of Heath has become the center of commercial growth in Licking County. The last fifteen years have seen the construction of the Cross Creek Shopping Center, the Indian Mound Mall (a regional shopping mall drawing shoppers from a fifty-mile radius), and the complete renovation of the Southgate Shopping Center. Large establishments such as Wal-Mart, Target, Best Buy and Lowe's have been constructed within a one-mile corridor along state route 79. National restaurant chains including Red Lobster, Applebee's, Olive Garden, Ruby Tuesday's and Tumbleweed have constructed facilities in the heart of the commercial development to meet the needs of those who have come to shop at the various retail stores. In 1997, expansion at Indian Mound Mall included the addition of Sears, as the fifth anchor store and the doubling in size of the Movie Theater. Southgate Shopping Center's occupancy remains to be close to 100%.

Out with the old and in with the new was definitely the theme for the millennium year. During 2000, more demolition of old structures occurred than any previous year, and new commercial construction was at an all time high. The city said good-bye to Rhodes Furniture, Park Lanes Bowling Alley, Howard Johnson's motel and the century old Pure Oil Company refining towers and hello to a new Lowe's Superstore, a new Park Lanes a new Hinderer Honda, Quick Way Carriers, National Lumber Distribution, Mattress Mart, Michael's Crafts, Huber Import and Mathews Ford Collision Center.

In the residential sector, 2000 saw the demolition of Carson's Mobile Home Park, the addition of 48 single-family structures, the construction of a new subdivision - Northbrook Estates, and a one hundred fifty-unit expansion of Ramp Creek Mobile Home Park.

Industrial employment is expected to remain relatively constant. The Newark Air Force Base (NAFB) closed as a government facility in October of 1996. Ownership of the facility, renamed the Central Ohio Aerospace and Technology Center, was assumed by the Heath-Newark-Licking County Port Authority (HNLC-Port Authority). The City is represented on the board of the port authority through the appointment of three of the nine board members. The workload, which consists of repairing military navigational systems, was contracted out to Boeing North American and the Wylie Corporation. Independent contractors are operating the existing daycare center and cafeteria. Overall, it is expected that continued growth in both the commercial and residential sectors will provide the community with a solid economic base.

MAJOR INITIATIVES

Renovation of the Davis-Shai House began in June of 2000 and will be completed by June of 2001 with the grand opening scheduled for September 22, 2001. The renovation included the addition of the Fairview Room to allow for larger groups. The house meets all fire and ADA regulations. The City partnered with Belmont College to recreate the plaster medallions for each ceiling on the first floor.

The historic home will be maintained by the Parks and Recreation Department, but the day-to-day operations will be administered by the Heath Community Arts Council, a non-profit organization established by the City for this purpose. The house promises to be a great asset to our community with unlimited possibilities. There will be meeting rooms available for rent to corporations and individuals for weddings, conferences and classes. Programming to meet the needs of all age groups is underway.

The Mayor's Task Force continues to meet weekly. Ordinances on site development, architectural guidelines and parking requirements have been passed as a result of their efforts. Work continues on updating the City's sign ordinance, subdivision regulations, the extension of Central Parkway and the improvement of Thornwood Dr.

Substantial improvements were made in transportation and drainage systems. South 30th Street, including the underground utilities, was completely rebuilt. The forty-year-old drainage problems along Terrace Drive and Hebron Road were finally corrected. Also, the Hebron Road/South 30th Street intersection was reconstructed as part of the Lowe's project, allowing the removal of the "S" curve on Hebron Road and aligning both sides of S. 30th Street. Although the total cost of these projects was approximately \$2,500,000, the city financed only \$460,000. The remaining cost was financed through grants or private contribution.

Work continued on several on-going projects. Planning for the bike path is almost finalized, the Hopewell Drive Improvement Project is completely designed and ODOT approved plans for the widening of SR #79, including a railroad overpass connection to Beaver Run Road. This nearing completion, and the Franklin Ave./Irving-Wick Drive Intersection Improvement project has been re-instituted. However, plans for the Millennium Bridge to allow the bike path to cross SR #79 have been put on hold by the HNLC-Port Authority.

A Nature Works Grant from the Ohio Department of Natural Resources was procured. This money was used to build a nature walk in Hoback Park along the banks of the Licking River. It is hoped that these paths will eventually be connected to the extensive network of pathways that wind throughout Licking County.

Special family-oriented events continue to grow each year. The Star-Spangled Celebration, held on July 2nd, is quickly becoming one of the premiere Independence Day celebrations in the area. Other 2000 events included the third annual Kid's First Fest and a variety of family fun nights at the city pool.

The City purchased a street sweeper and a tractor for the Street Department and repaired the salt brine tank at City Hall. Lift stations were replaced in the Forest Hills subdivision and in Greenbriar Estates. The relining of sewer lines in Forest Hills was completed. Two new Cruisers and an unmarked car were obtained for the Police Department. The Fire department put two thermal imaging systems into service.

The City's website at www.heathohio.org was brought on line. The new City Handbook is nearing completion as well as an in-depth history of the City of Heath entitled Hometown Memories written by Janice Wilkin.

Plans for 2001 include:

- | | |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Street | <ul style="list-style-type: none">• Replace 1978 loader• Replace portable air compressor• Street paving• Purchase pothole machine• Acquire land for Hopewell Dr. improvements• Acquire permit from Army Corp. of Engineers to maintain Ramp Creek & Licking River• Drainage improvements – Forest Hills, Claren and Wayne Drive |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

- | | |
|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Water/ Wastewater | <ul style="list-style-type: none"> • System analysis and master plan • Engineering for 12” waterline from Parkview to 30th Street • Complete meter conversions • Finish relining sewer lines in Forest Hills |
| Police | <ul style="list-style-type: none"> • Two new cruisers and one unmarked car • Form Bike Patrol • Add additional Sergeant |
| Fire | <ul style="list-style-type: none"> • Organize Fire Investigation Division • Form Aerial Truck Replacement Committee • Purchase 5 radios and 5 SCBA units • Implement part-time firefighter system as provided by contract |
| Parks | <ul style="list-style-type: none"> • Add landscaping and amenities to Riverfront Walkway – NatureWorks Grant II • Add drop slides at the pool • Design new lazy river and leisure pool • Plan and seek funding for additional bike paths |
| City-wide | <ul style="list-style-type: none"> • Publish an employee handbook • Printing of City History –“ Hometown Memories” • Complete renovation and open the Davis-Shai House • Study impact fees • Passage of new sign ordinance • Begin revision of subdivision regulations |

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System

Development of the City's accounting system included substantial consideration of the adequacy of the internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance that:

1. The City's assets are protected against loss and unauthorized use or disposition; and
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated applying the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation; and

2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and the Auditor's Office.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

The City Auditor's Office is responsible for the auditing and analysis of all purchase orders for the City. The Auditor's Office personnel carefully review the purchase orders to ensure the availability of moneys in the proper funds and accounts prior to certification and subsequent payment of invoices. The City utilizes a fully automated accounting system, as well as an automated system of controls for fixed asset accounting, payroll, water billing and income tax. These systems ensure that the financial information generated is both accurate and reliable.

Budgetary control is maintained at the object level for each department within each fund via legislation approved by City Council. The various objects are:

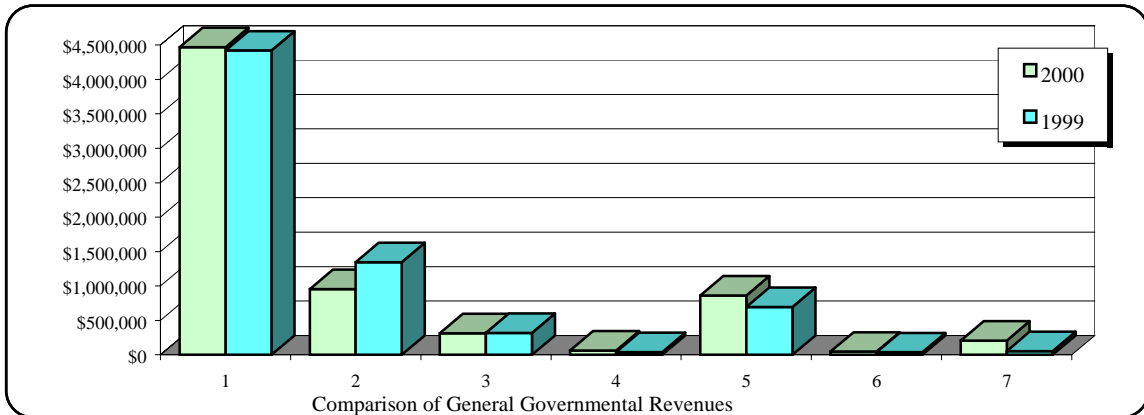
- Personal services
- Contractual Services
- Other Expenditures
- Transfers
- Materials and Supplies
- Capital Outlay
- Debt Service
 - Principal
 - Interest

Lower levels within each major category are accounted for and reported internally. Such lower levels are referred to as line items of expenditure. Estimated amounts must be encumbered prior to final approval of purchase orders or other contracts to vendors. Encumbrances in excess of the available major expense category level appropriations are not approved unless additional appropriations are authorized. Unencumbered appropriations return (lapse) to the unappropriated balances in the individual funds at the end of each fiscal year, which coincides with the calendar year. Appropriations, initial and supplemental, must be authorized by City Council. Supplemental appropriations were made several times during the year, primarily for capital expenditures.

General Government Functions

The following schedules present a summary of general governmental revenues (including general, special revenue and debt service funds) for the year ended December 31, 2000, the percentage of each source to total revenues, and the amount of increase or decrease in relation to the prior year's revenue.

	Revenue Source	2000 Total	Percent of Total	1999 Total	Increase (Decrease) over 1999
1.	Taxes	\$4,467,791	64.57%	\$4,420,579	\$47,212
2.	Intergovernmental Revenues	955,037	13.81%	1,345,588	(390,551)
3.	Charges for Services	314,930	4.55%	320,045	(5,115)
4.	Licenses and Permits	63,897	0.92%	40,999	22,898
5.	Investment Earnings	863,545	12.48%	696,334	167,211
6.	Fines and Forfeitures	47,028	0.68%	37,983	9,045
7.	All Other Revenues	207,067	2.99%	53,847	153,220
	Total	\$6,919,295	100.00%	\$6,915,375	\$3,920



Revenue Narrative

General government revenues totaled \$6,919,295 for 2000, an increase of \$3,920 over 1999. The income tax, the largest tax source, increased in total by 2.14% or approximately \$98,353 in 2000.

Intergovernmental revenues consist primarily of shared license and gasoline tax revenues, local government assistance provided by the State of Ohio through reimbursement for real and personal property tax reductions, inheritance taxes and various other federal and state grants. The decrease in this revenue source is attributable to the receipt less inheritance tax and fewer federal and state grants received in 2000 versus 1999.

Investment earnings as a source of revenue do not lend well to year to year comparisons. Percentage increases or decreases when compared to prior years are not necessarily indicative of future year estimates. Investment earnings increased \$167,211 compared to 1999. The increase

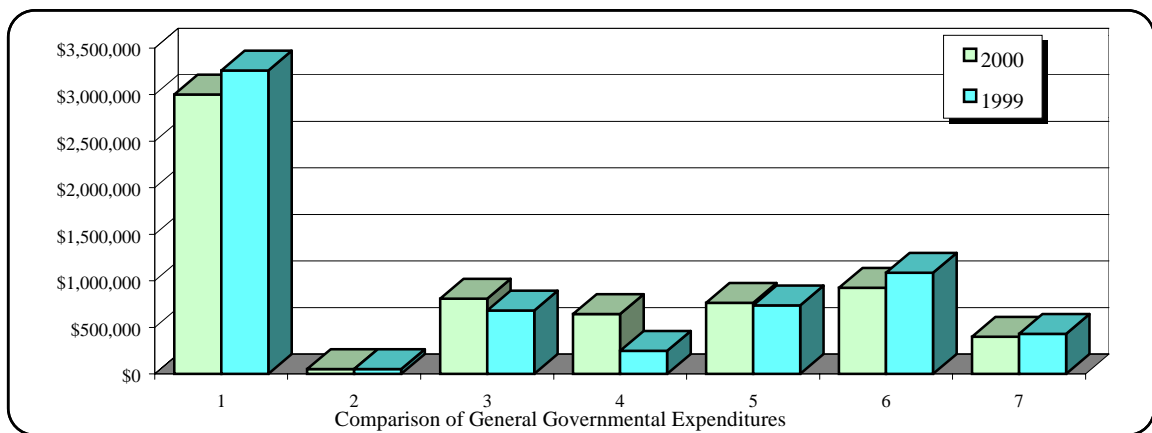
was primarily due to an increased rate of return in the marketplace and larger invested balances throughout the year. The City's investment policies are discussed in more detail later in this letter under the topic of "Cash Management."

All other revenue is a miscellaneous category that includes a variety of less significant revenue sources including miscellaneous rental income and donations. This category of revenues increased by \$153,220 due primarily to the return of \$126,354 from the HNLC-Port Authority that was originally given as seed money when they took over operations of the former air force base. Other revenue represents a very minor percentage of total revenue accounting for only 2.99% of total receipts.

The City of Heath's income tax was initially enacted July 1, 1967 at a rate of 1%. It was increased to its current rate of 1.5% in April of 1988. The tax applies to all wages, salaries, commissions and other compensation paid by employers and/or the net proceeds from the operation of a business profession or other enterprise activity. The collections have gone from \$815,000 in 1968, the first full year of the tax, to \$4,680,890 in 2000.

Expenditures for general governmental purposes (as previously defined) totaled \$6,593,874, an increase of \$103,689 or 1.6% over 2000. Expenditures for the major functions of the City, increases/(decreases) over 1999 and the percentage of the total are shown in the following table:

Expenditures	2000 Total	Percent of Total	1999 Total	Increase (Decrease) over 1999
1. Security of Persons and Property	\$3,000,081	45.50%	\$3,258,024	(\$257,943)
2. Public Health and Welfare Services	52,500	0.80%	52,500	0
3. Leisure Time Activities	809,551	12.28%	680,463	129,088
4. Community Environment	641,264	9.72%	247,051	394,213
5. Transportation	764,587	11.59%	737,225	27,362
6. General Government	925,951	14.04%	1,084,927	(158,976)
7. Debt Service	399,940	6.07%	429,995	(30,055)
Total	\$6,593,874	100.00%	\$6,490,185	\$103,689



Expenditure Narrative

Security of persons and property includes primarily the cost of the operations of the police and fire departments, including dispatching. The majority of the decrease in expenditures in 2000 is a result of decreased overtime paid in the Fire department due to the implementation of the part-time program in 2000.

Leisure time activities experienced an increase in expenditures primarily due to the continued improvements to the City's park system and the associated increases in operation and maintenance costs related to expanded facilities.

Community environment expenditures increased due to the renovation of the Davis-Shai House into a community/cultural center.

Transportation expenditures increased during 2000 due to routine increases for materials and supplies and services.

General government expenditures decreased due primarily to reduced attorney fees associated with the negotiation of new labor contracts with the City's unions in 1999.

Debt Service expenditures decreased during 2000 as interest expenditures decreased due to lower principal balances outstanding throughout the year.

Proprietary Operations

Enterprise Funds:

The City's enterprise operations include a water treatment plant and distribution system and a wastewater treatment facility and a collection system. The enterprise funds are supported by revenues derived from user charges.

Certain pertinent data related to the enterprise operations of the City is presented below.

	Total Assets	Total Equity	Net (Loss)	Return on Assets	Return on Equity
Water	\$10,958,837	\$7,685,246	(\$129,818)	(1.18%)	(1.69%)
Sewer	9,139,679	3,469,644	(391,983)	(4.29%)	(11.30%)

Internal Service Fund:

The City's internal service fund consists of the financing required for the employee partially self-funded insurance program. Money is contributed by the City for the plan which is managed by a third-party administrator.

Fiduciary Operations

The Conn Memorial Trust Fund is used to account for funds left by the Conn family for the care and maintenance of John C. Geller Park. The fund is an expendable trust fund because the trust instrument did not require the preservation of the principal amount of the original gift. During 2000, the City received \$4,607 in interest earnings.

Debt Administration

The Debt Service fund accumulates resources for the payment of principal, interest and associated administrative costs on the City’s general long-term debt. Resources are derived primarily from income tax revenues.

The total bonded debt of the City at December 31, 2000 was \$5,830,000, all of which was unvoted general obligation bonds.

The ratio of property tax supported general bonded debt to assessed value and the amount of bonded debt per capita are considered to be good indicators to municipal managers, citizens and investors in general governmental debt of the City's debt position. The City's debt position as of December 31, 2000, was as follows:

Overall Legal Debt Margin	\$22,871,755
Unvoted Legal Debt Margin	\$11,035,335
General Bonded Debt to Assessed Value	0.84%
General Bonded Debt per Capita	\$232.76

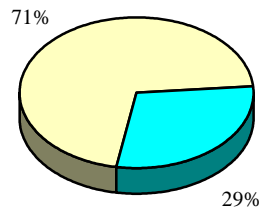
A more thorough presentation of the calculation of these figures is located in the statistical section of this report.

In addition, the City has obtained two loans from the Ohio Water Development Authority (OWDA) which were used to finance the construction of the wastewater treatment plant improvements. The loans are being repaid from the revenues of the wastewater fund. The principal amount of the loans at December 31, 2000 was \$5,375,697.

Cash Management

The City’s cash resources were invested as follows at December 31, 2000:

<u>Cash Resources</u>	<u>2000</u>	<u>%</u>
Cash	\$10,247,260	71%
STAR Ohio	4,195,272	29%
Total Resources	<u>\$14,442,532</u>	<u>100%</u>



The City earned interest on governmental fund investments of \$863,545 for the fiscal year 2000. Interest earned was allocated to the governmental funds. Interest of \$4,607 earned on the Conn Memorial Trust Fund was properly deposited to the trust and an additional \$43,553 in interest was earned on sewer fund investments and was allocated to the sewer fund.

At December 31, 2000, the City had bank balances of \$10,247,260 which were collateralized by pooled collateral. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority.

Risk Management

The City of Heath relied upon traditional insurance markets and conventional policies as a method of asset protection and overall risk management prior to 1994. In 1994, as a result of a request for proposals, the administration recommended to Council that the City join the Ohio Government Risk Management Plan, administered by Rinehart, Walters, Danner and Thompson of Mansfield, Ohio. The change allowed for more comprehensive involvement by the city in planning and implementing risk management approaches in all City departments.

Ohio Government Risk Management Plan is the present primary carrier for the provision of underlying bodily injury, personal injury, property damage, automotive, and general liability coverage. Supplemental protection includes professional liability, honesty bonding and a comprehensive liability policy overlying most of the basic policies.

The City of Heath is committed to promoting and supporting a safe work environment for all City of Heath employees. A city wide safety plan and policy along with the appointment of an OSHA Safety Committee was undertaken in the City of Heath in 1994 after a representative of the Ohio Government Risk Management Plan visited the city to do a “mock” inspection of the city operations. The city then implemented a Safety Plan and programs for a safe work environment. The Safety Plan and Policy adopted in 1995 was updated and distributed to employees by order of the Mayor of the City of Heath in 1999. The City of Heath’s commitment to safety is further supported by the selection of a “Safety Employee of the Year” from the rank and file employees. The award is for commitment to safety, promotion of safety and support of the city safety programs.

An OSHA Safety Committee made up of employees appointed from each of the City of Heath Departments continues to function in the City of Heath. The committee members serve a one-year term and are charged with bringing any safety concerns or needs to the committee for discussion and/or action. Members of the committee elect a chairperson and all committee members have direct access to the Safety Director regarding matters of employee safety. The committee also plans, hosts and evaluates a bi-annual safety fair to provide safety education and information for all full-time, part-time, seasonal, casual, and temporary employees that provided handling of chemicals, vehicle maintenance, confined space response, equipment training, respirator training and general safety programs. An annual safety training is held each June for all summer employees as well as a bi-annual driver’s training certification for all part-time fire department employees.

In addition to the specific areas of risk management noted above, the City requires attendance at monthly citywide safety meetings. The meetings provide a video and written materials on various safety topics from hearing protection to drugs in the workplace. Additionally, each department is encouraged to hold quarterly safety meetings on topics specific to their department, including such general topics as fire extinguisher training, evacuation plans and fire drills.

The City of Heath has been a stable operation with unusually good claims and loss experience since its designation as a city in 1965.

Health Insurance

The City Council authorized a partially self-funded medical coverage program for City employees in 1993. The program is administered by Professional Claims Management of Canton, Ohio. The program provides that the City pay medical expenses of eligible employees and dependents in excess of established deductibles and/or co-pay amounts for agreed upon services and supplies during the calendar year. The City maintains a stop loss of \$10,000 per person per year with a \$2,000,000 lifetime per person maximum and has reinsurance with the Insurance Company of North America. Pre-existing conditions do apply to all new employees and co-pays apply for in-network and deductibles for out-of-network services. Utilization and peer review are contracted with the network.

During 2000 the cost of the employee health insurance was paid 100% by the City of Heath.

Workers' Compensation

The City of Heath joined the Ohio Municipal League (OML) Worker's Compensation Pool in 1992. The pool groups similar municipal employers to gain a greater discount in worker's compensation premiums for City employees. Section 4123.29 of the Ohio Revised Code, and the rules promulgated thereunder, permit the establishment of the employer group-rating plan. Said plans pool and group the experience (payroll amounts and claims losses) of the participating employers in order to create a lower worker's compensation premium rate. The Ohio Municipal League (OML) as a sponsoring organization offers the plan to achieve lower worker's compensation premium rates for participants and to promote establishment of a safer working environment.

The OML Worker's Compensation Pool will accept member municipalities in good standing for participation if their claim losses are less than the Bureau's expected losses determined at the group level. No municipality will be invited to participate whose claim losses are projected to exceed the Bureau's expected loss level for the effective date of the group rating year and/or the year after. Each participant must qualify annually to continue to be a group member. The OML reserves the right to implement equity pooling in any rating year to ensure equitable savings.

Acknowledgments

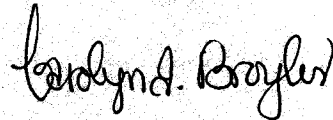
Sincere appreciation is extended to the individuals who have contributed their time and effort in gathering data for this report. I am indebted to the following staff members; Linda Richards, Assistant Auditor; Vicki Miller, Administrative Assistant; Debbie Whitefield, Utility Billing; Wanda Dixon, Utility Billing; Lynn Hunt, Clerk of Council; Ann Gilbert, Tax Commissioner; and our Department Heads for the extra effort they put forth in the preparation of this report.

Special acknowledgment is extended to the staff of Donald J. Schonhardt and Associates, Inc. for their guidance in the preparation of this report.

Special thanks to the members of Heath City Council and Mayor Daniel L. Dupps whose support is necessary for the City of Heath to conform to reporting requirements established for municipal governments to maintain the sound financial position that the City has enjoyed for many years.

Finally, my gratitude to the people of Heath for electing me to a third term as their City Auditor.

Respectfully,

A handwritten signature in cursive script that reads "Carolyn J. Broyles".

Carolyn J. Broyles
City Auditor

THE CITY OF HEATH, OHIO

LICKING COUNTY

**PRINCIPAL OFFICIALS
AS OF DECEMBER 31, 2000**

ELECTED OFFICIALS	OFFICE	TERM EXPIRES	SURETY
Daniel L. Dupps	Mayor	12/31/01	
Carolyn J. Broyles	Auditor	03/31/04	A
Keith Alexander	Council Member at Large Council President	12/31/03	
James W. Watercutter	Council Member - Ward 1 President-Pro-Tem	12/31/01	
Dr. Ronald Krueger	Council Member at Large	12/31/03	
Deborah Kraning	Council Member - Ward 3	12/31/01	
Jerry Staley	Council Member - Ward 2	12/31/01	
Cledys Henry	Council Member at Large	12/31/03	
Tim Kelley	Council Member at Large	12/31/03	

ADMINISTRATIVE PERSONNEL	TITLE	TERM OF OFFICE	SURETY
Anne Gilbert	Income Tax Commissioner	Indefinite	A
Scott Ingersoll	Police Chief	Indefinite	
Mark Huggins	Fire Chief	Indefinite	
David Brenner	Utilities Director	Indefinite	
Jeff Penrose	Street Superintendant	Indefinite	
Robert Geller	Parks Superintendant	Indefinite	
John Groff	Building and Zoning Inspector	Indefinite	
Richard Bindley	Law Director	Indefinite	
Harvey Shapiro	Prosecutor	Indefinite	
Linda M. Richards	Assistant Auditor	Indefinite	
Vicki L. Miller	Administrative Assistant	Indefinite	
Lynn M. Hunt	Clerk of Council	Indefinite	
Debra R. Fleming	Mayor's Secretary/ Administrative Assistant	Indefinite	
Rhonda White	Recreation Director	Indefinite	

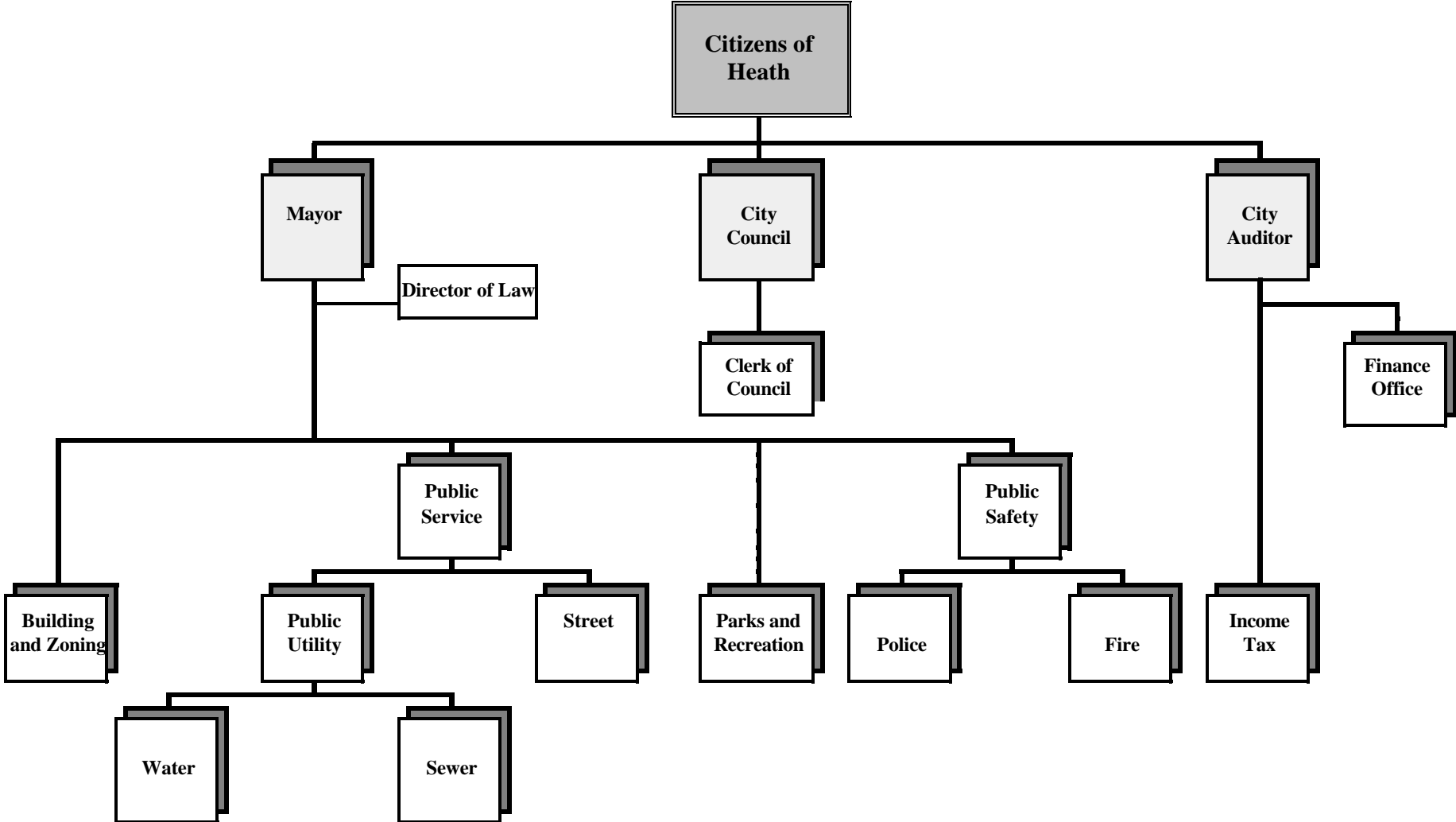
(A) \$100,000 Ohio Government Risk Management Plan 01/1/00 - 12/31/00

City Address:

Heath City Hall
1287 Hebron Road
Heath, Ohio 43056

The City of Heath, Ohio

Organizational Chart



□ Elected Officials

Boards and Commissions

- | | |
|--------------------------------------|-----------------------------------|
| Parks and Recreation Board | Civil Service Commission |
| Air Pollution Control Board | Planning Commission |
| Board of Zoning and Building Appeals | Reuse Commission / Port Authority |
| | Charter Review Commission |

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Heath,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Anne Spray Kinney
President

Jeffrey L. Esser
Executive Director



FINANCIAL SECTION

WOLFE, WILSON, & PHILLIPS
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of City Council
City of Heath
Heath, Ohio 43056

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Heath as of December 31, 2000, and the results of its operations and the cash flows of its proprietary funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 1, 2001, on our consideration of City of Heath's internal control structure over financial reporting 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 in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements of the City, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*", and is not a required part of the general purpose financial statements. The combining, individual fund and account group financial statements 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 of the City. 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 presented in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the introductory and statistical information as listed in the table of contents, and, therefore, express no opinion thereon.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
May 1, 2001



GENERAL PURPOSE FINANCIAL STATEMENTS

THE FOLLOWING GENERAL PURPOSE FINANCIAL STATEMENTS, ALONG WITH THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, PRESENT AN OVERVIEW OF THE CITY'S FINANCIAL POSITION AT DECEMBER 31, 2000 AND THE RESULTS OF OPERATIONS AND CASH FLOWS OF ITS PROPRIETARY FUNDS FOR THE YEAR THEN ENDED.

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THE CITY OF HEATH, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2000

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
Assets and Other Debits:				
Assets:				
Cash and Cash Equivalents	\$4,263,351	\$1,953,252	\$648,277	\$4,055,745
Receivables (net of allowance for doubtful accounts):				
Taxes	957,413	726,091	94,071	156,786
Accounts	10,875	250	0	0
Interest	84,175	0	0	0
Intergovernmental Receivables	55,177	20,875	0	31,789
Inventory of Supplies at Cost	39,189	42,771	0	0
Prepaid Items	39,480	13,179	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Construction in Progress	0	0	0	0
Restricted Assets:				
Cash with Fiscal Agent	0	109,684	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$5,449,660</u>	<u>\$2,866,102</u>	<u>\$742,348</u>	<u>\$4,244,320</u>
Liabilities, Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$86,999	\$48,033	\$0	\$17,630
Accrued Wages and Benefits	99,621	136,435	0	0
Intergovernmental Payable	1,514	0	0	0
Accrued Interest Payable	0	0	0	0
Deferred Revenue	636,294	835,775	12,076	20,127
Compensated Absences Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Installment Loans Payable	0	0	0	0
Ohio Water Development Authority Loans Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u>824,428</u>	<u>1,020,243</u>	<u>12,076</u>	<u>37,757</u>
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	4,840	342,139	0	176,072
Reserved for Supplies Inventory	39,189	42,771	0	0
Reserved for Prepaid Items	39,480	13,179	0	0
Reserved for Debt Service	0	0	730,272	0
Unreserved	4,541,723	1,447,770	0	4,030,491
Total Equity and Other Credits	<u>4,625,232</u>	<u>1,845,859</u>	<u>730,272</u>	<u>4,206,563</u>
Total Liabilities, Equity and Other Credits	<u>\$5,449,660</u>	<u>\$2,866,102</u>	<u>\$742,348</u>	<u>\$4,244,320</u>

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

THE CITY OF HEATH, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2000

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Type</i>	<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Funds	Internal Service Fund	Expendable Trust Funds	General Fixed Assets	General Long-Term Obligations	
\$3,215,000	\$157,586	\$149,321	\$0	\$0	\$14,442,532
0	0	0	0	0	1,934,361
386,925	0	0	0	0	398,050
0	0	0	0	0	84,175
0	0	0	0	0	107,841
103,701	0	0	0	0	185,661
11,684	0	0	0	0	64,343
16,107,747	0	0	10,832,869	0	26,940,616
273,459	0	0	325,622	0	599,081
0	0	0	0	0	109,684
0	0	0	0	730,272	730,272
0	0	0	0	2,571,396	2,571,396
<u>\$20,098,516</u>	<u>\$157,586</u>	<u>\$149,321</u>	<u>\$11,158,491</u>	<u>\$3,301,668</u>	<u>\$48,168,012</u>
\$211,017	\$82,219	\$7,500	\$0	\$0	\$453,398
34,150	0	0	0	0	270,206
0	0	0	0	0	1,514
12,319	0	0	0	0	12,319
0	0	0	0	0	1,504,272
103,186	0	0	0	408,125	511,311
92,239	0	0	0	305	305
5,375,697	0	0	0	178,238	270,477
3,115,000	0	0	0	0	5,375,697
8,943,608	82,219	7,500	0	2,715,000	5,830,000
0	0	0	11,158,491	0	11,158,491
4,700,036	0	0	0	0	4,700,036
6,454,872	75,367	0	0	0	6,530,239
0	0	0	0	0	523,051
0	0	0	0	0	81,960
0	0	0	0	0	52,659
0	0	0	0	0	730,272
0	0	141,821	0	0	10,161,805
11,154,908	75,367	141,821	11,158,491	0	33,938,513
<u>\$20,098,516</u>	<u>\$157,586</u>	<u>\$149,321</u>	<u>\$11,158,491</u>	<u>\$3,301,668</u>	<u>\$48,168,012</u>



THE CITY OF HEATH, OHIO
COMBINED STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	<i>Governmental Fund Types</i>			<i>Fiduciary Fund Type</i>		Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Funds	
Revenues:						
Taxes	\$3,158,245	\$607,413	\$702,133	\$1,170,223	\$50,000	\$5,688,014
Intergovernmental Revenues	474,407	480,630	0	803,033	0	1,758,070
Charges for Services	159,678	155,252	0	0	1,500	316,430
Licenses and Permits	63,897	0	0	0	0	63,897
Investment Earnings	801,186	62,359	0	0	4,607	868,152
Fines and Forfeitures	33,176	13,852	0	0	0	47,028
All Other Revenues	162,551	44,516	0	1,000	466	208,533
Total Revenues	<u>4,853,140</u>	<u>1,364,022</u>	<u>702,133</u>	<u>1,974,256</u>	<u>56,573</u>	<u>8,950,124</u>
Expenditures:						
Current:						
Security of Persons and Property	2,287,539	712,542	0	113,323	0	3,113,404
Public Health and Welfare Services	52,500	0	0	0	0	52,500
Leisure Time Activities	609,743	199,808	0	254,254	0	1,063,805
Community Environment	260,136	381,128	0	1,487	10,020	652,771
Basic Utility Services	0	0	0	252,591	0	252,591
Transportation	0	764,587	0	1,834,898	0	2,599,485
General Government	925,951	0	0	82,307	0	1,008,258
Debt Service:						
Principal Retirements	0	30,563	235,000	0	0	265,563
Interest and Fiscal Charges	0	6,117	128,260	0	0	134,377
Total Expenditures	<u>4,135,869</u>	<u>2,094,745</u>	<u>363,260</u>	<u>2,538,860</u>	<u>10,020</u>	<u>9,142,754</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	717,271	(730,723)	338,873	(564,604)	46,553	(192,630)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	3,277	50	0	0	0	3,327
Proceeds from Installment Loan	0	0	0	95,165	0	95,165
Operating Transfers In	0	531,000	0	198,403	0	729,403
Operating Transfers Out	(443,000)	0	(185,353)	(276,403)	(10,000)	(914,756)
Total Other Financing Sources (Uses)	<u>(439,723)</u>	<u>531,050</u>	<u>(185,353)</u>	<u>17,165</u>	<u>(10,000)</u>	<u>(86,861)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	277,548	(199,673)	153,520	(547,439)	36,553	(279,491)
Fund Balance at Beginning of Year	4,346,923	2,074,674	576,752	4,754,002	105,268	11,857,619
Increase (Decrease) in Inventory Reserve	761	(29,142)	0	0	0	(28,381)
Fund Balance at End of Year	<u>\$4,625,232</u>	<u>\$1,845,859</u>	<u>\$730,272</u>	<u>\$4,206,563</u>	<u>\$141,821</u>	<u>\$11,549,747</u>

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

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

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$3,251,415	\$3,166,263	(\$85,152)	\$615,050	\$607,413	(\$7,637)
Intergovernmental Revenues	508,715	457,138	(51,577)	476,905	484,112	7,207
Charges for Services	118,000	165,767	47,767	156,000	155,252	(748)
Licenses and Permits	41,650	63,897	22,247	0	0	0
Investment Earnings	771,100	783,311	12,211	56,000	62,359	6,359
Fines and Forfeitures	40,500	36,326	(4,174)	12,400	13,098	698
All Other Revenues	6,250	162,551	156,301	38,600	44,266	5,666
Total Revenues	<u>4,737,630</u>	<u>4,835,253</u>	<u>97,623</u>	<u>1,354,955</u>	<u>1,366,500</u>	<u>11,545</u>
Expenditures:						
Current:						
Security of Persons and Property	2,546,976	2,298,060	248,916	783,109	734,593	48,516
Public Health and Welfare Services	55,000	52,500	2,500	0	0	0
Leisure Time Activities	746,952	637,056	109,896	284,571	193,649	90,922
Community Environment	291,016	252,373	38,643	629,785	626,650	3,135
Basic Utility Services	0	0	0	0	0	0
Transportation	0	0	0	1,051,366	858,090	193,276
General Government	1,273,782	968,194	305,588	0	0	0
Debt Service:						
Principal Retirement	0	0	0	30,563	30,563	0
Interest and Fiscal Charges	0	0	0	6,117	6,117	0
Total Expenditures	<u>4,913,726</u>	<u>4,208,183</u>	<u>705,543</u>	<u>2,785,511</u>	<u>2,449,662</u>	<u>335,849</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(176,096)	627,070	803,166	(1,430,556)	(1,083,162)	347,394
Other Financing Sources (Uses):						
Proceeds from Installment Loan	0	0	0	0	0	0
Proceeds from Sale of Fixed Assets	0	3,277	3,277	0	50	50
Operating Transfers In	0	0	0	530,000	531,000	1,000
Operating Transfers Out	(443,000)	(443,000)	0	0	0	0
Total Other Financing Sources (Uses)	<u>(443,000)</u>	<u>(439,723)</u>	<u>3,277</u>	<u>530,000</u>	<u>531,050</u>	<u>1,050</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(619,096)	187,347	806,443	(900,556)	(552,112)	348,444
Fund Balance at Beginning of Year	3,919,856	3,919,856	0	2,022,970	2,022,970	0
Prior Year Encumbrances	101,936	101,936	0	96,770	96,770	0
Fund Balance at End of Year	<u>\$3,402,696</u>	<u>\$4,209,139</u>	<u>\$806,443</u>	<u>\$1,219,184</u>	<u>\$1,567,628</u>	<u>\$348,444</u>

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

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

<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$675,000	\$704,138	\$29,138	\$1,150,000	\$1,173,564	\$23,564	\$5,691,465	\$5,651,378	(\$40,087)
0	0	0	771,200	771,244	44	1,756,820	1,712,494	(44,326)
0	0	0	0	0	0	274,000	321,019	47,019
0	0	0	0	0	0	41,650	63,897	22,247
0	0	0	0	0	0	827,100	845,670	18,570
0	0	0	0	0	0	52,900	49,424	(3,476)
0	0	0	0	1,000	1,000	44,850	207,817	162,967
675,000	704,138	29,138	1,921,200	1,945,808	24,608	8,688,785	8,851,699	162,914
0	0	0	142,269	133,869	8,400	3,472,354	3,166,522	305,832
0	0	0	0	0	0	55,000	52,500	2,500
0	0	0	266,454	264,304	2,150	1,297,977	1,095,009	202,968
0	0	0	1,487	1,487	0	922,288	880,510	41,778
0	0	0	284,329	266,396	17,933	284,329	266,396	17,933
0	0	0	2,096,024	2,087,865	8,159	3,147,390	2,945,955	201,435
0	0	0	132,009	123,548	8,461	1,405,791	1,091,742	314,049
350,000	275,000	75,000	0	0	0	380,563	305,563	75,000
273,613	273,613	0	0	0	0	279,730	279,730	0
623,613	548,613	75,000	2,922,572	2,877,469	45,103	11,245,422	10,083,927	1,161,495
51,387	155,525	104,138	(1,001,372)	(931,661)	69,711	(2,556,637)	(1,232,228)	1,324,409
0	0	0	95,000	95,165	165	95,000	95,165	165
0	0	0	0	0	0	0	3,327	3,327
0	0	0	175,000	198,403	23,403	705,000	729,403	24,403
0	0	0	(276,403)	(276,403)	0	(719,403)	(719,403)	0
0	0	0	(6,403)	17,165	23,568	80,597	108,492	27,895
51,387	155,525	104,138	(1,007,775)	(914,496)	93,279	(2,476,040)	(1,123,736)	1,352,304
492,752	492,752	0	2,993,582	2,993,582	0	9,429,160	9,429,160	0
0	0	0	1,782,957	1,782,957	0	1,981,663	1,981,663	0
\$544,139	\$648,277	\$104,138	\$3,768,764	\$3,862,043	\$93,279	\$8,934,783	\$10,287,087	\$1,352,304



THE CITY OF HEATH, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
<u>Operating Revenues:</u>			
Charges for Services	\$2,608,983	\$209,816	\$2,818,799
Other Operating Revenues	5,030	0	5,030
Total Operating Revenues	<u>2,614,013</u>	<u>209,816</u>	<u>2,823,829</u>
<u>Operating Expenses:</u>			
Personal Services	876,274	365,134	1,241,408
Materials and Supplies	224,605	0	224,605
Contractual Services	902,710	0	902,710
Depreciation	876,133	0	876,133
Total Operating Expenses	<u>2,879,722</u>	<u>365,134</u>	<u>3,244,856</u>
Operating Loss	(265,709)	(155,318)	(421,027)
<u>Non-Operating Revenues (Expenses):</u>			
Interest Earnings	43,553	0	43,553
Interest and Fiscal Charges	(432,315)	0	(432,315)
Loss on Disposal of Fixed Assets	(52,683)	0	(52,683)
Total Non-Operating Revenues (Expenses)	<u>(441,445)</u>	<u>0</u>	<u>(441,445)</u>
Loss Before Operating Transfers	(707,154)	(155,318)	(862,472)
<u>Operating Transfers:</u>			
Operating Transfers In	185,353	0	185,353
Total Operating Transfers	<u>185,353</u>	<u>0</u>	<u>185,353</u>
Net Loss	(521,801)	(155,318)	(677,119)
Restated Retained Earnings at Beginning of Year	<u>6,976,673</u>	<u>230,685</u>	<u>7,207,358</u>
Retained Earnings at End of Year	<u><u>\$6,454,872</u></u>	<u><u>\$75,367</u></u>	<u><u>\$6,530,239</u></u>

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

THE CITY OF HEATH, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$2,586,136	\$209,816	\$2,795,952
Cash Payments for Goods and Services	(1,227,011)	0	(1,227,011)
Cash Payments to Employees	(865,379)	(355,115)	(1,220,494)
Other Operating Cash Receipts	5,030	0	5,030
Net Cash Provided (Used) by Operating Activities	<u>498,776</u>	<u>(145,299)</u>	<u>353,477</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	185,353	0	185,353
Net Cash Provided by Noncapital Financing Activities	<u>185,353</u>	<u>0</u>	<u>185,353</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Principal Paid on General Obligation Bonds	(115,000)	0	(115,000)
Acquisition and Construction of Assets	(195,118)	0	(195,118)
Cash Received from Tap In Fees in Excess of Cost	194,850	0	194,850
Principal Paid on Ohio Water Development Authority Loans	(372,625)	0	(372,625)
Principal Paid on Installment Loans	(21,761)	0	(21,761)
Interest Paid on All Debt	(432,109)	0	(432,109)
Net Cash Used by Capital and Related Financing Activities	<u>(941,763)</u>	<u>0</u>	<u>(941,763)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	43,553	0	43,553
Net Cash Provided by Investing Activities	<u>43,553</u>	<u>0</u>	<u>43,553</u>
Net Decrease in Cash and Cash Equivalents	(214,081)	(145,299)	(359,380)
Cash and Cash Equivalents at Beginning of Year	3,429,081	302,885	3,731,966
Cash and Cash Equivalents at End of Year	<u>\$3,215,000</u>	<u>\$157,586</u>	<u>\$3,372,586</u>

(Continued)

THE CITY OF HEATH, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
<u>Reconciliation of Operating Loss to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Loss	(\$265,709)	(\$155,318)	(\$421,027)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	876,133	0	876,133
Changes to Assets and Liabilities:			
Increase in Accounts Receivable	(22,847)	0	(22,847)
Increase in Inventory	(23,938)	0	(23,938)
Increase in Prepaid Items	(6,066)	0	(6,066)
Increase (Decrease) in Accounts Payable	(69,812)	10,019	(59,793)
Decrease in Accrued Wages and Benefits Payable	(9,116)	0	(9,116)
Increase in Compensated Absences Payable	20,131	0	20,131
Total Adjustments	<u>764,485</u>	<u>10,019</u>	<u>774,504</u>
Net Cash Provided (Used) by Operating Activities	<u>\$498,776</u>	<u>(\$145,299)</u>	<u>\$353,477</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2000, the Water and Sewer Funds had outstanding liabilities of \$38,889 and \$124,901, respectively for the purchase of certain capital assets. The Water and Sewer Funds received capital assets contributed from other funds in the amounts of \$6,826 and \$2,640, respectively.

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

THE CITY OF HEATH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Heath, Ohio (the "City") is a home rule municipal corporation created under the laws of the State of Ohio. Heath was first incorporated as a village on March 21, 1952 and achieved city status on April 28, 1965. The City currently operates under and is governed by its own Charter. The current Charter, which provides for a Mayor-Council form of government, was adopted in 1964.

The accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2000 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, account groups, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, emergency medical, parks, recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and operates a water treatment and distribution system and a wastewater treatment and collection system which are reported as enterprise funds.

B. Basis of Presentation - Fund Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City created the Self Insurance Internal Service Fund to pay employee health insurance claims and life insurance premiums.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

Trust Funds - These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains three expendable trust funds. The expendable trust funds are accounted for and reported similarly to governmental funds.

Account Groups

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

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

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

C. Basis of Accounting

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Property taxes measurable as of December 31, 2000 but which are not intended to finance 2000 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

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

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

D. Budgetary Process

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

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

1. Tax Budget

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2000.

3. Appropriations

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

4. Encumbrances

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

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

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
GAAP Basis (as reported)	\$277,548	(\$199,673)	\$153,520	(\$547,439)
Increase (Decrease):				
Accrued Revenues at December 31, 2000 received during 2001	(471,346)	(21,125)	(81,995)	(168,448)
Accrued Revenues at December 31, 1999 received during 2000	453,459	23,603	84,000	140,000
Accrued Expenditures at December 31, 2000 paid during 2001	188,134	184,468	0	17,630
Accrued Expenditures at December 31, 1999 paid during 2000	(200,409)	(154,071)	0	(162,537)
1999 Prepays for 2000	33,653	13,489	0	0
2000 Prepays for 2001	(39,480)	(13,179)	0	0
Outstanding Encumbrances	(54,212)	(385,624)	0	(193,702)
Budget Basis	\$187,347	(\$552,112)	\$155,525	(\$914,496)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents

During fiscal year 2000, cash and cash equivalents included amounts in demand deposits, certificates of deposit with original maturities less than months and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the general purpose financial statements.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each had maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds consider their share of equity in STAR Ohio to be cash equivalents. (See Note 4, "Cash, Cash Equivalents and Investments.")

F. Investments

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

The City has invested funds in the STAR Ohio during 2000. 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.

G. Inventory

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

H. Fixed Assets and Depreciation

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

1. Property, Plant and Equipment - General Governmental Purposes

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

1. Property, Plant and Equipment - General Governmental Purposes (Continued)

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

General fixed asset values were initially determined at December 31, 1992 by appraisal utilizing the services of Industrial Appraisal Associates. Land and proprietary infrastructure were valued by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

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

2. Property, Plant and Equipment - Proprietary Funds

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

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

<u>Description</u>	<u>Estimated Lives (Years)</u>
Buildings	15 - 40
Improvements Other Than Buildings	50
Machinery, Equipment, Furniture and Fixtures	5 - 10

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Long-Term Obligations

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

Obligation	Fund
General Obligation Bonds	Debt Service Fund Water Fund
Installment Loans	Capital Improvements Fund Sewer Fund
Capital Leases	General Fund
Ohio Water Development Authority Loans	Sewer Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Water Fund Sewer Fund

J. Compensated Absences

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

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group.

Compensated absences are expensed in the water and sewer enterprise funds when earned, and the related liability is reported within the fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Pensions

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

L. Interfund Transactions

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

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance.

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

M. Reservations of Fund Balance

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

N. Contributed Capital

Proprietary fund type contributed capital is recorded at the fair market value of the related assets at the date received. Depreciation on contributed fixed assets resulting from grants, entitlements and shared revenues is recorded as an operating expense and closed along with other operating expenses directly to retained earnings.

O. Total Columns on Combined Financial Statements - Overview

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

NOTE 2 – RESTATEMENT OF RETAINED EARNINGS

The retained earnings balance of the Sewer Fund was restated to correct an error in the recording of installment loans payable at December 31, 1999. The balance of installment loans payable in the General Long-Term Obligations Account Group was also restated to correct an error in the recording of installment loans payable. The restatements resulted in the following changes:

<u>Description</u>	<u>Sewer Fund</u>	<u>Description</u>	<u>General Long-Term Obligations</u>
Retained Earnings (As Reported) at December 31, 1999	\$1,690,033	Total General Long-Term Debt and Other Long-Term Obligations (As Reported)	\$3,560,615
Restatement of Installment Loans Payable	<u>(114,000)</u>	Restatement of Installment Loans Payable	<u>(114,000)</u>
Retained Earnings (As Restated) at December 31, 1999	<u>\$1,576,033</u>	Total General Long-Term Debt and Other Long-Term Obligations (As Restated)	<u>\$3,446,615</u>

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The fund deficits at December 31, 2000 of \$29,225 in the Fire Pension Fund and \$6,316 in the Police Pension Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. Deficits do not exist under the budgetary/cash basis of accounting. Operating transfers are provided when cash is required, not when accruals occur.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds. Statutes require the classification of funds held by the City into three categories.

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

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

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

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, *"Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,"* collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

Deposits:

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

Investments:

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

A. Deposits

At year end the carrying amount of the City's deposits was \$10,247,260 and the bank balance was \$10,871,696. Federal depository insurance covered \$200,000 of the bank balance, and all remaining deposits were classified as Category 3.

B. Investments

The City's investments at December 31, 2000 are summarized below:

<u>Non-Categorized Investments</u>	<u>Fair Value</u>
STAR Ohio	\$4,195,272

C. Cash With Fiscal Agent

The City has uninsured and uncollateralized cash in the amount of \$109,684 being held by the Licking County Engineer. This cash is restricted in its use for various road improvement projects.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

D. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. STAR Ohio and certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are 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 items A and B of this note are as follows:

	Cash and Cash Equivalents *	Investments
Per Combined Balance Sheet	\$14,442,532	\$0
Investments:		
STAR Ohio	(4,195,272)	4,195,272
Per GASB Statement No. 3	<u>\$10,247,260</u>	<u>\$4,195,272</u>

* Does not include Cash with Fiscal Agent

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property located in the City and used in business. Real property taxes (other than public utility) collected during 2000 were levied after October 1, 1999 on assessed values as of January 1, 1999, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 1999. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that 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 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; the remainder payable by September 20.

NOTE 5 - TAXES (Continued)

A. Property Taxes (Continued)

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Heath. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2000 was \$5.40 per \$1,000 of assessed value. The assessed value upon which the 2000 levy was based was \$236,728,410. This amount constitutes \$179,921,790 in real property assessed value, \$7,519,920 in public utility assessed value and \$49,286,700 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .540% (5.40 mills) of assessed value.

B. Income Tax

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

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

NOTE 6 - RECEIVABLES

Receivables at December 31, 2000 consisted of taxes, accounts receivables and intergovernmental receivables arising from shared revenues.

NOTE 7 - TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2000:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$443,000
Special Revenue Funds:		
Street Construction, Maintenance and Repair Fund	250,000	0
Fire Pension Fund	68,000	0
Police Pension Fund	125,000	0
Grants Fund	88,000	0
Total Special Revenue Funds	<u>531,000</u>	<u>0</u>
Debt Service Fund:		
General Obligation Debt Service Fund	0	185,353
Capital Projects Funds:		
Capital Improvement Fund	198,403	78,000
Thornwood Drive Culverts Fund	0	198,403
Total Capital Projects Funds	<u>198,403</u>	<u>276,403</u>
Expendable Trust Fund:		
Shai House Fund	0	10,000
Enterprise Fund:		
Water Fund	185,353	0
Totals	<u><u>\$914,756</u></u>	<u><u>\$914,756</u></u>

NOTE 8 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets:

Category	December 31, 1999	Additions	Deletions	December 31, 2000
Land	\$672,686	\$0	\$0	\$672,686
Buildings	4,202,228	32,935	(2,357)	4,232,806
Improvements Other Than Buildings	479,566	94,815	(4,895)	569,486
Machinery and Equipment	5,126,576	408,498	(177,183)	5,357,891
Construction in Progress	0	325,622	0	325,622
Totals	<u><u>\$10,481,056</u></u>	<u><u>\$861,870</u></u>	<u><u>(\$184,435)</u></u>	<u><u>\$11,158,491</u></u>

NOTE 8 - FIXED ASSETS (Continued)

A. General Fixed Assets (Continued)

Schedule of General Fixed Assets at December 31, 2000:

General Fixed Assets		Investment in General Fixed Assets	
		Assets Acquired Prior to 1990	\$61,192
		General Fund	1,698,606
Land	\$672,686	Special Revenue Funds	1,626,111
Buildings	4,232,806	Capital Projects Funds	6,728,582
Improvements Other Than Buildings	569,486	Proprietary Funds	10,281
Machinery and Equipment	5,357,891	Fiduciary Funds	1,000
Construction in Progress	<u>325,622</u>	Donations	<u>1,032,719</u>
Total	<u><u>\$11,158,491</u></u>	Total	<u><u>\$11,158,491</u></u>

B. Proprietary Fixed Assets

Summary by Category at December 31, 2000:

Category	Historic Cost	Accumulated Depreciation	Book Value
Land	\$397,374	\$0	\$397,374
Buildings and Improvements	13,403,088	(2,851,028)	10,552,060
Infrastructure	9,665,912	(5,397,636)	4,268,276
Machinery and Equipment	4,669,322	(3,779,285)	890,037
Construction in Progress	<u>273,459</u>	<u>0</u>	<u>273,459</u>
Property, Plant and Equipment	<u><u>\$28,409,155</u></u>	<u><u>(\$12,027,949)</u></u>	<u><u>\$16,381,206</u></u>

NOTE 9 – DEFINED BENEFIT PENSION PLANS

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

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

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for state and local government divisions. The 2000 employer contribution rate for local government employer units was 10.84%, of covered payroll, 6.54% to fund the pension and 4.3% to fund health care. The 1999 and 1998 employer contribution rates were 13.55%. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City’s contributions to the PERS of Ohio for the years ending December 31, 2000, 1999 and 1998 were \$228,771, \$283,018 and \$265,147, respectively, which were equal to the required contributions for each year.

The PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the PERS of Ohio is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer’s contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 2000 employer contribution rate (identified above) that was used to fund health care for the year 2000 was 4.3% of covered payroll which amounted to \$90,749.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Public Employees Retirement System (the “PERS of Ohio”) (Continued)

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the PERS of Ohio’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 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 5.1%. Health care costs were assumed to increase 4.75% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 401,339. The actuarial value of the PERS of Ohio net assets available for OPEB at December 31, 1999 is \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively.

B. Ohio Police and Fire Pension Fund (the “OP&F Fund”)

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2000, 1999 and 1998 were \$170,843, \$169,604 and \$160,434 for police and \$156,248, \$161,284 and \$144,567 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The Ohio Revised Code provides that health care costs

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund (the “OP&F Fund”) (Continued)

paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2000 covered payroll that was used to fund postemployment health care benefits was \$63,519 representing 7.25% of covered payroll for police and \$47,200 representing 7.25% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 1999, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 12,467 for police and 9,807 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 1999 were \$95,004,633, which was net of member contributions of \$5,518,098.

NOTE 10 – COMPENSATED ABSENCES

The City accrues a liability for accumulated unpaid sick, vacation, and compensatory time when earned by employees. Employees earn sick and vacation leave at varying rates based upon length of service. Upon retirement, an employee with ten or more years of service with the City will be compensated for their accumulated sick leave at a rate of 50% of the balance. Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. The amount increased from a beginning year balance of \$380,403 to a year end balance of \$408,125.

At December 31, 2000, the total accumulated unpaid compensated absences time recorded in the General Long-Term Obligations Account Group was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	18,972	\$372,332
Vacation / Compensatory Time	<u>2,579</u>	<u>35,793</u>
Total	<u>21,551</u>	<u>\$408,125</u>

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2000 were as follows:

		Balance December 31, 1999	Issued (Retired)	Balance December 31, 2000	
Enterprise Funds:					
General Obligation Bond:					
3.70 - 4.75%	Water Improvement	2018	\$3,230,000	(\$115,000)	\$3,115,000
Ohio Water Development Authority Loans:					
5.00%	Loan SRF-112	2012	4,672,607	(292,492)	4,380,115
5.00%	Loan SRF-114	2010	1,075,715	(80,133)	995,582
Subtotal OWDA Loans			5,748,322	(372,625)	5,375,697
Installment Loan Payable			114,000	(\$21,761)	92,239
Total Enterprise Long-Term Debt			\$9,092,322	(\$509,386)	\$8,582,936
General Long-Term Debt:					
General Obligation Bonds:					
3.70 - 4.25%	30th Street Improvement	2005	\$1,110,000	(\$170,000)	\$940,000
3.70 - 4.75%	Fire Station Improvement	2018	1,840,000	(65,000)	1,775,000
Total General Long-Term Debt			2,950,000	(235,000)	2,715,000
Other Long-Term Obligations:					
Capital Leases			2,212	(1,907)	305
Installment Loan Payable			114,000	95,165	178,238
				(30,927)	
Compensated Absences			380,403	27,722	408,125
Total Other Long-Term Obligations			496,615	90,053	586,668
Total General Long-Term Debt and Other Long-Term Obligations			\$3,446,615	(\$144,947)	\$3,301,668

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

Years	General Obligation Bonds		Installment Loans		OWDA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2001	\$360,000	\$259,788	\$60,059	\$13,300	\$391,489	\$263,952
2002	370,000	245,387	63,208	10,150	411,308	244,133
2003	400,000	230,403	66,524	6,835	432,331	223,111
2004	400,000	214,013	70,015	3,338	453,807	201,634
2005	415,000	197,202	10,671	306	476,992	178,450
2006-2010	1,235,000	794,690	0	0	2,706,132	504,610
2011-2015	1,535,000	489,263	0	0	503,638	18,863
2016-2018	1,115,000	107,588	0	0	0	0
Totals	\$5,830,000	\$2,538,334	\$270,477	\$33,929	\$5,375,697	\$1,634,753

Debt of the Enterprise Funds is recorded within the Enterprise Funds. All other debt is reflected in the General Long-Term Obligations Account Group.

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

A. Defeased Debt

In August 1998, the City defeased \$1,300,000 of General Obligation Bonds for 30th Street Improvements dated November 1, 1989 (the "1989 Bonds") through the issuance of \$1,420,000 of General Obligation Bonds for 30th Street Improvements (the "1998 Bonds"). The net proceeds of the 1998 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which had an outstanding balance of \$895,000 at December 31, 2000 are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

NOTE 12 - CAPITAL LEASES

The City leases a copier and a mailing machine under capital leases. The cost of the equipment obtained under the capital leases are included in the General Fixed Assets Account Group and the related liability in the General Long-Term Obligations Account Group. The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2000:

<u>Year Ending December 31,</u>	<u>Capital Leases</u>
2001	<u>\$312</u>
Minimum Lease Payments	312
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(7)</u>
Present value of minimum lease payments	<u><u>\$305</u></u>

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City carries commercial insurance policies to cover comprehensive liability, official and employee errors and omissions, and property and equipment. There has been no significant reduction in insurance coverages from the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE 13 - RISK MANAGEMENT (Continued)

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs. The City of Heath is a member of the Ohio Municipal League (OMB) Workers' Compensation Pool. The pool groups similar municipal employers to gain a greater discount in worker's compensation premiums for City employees. Section 4123.29 of the Ohio Revised Code, and the rules promulgated thereunder, permit the establishment of the employer group rating plan. Said plans pool and group the experience (payroll amounts and claims losses) of the participating employers in order to create a lower worker's compensation premium rate. The Ohio Municipal League (OMB) as a sponsoring organization offers the plan to achieve lower workers' compensation premium rates for participants and to promote establishment of a safer working environment.

The City has a group health insurance program for employees and their eligible dependents. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the Self Insurance Fund (internal service fund) are available to pay claims and administrative costs. The plan is administered by a third party administrator, Professional Claims Management, Inc., which monitors all claim payments. Excess loss coverage, provided by the Insurance Company of North America, becomes effective after \$10,000 per year per specific claim. There is a lifetime maximum coverage per person of \$2,000,000.

The claims liability of \$82,219 reported in the fund at December 31, 2000 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the fund's claims liability amount in fiscal years 1999 and 2000 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
1999	\$36,470	\$357,501	(\$321,771)	\$72,200
2000	72,200	375,153	(365,134)	82,219

NOTE 14 - CONTINGENCIES

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

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Included in the services provided by the City financed primarily by user charges are water treatment and distribution and wastewater collection and treatment. The key financial information for the year ended December 31, 2000 for these enterprise activities is indicated below:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues	\$972,001	\$1,642,012	\$2,614,013
Depreciation	329,521	546,612	876,133
Operating Loss	(118,299)	(147,410)	(265,709)
Operating Transfers In	185,353	0	185,353
Net Loss	(129,818)	(391,983)	(521,801)
Property, Plant and Equipment:			
Additions	125,704	242,342	368,046
Deletions	72,383	5,236	77,619
Current Capital Contributions	125,826	78,490	204,316
Assets	10,958,837	9,139,679	20,098,516
Net Working Capital	1,648,417	1,811,407	3,459,824
Bonds and Loans Payable	3,115,000	5,467,936	8,582,936
Total Equity	7,685,264	3,469,644	11,154,908

NOTE 16 - CONTRIBUTED CAPITAL

During the year, contributed capital in the enterprise funds increased from shared revenues as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Balance at Beginning of Year	\$2,288,616	\$2,207,104	\$4,495,720
Additions:			
Contributions from other funds	6,826	2,640	9,466
Tap in Fees in Excess of Cost	119,000	75,850	194,850
Balance at End of Year	<u>\$2,414,442</u>	<u>\$2,285,594</u>	<u>\$4,700,036</u>

NOTE 17 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, 2000, the City had the following significant construction projects that will be financed through a combination of resources such as water and sewer charges and bond anticipation notes.

<u>Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Davis-Shai House Renovations	\$255,378	June 2001
Lift Stations	14,521	June 2001
Intersection Improvements	74,718	May 2001
Drainage Improvements	131,270	July 2001

***C*OMBINING AND *I*NDIVIDUAL *F*UND AND *A*CCOUNT *G*ROUP
*S*TATEMENTS AND *S*CHEDULES**

***T*HE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE THE
GENERAL FUND, SPECIAL REVENUE FUNDS, CAPITAL PROJECTS FUNDS,
ENTERPRISE FUNDS, FIDUCIARY FUND TYPES AND THE GENERAL FIXED
ASSETS ACCOUNT GROUP.**

GENERAL FUND

The General Fund is used to account for government resources not accounted for in any other fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter and/or the general laws of Ohio.

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2000

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Taxes	\$3,251,415	\$3,166,263	(\$85,152)
Intergovernmental Revenues	508,715	457,138	(51,577)
Charges for Services	118,000	165,767	47,767
Licenses and Permits	41,650	63,897	22,247
Investment Earnings	771,100	783,311	12,211
Fines and Forfeitures	40,500	36,326	(4,174)
All Other Revenues	6,250	162,551	156,301
Total Revenues	4,737,630	4,835,253	97,623
Expenditures:			
Security of Persons and Property:			
Police:			
Personal Services	1,054,802	996,628	58,174
Contractual Services	141,041	114,618	26,423
Materials and Supplies	50,229	40,207	10,022
Capital Outlay	26,804	23,819	2,985
Total Police	1,272,876	1,175,272	97,604
Communications:			
Personal Services	327,465	322,592	4,873
Contractual Services	33,837	28,371	5,466
Total Communications	361,302	350,963	10,339
Fire:			
Personal Services	660,000	548,391	111,609
Contractual Services	103,445	93,482	9,963
Materials and Supplies	67,539	57,883	9,656
Capital Outlay	17,814	9,673	8,141
Total Fire	848,798	709,429	139,369
Street Lighting:			
Contractual Services	64,000	62,396	1,604
Total Street Lighting	64,000	62,396	1,604
Total Security of Persons and Property	2,546,976	2,298,060	248,916
Public Health and Welfare Services:			
Health Department:			
Contractual Services	55,000	52,500	2,500
Total Public Health and Welfare Services	55,000	52,500	2,500

(Continued)

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2000

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Leisure Time Activities:			
Parks:			
Personal Services	238,727	224,603	14,124
Contractual Services	322,302	290,501	31,801
Materials and Supplies	73,524	43,719	29,805
Other Expenditures	5,500	159	5,341
Capital Outlay	106,899	78,074	28,825
Total Leisure Time Activities	<u>746,952</u>	<u>637,056</u>	<u>109,896</u>
Community Environment:			
Planning and Zoning:			
Personal Services	107,740	103,097	4,643
Contractual Services	139,278	114,079	25,199
Materials and Supplies	2,558	2,102	456
Other Expenditures	1,275	1,081	194
Capital Outlay	40,165	32,014	8,151
Total Community Environment	<u>291,016</u>	<u>252,373</u>	<u>38,643</u>
General Government:			
Mayor:			
Personal Services	61,200	61,145	55
Contractual Services	11,635	2,595	9,040
Materials and Supplies	1,500	181	1,319
Capital Outlay	4,000	35	3,965
Total Mayor	<u>78,335</u>	<u>63,956</u>	<u>14,379</u>
City Council:			
Personal Services	35,400	35,400	0
Contractual Services	5,627	1,384	4,243
Materials and Supplies	506	120	386
Capital Outlay	1,000	0	1,000
Total City Council	<u>42,533</u>	<u>36,904</u>	<u>5,629</u>
Law Director:			
Personal Services	88,100	88,020	80
Contractual Services	106,349	22,265	84,084
Total Law Director	<u>194,449</u>	<u>110,285</u>	<u>84,164</u>

(Continued)

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2000

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Clerk of Council:			
Personal Services	29,520	29,495	25
Contractual Services	750	95	655
Materials and Supplies	800	137	663
Capital Outlay	600	0	600
Total Clerk of Council	<u>31,670</u>	<u>29,727</u>	<u>1,943</u>
Auditor:			
Personal Services	42,500	41,557	943
Contractual Services	3,817	1,334	2,483
Materials and Supplies	400	0	400
Total Auditor	<u>46,717</u>	<u>42,891</u>	<u>3,826</u>
General Administrative:			
Personal Services	184,904	174,229	10,675
Contractual Services	212,947	132,737	80,210
Materials and Supplies	17,252	7,412	9,840
Capital Outlay	10,165	496	9,669
Total General Administrative	<u>425,268</u>	<u>314,874</u>	<u>110,394</u>
Court Fees:			
Contractual Services	45,656	4,517	41,139
Total Court Fees	<u>45,656</u>	<u>4,517</u>	<u>41,139</u>
Civil Service:			
Contractual Services	34,838	30,911	3,927
Total Civil Service	<u>34,838</u>	<u>30,911</u>	<u>3,927</u>
Safety/Service:			
Personal Services	56,273	51,758	4,515
Contractual Services	70,117	56,999	13,118
Materials and Supplies	14,234	8,872	5,362
Capital Outlay	22,613	17,659	4,954
Total Safety/Service	<u>163,237</u>	<u>135,288</u>	<u>27,949</u>
Income Tax:			
Personal Services	177,025	173,632	3,393
Contractual Services	16,469	10,428	6,041
Materials and Supplies	16,085	13,461	2,624
Capital Outlay	1,500	1,320	180
Total Income Tax	<u>211,079</u>	<u>198,841</u>	<u>12,238</u>
Total General Government	<u>1,273,782</u>	<u>968,194</u>	<u>305,588</u>
Total Expenditures	<u>4,913,726</u>	<u>4,208,183</u>	<u>705,543</u>

(Continued)

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2000

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(176,096)	627,070	803,166
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	0	3,277	3,277
Operating Transfers Out	(443,000)	(443,000)	0
Total Other Financing Sources (Uses)	(443,000)	(439,723)	3,277
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(619,096)	187,347	806,443
Fund Balance at Beginning of Year	3,919,856	3,919,856	0
Prior Year Encumbrances	101,936	101,936	0
Fund Balance at End of Year	<u>\$3,402,696</u>	<u>\$4,209,139</u>	<u>\$806,443</u>

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Street Construction, Maintenance and Repair Fund

To account for state levied and controlled gasoline tax and motor vehicle license fees designated for local street construction, maintenance and repair.

State Highway Fund

To account for the portion of the state gasoline tax and motor vehicle license fees designated for construction, maintenance and repair of state highways within the City.

County \$5 Permissive License Tax Fund

To account for permissive license tax received from the County for a project approved by the county engineer, or transfers to finance the project until completion whereupon reimbursement will be received.

Swimming Pool Fund

To account for revenues and expenditures related to the operations of the Heath Municipal Pool.

Fire Levy Fund

To account for property tax collected and designated for the operations of the Fire Department.

Fire Pension Fund

To account for taxes levied toward partial payment of the current and accrued liability for fire disability and pension.

Police Pension Fund

To account for taxes levied toward partial payment of the current and accrued liability for police disability and pension.

Law Enforcement Trust Fund

To account for funds received by the police department for contraband, per state statute.

(Continued)

SPECIAL REVENUE FUNDS

Enforcement and Education Fund

To account for financial resources used to educate the public regarding laws governing the operation of motor vehicles while under the influence of alcohol.

D.A.R.E. Fund

To account for revenues and expenditures relative to D.A.R.E. activities.

Grants Fund

To account for revenues and expenditures relative to grants for the planning of the reuse of the Newark Air Force Base.

THE CITY OF HEATH, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2000

	Street Construction, Maintenance and Repair	State Highway	County \$5 Permissive License Tax	Swimming Pool	Fire Levy
Assets:					
Cash and Cash Equivalents	\$289,084	\$110,961	\$87,219	\$189,409	\$904,747
Receivables (net of allowances for doubtful accounts)					
Taxes	0	0	0	0	574,497
Accounts	250	0	0	0	0
Intergovernmental Receivables	14,523	1,496	0	0	3,066
Inventory of Supplies at Cost	39,676	0	0	3,095	0
Prepaid Items	11,890	0	0	1,289	0
Restricted Assets:					
Cash with Fiscal Agent	0	0	109,684	0	0
Total Assets	<u>\$355,423</u>	<u>\$112,457</u>	<u>\$196,903</u>	<u>\$193,793</u>	<u>\$1,482,310</u>
Liabilities and Fund Equity:					
Liabilities:					
Accounts Payable	\$9,120	\$710	\$0	\$11,595	\$4,402
Accrued Wages and Benefits	16,897	0	0	16,455	9,562
Deferred Revenue	0	0	109,684	0	574,497
Total Liabilities	<u>26,017</u>	<u>710</u>	<u>109,684</u>	<u>28,050</u>	<u>588,461</u>
Fund Equity:					
Reserved for Encumbrances	9,762	0	74,718	3,529	8,608
Reserved for Supplies Inventory	39,676	0	0	3,095	0
Reserved for Prepaid Items	11,890	0	0	1,289	0
Unreserved	268,078	111,747	12,501	157,830	885,241
Total Fund Equity	<u>329,406</u>	<u>111,747</u>	<u>87,219</u>	<u>165,743</u>	<u>893,849</u>
Total Liabilities and Fund Equity	<u>\$355,423</u>	<u>\$112,457</u>	<u>\$196,903</u>	<u>\$193,793</u>	<u>\$1,482,310</u>

**THE CITY OF HEATH, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2000**

Fire Pension	Police Pension	Law Enforcement Trust	Enforcement and Education	D.A.R.E.	Grants	Totals
\$16,975	\$40,269	\$23,227	\$9,830	\$8,928	\$272,603	\$1,953,252
75,797	75,797	0	0	0	0	726,091
0	0	0	0	0	0	250
368	368	1,054	0	0	0	20,875
0	0	0	0	0	0	42,771
0	0	0	0	0	0	13,179
0	0	0	0	0	0	109,684
<u>\$93,140</u>	<u>\$116,434</u>	<u>\$24,281</u>	<u>\$9,830</u>	<u>\$8,928</u>	<u>\$272,603</u>	<u>\$2,866,102</u>
\$0	\$0	\$850	\$0	\$0	\$21,356	\$48,033
46,568	46,953	0	0	0	0	136,435
75,797	75,797	0	0	0	0	835,775
<u>122,365</u>	<u>122,750</u>	<u>850</u>	<u>0</u>	<u>0</u>	<u>21,356</u>	<u>1,020,243</u>
0	0	0	0	0	245,522	342,139
0	0	0	0	0	0	42,771
0	0	0	0	0	0	13,179
(29,225)	(6,316)	23,431	9,830	8,928	5,725	1,447,770
<u>(29,225)</u>	<u>(6,316)</u>	<u>23,431</u>	<u>9,830</u>	<u>8,928</u>	<u>251,247</u>	<u>1,845,859</u>
<u>\$93,140</u>	<u>\$116,434</u>	<u>\$24,281</u>	<u>\$9,830</u>	<u>\$8,928</u>	<u>\$272,603</u>	<u>\$2,866,102</u>

THE CITY OF HEATH, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	Street Construction, Maintenance and Repair	State Highway	County \$5 Permissive License Tax	Swimming Pool	Fire Levy
Revenues:					
Taxes	\$0	\$0	\$0	\$0	\$480,733
Intergovernmental Revenues	245,721	20,242	155,336	0	46,661
Charges for Services	0	0	0	155,252	0
Investment Earnings	0	0	0	0	31,230
Fines and Forfeitures	0	0	0	0	0
All Other Revenues	26,188	0	0	3,364	2,046
Total Revenues	<u>271,909</u>	<u>20,242</u>	<u>155,336</u>	<u>158,616</u>	<u>560,670</u>
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	0	386,611
Leisure Time Activities	0	0	0	199,808	0
Community Environment	0	0	0	0	0
Transportation	689,334	7,136	68,117	0	0
Debt Service:					
Principal Retirement	30,563	0	0	0	0
Interest and Fiscal Charges	6,117	0	0	0	0
Total Expenditures	<u>726,014</u>	<u>7,136</u>	<u>68,117</u>	<u>199,808</u>	<u>386,611</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(454,105)	13,106	87,219	(41,192)	174,059
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	50	0	0	0	0
Operating Transfers In	250,000	0	0	0	0
Total Other Financing Sources (Uses)	<u>250,050</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(204,055)	13,106	87,219	(41,192)	174,059
Fund Balance (Deficit) at Beginning of Year	559,498	98,641	0	210,040	719,790
Decrease in Inventory Reserve	(26,037)	0	0	(3,105)	0
Fund Balance (Deficit) at End of Year	<u>\$329,406</u>	<u>\$111,747</u>	<u>\$87,219</u>	<u>\$165,743</u>	<u>\$893,849</u>

THE CITY OF HEATH, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

Fire Pension	Police Pension	Law Enforcement Trust	Enforcement and Education	D.A.R.E.	Grants	Totals
\$63,340	\$63,340	\$0	\$0	\$0	\$0	\$607,413
6,335	6,335	0	0	0	0	480,630
0	0	0	0	0	0	155,252
0	0	0	0	0	31,129	62,359
0	0	11,892	1,960	0	0	13,852
0	0	6,810	0	5,658	450	44,516
<u>69,675</u>	<u>69,675</u>	<u>18,702</u>	<u>1,960</u>	<u>5,658</u>	<u>31,579</u>	<u>1,364,022</u>
138,400	173,297	12,616	0	1,618	0	712,542
0	0	0	0	0	0	199,808
0	0	0	0	0	381,128	381,128
0	0	0	0	0	0	764,587
0	0	0	0	0	0	30,563
0	0	0	0	0	0	6,117
<u>138,400</u>	<u>173,297</u>	<u>12,616</u>	<u>0</u>	<u>1,618</u>	<u>381,128</u>	<u>2,094,745</u>
(68,725)	(103,622)	6,086	1,960	4,040	(349,549)	(730,723)
0	0	0	0	0	0	50
<u>68,000</u>	<u>125,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>88,000</u>	<u>531,000</u>
<u>68,000</u>	<u>125,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>88,000</u>	<u>531,050</u>
(725)	21,378	6,086	1,960	4,040	(261,549)	(199,673)
(28,500)	(27,694)	17,345	7,870	4,888	512,796	2,074,674
0	0	0	0	0	0	(29,142)
<u>(\$29,225)</u>	<u>(\$6,316)</u>	<u>\$23,431</u>	<u>\$9,830</u>	<u>\$8,928</u>	<u>\$251,247</u>	<u>\$1,845,859</u>

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$247,000	\$249,233	\$2,233
All Other Revenues	23,000	25,938	2,938
Total Revenues	<u>270,000</u>	<u>275,171</u>	<u>5,171</u>
<u>Expenditures:</u>			
Transportation:			
Streets Department:			
Personal Services	504,595	452,666	51,929
Contractual Services	135,355	92,548	42,807
Materials and Supplies	209,852	140,080	69,772
Capital Outlay	38,629	22,847	15,782
Total Transportation	<u>888,431</u>	<u>708,141</u>	<u>180,290</u>
Debt Service:			
Principal Retirement	30,563	30,563	0
Interest and Fiscal Charges	6,117	6,117	0
Total Expenditures	<u>925,111</u>	<u>744,821</u>	<u>180,290</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(655,111)	(469,650)	185,461
<u>Other Financing Sources (Uses):</u>			
Proceeds from the Sale of Fixed Assets	0	50	50
Operating Transfers In	250,000	250,000	0
Total Other Financing Sources (Uses):	<u>250,000</u>	<u>250,050</u>	<u>50</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(405,111)	(219,600)	185,511
Fund Balance at Beginning of Year	469,100	469,100	0
Prior Year Encumbrances	24,091	24,091	0
Fund Balance at End of Year	<u><u>\$88,080</u></u>	<u><u>\$273,591</u></u>	<u><u>\$185,511</u></u>

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

STATE HIGHWAY FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$19,800	\$20,208	\$408
Total Revenues	19,800	20,208	408
<u>Expenditures:</u>			
Transportation:			
Streets Department:			
Contractual Services	4,100	3,500	600
Materials and Supplies	16,000	3,614	12,386
Total Expenditures	20,100	7,114	12,986
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300)	13,094	13,394
Fund Balance at Beginning of Year	97,867	97,867	0
Fund Balance at End of Year	\$97,567	\$110,961	\$13,394

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

COUNTY \$5 PERMISSIVE LICENSE TAX FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$155,335	\$155,336	\$1
Total Revenues	<u>155,335</u>	<u>155,336</u>	<u>1</u>
<u>Expenditures:</u>			
Transportation:			
Streets Department:			
Contractual Services	17,460	17,460	0
Capital Outlay	<u>125,375</u>	<u>125,375</u>	<u>0</u>
Total Expenditures	<u>142,835</u>	<u>142,835</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,500	12,501	1
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$12,500</u></u>	<u><u>\$12,501</u></u>	<u><u>\$1</u></u>

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

SWIMMING POOL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$156,000	\$155,252	(\$748)
All Other Revenues	3,500	3,364	(136)
Total Revenues	159,500	158,616	(884)
<u>Expenditures:</u>			
Leisure Time Activities:			
Swimming Pool:			
Personal Services	89,960	89,864	96
Contractual Services	85,196	61,035	24,161
Materials and Supplies	63,415	41,566	21,849
Capital Outlay	46,000	1,184	44,816
Total Expenditures	284,571	193,649	90,922
Excess (Deficiency) of Revenues Over (Under) Expenditures	(125,071)	(35,033)	90,038
Fund Balance at Beginning of Year	207,031	207,031	0
Prior Year Encumbrances	2,511	2,511	0
Fund Balance at End of Year	\$84,471	\$174,509	\$90,038

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

FIRE LEVY FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$486,390	\$480,733	(\$5,657)
Intergovernmental Revenues	43,170	46,665	3,495
Investment Earnings	27,000	31,230	4,230
All Other Revenues	0	2,046	2,046
Total Revenues	556,560	560,674	4,114
<u>Expenditures:</u>			
Security of Persons and Property:			
Fire:			
Personal Services	340,400	322,834	17,566
Contractual Services	15,085	8,529	6,556
Materials and Supplies	5,000	0	5,000
Capital Outlay	75,700	68,363	7,337
Total Expenditures	436,185	399,726	36,459
Excess (Deficiency) of Revenues Over (Under) Expenditures	120,375	160,948	40,573
Fund Balance at Beginning of Year	690,489	690,489	0
Prior Year Encumbrances	40,300	40,300	0
Fund Balance at End of Year	\$851,164	\$891,737	\$40,573

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

FIRE PENSION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$64,330	\$63,340	(\$990)
Intergovernmental Revenues	5,800	6,335	535
Total Revenues	70,130	69,675	(455)
<u>Expenditures:</u>			
Security of Persons and Property:			
Fire:			
Personal Services	139,000	138,680	320
Contractual Services	4,020	1,112	2,908
Total Expenditures	143,020	139,792	3,228
Excess (Deficiency) of Revenues Over (Under) Expenditures	(72,890)	(70,117)	2,773
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	67,000	68,000	1,000
Total Other Financing Sources (Uses):	67,000	68,000	1,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,890)	(2,117)	3,773
Fund Balance at Beginning of Year	19,092	19,092	0
Fund Balance at End of Year	\$13,202	\$16,975	\$3,773

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

POLICE PENSION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$64,330	\$63,340	(\$990)
Intergovernmental Revenues	5,800	6,335	535
Total Revenues	<u>70,130</u>	<u>69,675</u>	<u>(455)</u>
<u>Expenditures:</u>			
Security of Persons and Property:			
Police:			
Personal Services	177,750	177,732	18
Contractual Services	4,020	1,112	2,908
Total Expenditures	<u>181,770</u>	<u>178,844</u>	<u>2,926</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(111,640)	(109,169)	2,471
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	125,000	125,000	0
Total Other Financing Sources (Uses):	<u>125,000</u>	<u>125,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	13,360	15,831	2,471
Fund Balance at Beginning of Year	24,438	24,438	0
Fund Balance at End of Year	<u><u>\$37,798</u></u>	<u><u>\$40,269</u></u>	<u><u>\$2,471</u></u>

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

LAW ENFORCEMENT TRUST FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$10,500	\$11,138	\$638
All Other Revenues	6,500	6,810	310
Total Revenues	<u>17,000</u>	<u>17,948</u>	<u>948</u>
<u>Expenditures:</u>			
Security of Persons and Property:			
Police:			
Contractual Services	12,133	12,036	97
Materials and Supplies	500	0	500
Capital Outlay	5,000	2,600	2,400
Total Expenditures	<u>17,633</u>	<u>14,636</u>	<u>2,997</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(633)	3,312	3,945
Fund Balance at Beginning of Year	17,657	17,657	0
Prior Year Encumbrances	1,633	1,633	0
Fund Balance at End of Year	<u><u>\$18,657</u></u>	<u><u>\$22,602</u></u>	<u><u>\$3,945</u></u>

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

ENFORCEMENT AND EDUCATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$1,900	\$1,960	\$60
Total Revenues	1,900	1,960	60
<u>Expenditures:</u>			
Security of Persons and Property:			
Police:			
Materials and Supplies	500	0	500
Capital Outlay	500	0	500
Total Expenditures	1,000	0	1,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	900	1,960	1,060
Fund Balance at Beginning of Year	7,870	7,870	0
Fund Balance at End of Year	<u>\$8,770</u>	<u>\$9,830</u>	<u>\$1,060</u>

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

D.A.R.E. FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
All Other Revenues	\$5,600	\$5,658	\$58
Total Revenues	5,600	5,658	58
<u>Expenditures:</u>			
Security of Persons and Property:			
Police:			
Contractual Services	1,001	300	701
Materials and Supplies	2,500	1,295	1,205
Total Expenditures	3,501	1,595	1,906
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	2,099	4,063	1,964
Fund Balance at Beginning of Year	4,865	4,865	0
Fund Balance at End of Year	<u>\$6,964</u>	<u>\$8,928</u>	<u>\$1,964</u>

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

GRANTS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Investment Earnings	\$29,000	\$31,129	\$2,129
All Other Revenues	0	450	450
Total Revenues	<u>29,000</u>	<u>31,579</u>	<u>2,579</u>
<u>Expenditures:</u>			
Community Environment:			
State Grant:			
Contractual Services	48,785	45,650	3,135
Capital Outlay	581,000	581,000	0
Total Expenditures	<u>629,785</u>	<u>626,650</u>	<u>3,135</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(600,785)	(595,071)	5,714
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	<u>88,000</u>	<u>88,000</u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>88,000</u>	<u>88,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(512,785)	(507,071)	5,714
Fund Balance at Beginning of Year	484,561	484,561	0
Prior Year Encumbrances	28,235	28,235	0
Fund Balance at End of Year	<u>\$11</u>	<u>\$5,725</u>	<u>\$5,714</u>

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Capital Improvement Fund

To account for financial resources used for the major capital projects undertaken by the City.

Thornwood Drive Culverts Fund

To account for financial resources used to replace culverts on Thornwood Drive. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

South 30th Street Improvements Fund

To account for financial resources used for the improvements to South 30th Street.

THE CITY OF HEATH, OHIO
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2000

	<u>Capital Improvement</u>	<u>South 30th Street Improvements</u>	<u>Totals</u>
<u>Assets:</u>			
Cash and Cash Equivalents	\$3,114,722	\$941,023	\$4,055,745
Receivables (net of allowances for doubtful accounts)			
Taxes	156,786	0	156,786
Intergovernmental Receivables	<u>31,789</u>	<u>0</u>	<u>31,789</u>
Total Assets	<u><u>\$3,303,297</u></u>	<u><u>\$941,023</u></u>	<u><u>\$4,244,320</u></u>
<u>Liabilities and Fund Equity:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$17,630	\$0	\$17,630
Deferred Revenue	<u>20,127</u>	<u>0</u>	<u>20,127</u>
Total Liabilities	<u>37,757</u>	<u>0</u>	<u>37,757</u>
<u>Fund Equity:</u>			
<u>Fund Balances:</u>			
Reserved for Encumbrances	176,072	0	176,072
Unreserved - Undesignated	<u>3,089,468</u>	<u>941,023</u>	<u>4,030,491</u>
Total Fund Equity	<u>3,265,540</u>	<u>941,023</u>	<u>4,206,563</u>
Total Liabilities and Fund Equity	<u><u>\$3,303,297</u></u>	<u><u>\$941,023</u></u>	<u><u>\$4,244,320</u></u>

THE CITY OF HEATH, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	Capital Improvement	Thornwood Drive Culverts	South 30th Street Improvements	Totals
Revenues:				
Taxes	\$1,170,223	\$0	\$0	\$1,170,223
Intergovernmental Revenues	31,789	0	771,244	803,033
All Other Revenues	1,000	0	0	1,000
Total Revenues	<u>1,203,012</u>	<u>0</u>	<u>771,244</u>	<u>1,974,256</u>
Expenditures:				
Security of Persons and Property	113,323	0	0	113,323
Leisure Time Activities	254,254	0	0	254,254
Community Environment	1,487	0	0	1,487
Basic Utility Services	252,591	0	0	252,591
Transportation	755,710	0	1,079,188	1,834,898
General Government	82,307	0	0	82,307
Total Expenditures	<u>1,459,672</u>	<u>0</u>	<u>1,079,188</u>	<u>2,538,860</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(256,660)	0	(307,944)	(564,604)
Other Financing Sources (Uses):				
Proceeds from Installment Loan	95,165	0	0	95,165
Operating Transfers In	198,403	0	0	198,403
Operating Transfers Out	(78,000)	(198,403)	0	(276,403)
Total Other Financing Sources (Uses)	<u>215,568</u>	<u>(198,403)</u>	<u>0</u>	<u>17,165</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(41,092)	(198,403)	(307,944)	(547,439)
Fund Balance at Beginning of Year	3,306,632	198,403	1,248,967	4,754,002
Fund Balance at End of Year	<u><u>\$3,265,540</u></u>	<u><u>\$0</u></u>	<u><u>\$941,023</u></u>	<u><u>\$4,206,563</u></u>

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

CAPITAL IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$1,150,000	\$1,173,564	\$23,564
All Other Revenues	0	1,000	1,000
Total Revenues	<u>1,150,000</u>	<u>1,174,564</u>	<u>24,564</u>
<u>Expenditures:</u>			
Security of Persons and Property:			
Police:			
Capital Outlay	142,269	133,869	8,400
Total Security of Persons and Property	<u>142,269</u>	<u>133,869</u>	<u>8,400</u>
Leisure Time Activities:			
Parks:			
Contractual Services	71,900	69,950	1,950
Capital Outlay	194,554	194,354	200
Total Leisure Time Activities	<u>266,454</u>	<u>264,304</u>	<u>2,150</u>
Community Environment:			
Planning and Zoning:			
Contractual Services	1,487	1,487	0
Total Community Environment	<u>1,487</u>	<u>1,487</u>	<u>0</u>
Basic Utility Services:			
Water:			
Contractual Services	23,876	23,876	0
Capital Outlay	25,978	10,685	15,293
Total Water	<u>49,854</u>	<u>34,561</u>	<u>15,293</u>
Sewer:			
Capital Outlay	234,475	231,835	2,640
Total Sewer	<u>234,475</u>	<u>231,835</u>	<u>2,640</u>
Total Basic Utility Services	<u>284,329</u>	<u>266,396</u>	<u>17,933</u>
Transportation:			
Streets Department:			
Contractual Services	137,925	136,815	1,110
Capital Outlay	770,952	763,903	7,049
Total Transportation	<u>908,877</u>	<u>900,718</u>	<u>8,159</u>

(Continued)

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

CAPITAL IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
General Government:			
General Administrative:			
Contractual Services	98,827	93,973	4,854
Capital Outlay	25,532	21,925	3,607
Total General Administrative	124,359	115,898	8,461
Safety/Service:			
Capital Outlay	7,650	7,650	0
Total Safety/Service	7,650	7,650	0
Total General Government	132,009	123,548	8,461
Total Expenditures	1,735,425	1,690,322	45,103
Excess (Deficiency) of Revenues Over (Under) Expenditures	(585,425)	(515,758)	69,667
<u>Other Financing Sources (Uses):</u>			
Proceeds from Installment Loan	95,000	95,165	165
Operating Transfers In	175,000	198,403	23,403
Operating Transfers Out	(78,000)	(78,000)	0
Total Other Financing Sources (Uses)	192,000	215,568	23,568
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(393,425)	(300,190)	93,235
Fund Balance at Beginning of Year	2,559,163	2,559,163	0
Prior Year Encumbrances	662,047	662,047	0
Fund Balance at End of Year	\$2,827,785	\$2,921,020	\$93,235

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

THORNWOOD DRIVE CULVERTS FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	(198,403)	(198,403)	0
Total Other Financing Sources (Uses)	(198,403)	(198,403)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(198,403)	(198,403)	0
Fund Balance at Beginning of Year	198,403	198,403	0
Fund Balance at End of Year	\$0	\$0	\$0

THE CITY OF HEATH, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

SOUTH 30TH STREET IMPROVEMENTS FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$771,200	\$771,244	\$44
Total Revenues	<u>771,200</u>	<u>771,244</u>	<u>44</u>
<u>Expenditures:</u>			
Transportation:			
Capital Outlay	<u>1,187,147</u>	<u>1,187,147</u>	<u>0</u>
Total Expenditures	<u>1,187,147</u>	<u>1,187,147</u>	<u>0</u>
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(415,947)	(415,903)	44
Fund Balance at Beginning of Year	236,016	236,016	0
Prior Year Encumbrances	<u>1,120,910</u>	<u>1,120,910</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$940,979</u></u>	<u><u>\$941,023</u></u>	<u><u>\$44</u></u>

ENTERPRISE FUNDS

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City has decided that periodic determination of net income is appropriate for accountability purposes.

Water Fund

To account for the operation of the City's water service.

Sewer Fund

To account for the operation of the City's sanitary sewer service.

THE CITY OF HEATH, OHIO
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
DECEMBER 31, 2000

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<u>Assets:</u>			
Cash and Cash Equivalents	\$1,506,171	\$1,708,829	\$3,215,000
Receivables (net of allowances for doubtful accounts):			
Accounts	134,599	252,326	386,925
Inventory of Supplies at Cost	88,687	15,014	103,701
Prepaid Items	6,100	5,584	11,684
Property, Plant and Equipment	12,307,645	15,828,051	28,135,696
Less Accumulated Depreciation	<u>(3,123,254)</u>	<u>(8,904,695)</u>	<u>(12,027,949)</u>
Net Fixed Assets	9,184,391	6,923,356	16,107,747
Construction in Progress	<u>38,889</u>	<u>234,570</u>	<u>273,459</u>
Total Assets	<u><u>\$10,958,837</u></u>	<u><u>\$9,139,679</u></u>	<u><u>\$20,098,516</u></u>
<u>Liabilities and Fund Equity:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$56,468	\$154,549	\$211,017
Accrued Wages and Benefits	18,938	15,212	34,150
Accrued Interest Payable	11,734	585	12,319
Compensated Absences Payable	71,433	31,753	103,186
Installment Loans Payable	0	92,239	92,239
Ohio Water Development Authority Loans Payable	0	5,375,697	5,375,697
General Obligation Bonds Payable	<u>3,115,000</u>	<u>0</u>	<u>3,115,000</u>
Total Liabilities	<u>3,273,573</u>	<u>5,670,035</u>	<u>8,943,608</u>
<u>Fund Equity:</u>			
Contributed Capital	2,414,442	2,285,594	4,700,036
Retained Earnings:			
Unreserved	<u>5,270,822</u>	<u>1,184,050</u>	<u>6,454,872</u>
Total Fund Equity	<u>7,685,264</u>	<u>3,469,644</u>	<u>11,154,908</u>
Total Liabilities and Fund Equity	<u><u>\$10,958,837</u></u>	<u><u>\$9,139,679</u></u>	<u><u>\$20,098,516</u></u>

THE CITY OF HEATH, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<u>Operating Revenues:</u>			
Charges for Services	\$969,566	\$1,639,417	\$2,608,983
Other Operating Revenues	2,435	2,595	5,030
Total Operating Revenues	<u>972,001</u>	<u>1,642,012</u>	<u>2,614,013</u>
<u>Operating Expenses:</u>			
Personal Services	447,912	428,362	876,274
Materials and Supplies	121,852	102,753	224,605
Contractual Services	191,015	711,695	902,710
Depreciation	329,521	546,612	876,133
Total Operating Expenses	<u>1,090,300</u>	<u>1,789,422</u>	<u>2,879,722</u>
Operating Loss	(118,299)	(147,410)	(265,709)
<u>Non-Operating Revenues (Expenses):</u>			
Interest Earnings	0	43,553	43,553
Interest and Fiscal Charges	(144,974)	(287,341)	(432,315)
Loss on Disposal of Fixed Assets	(51,898)	(785)	(52,683)
Total Non-Operating Revenues (Expenses)	<u>(196,872)</u>	<u>(244,573)</u>	<u>(441,445)</u>
Loss Before Operating Transfers	(315,171)	(391,983)	(707,154)
<u>Operating Transfers:</u>			
Operating Transfers In	185,353	0	185,353
Total Operating Transfers	<u>185,353</u>	<u>0</u>	<u>185,353</u>
Net Loss	(129,818)	(391,983)	(521,801)
Restated Retained Earnings at Beginning of Year	<u>5,400,640</u>	<u>1,576,033</u>	<u>6,976,673</u>
Retained Earnings at End of Year	<u><u>\$5,270,822</u></u>	<u><u>\$1,184,050</u></u>	<u><u>\$6,454,872</u></u>

THE CITY OF HEATH, OHIO
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$959,956	\$1,626,180	\$2,586,136
Cash Payments for Goods and Services	(336,055)	(890,956)	(1,227,011)
Cash Payments to Employees	(433,293)	(432,086)	(865,379)
Other Operating Cash Receipts	2,435	2,595	5,030
Net Cash Provided by Operating Activities	<u>193,043</u>	<u>305,733</u>	<u>498,776</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	185,353	0	185,353
Net Cash Provided by Noncapital Financing Activities	<u>185,353</u>	<u>0</u>	<u>185,353</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Principal Paid on General Obligation Bonds	(115,000)	0	(115,000)
Acquisition and Construction of Assets	(80,153)	(114,965)	(195,118)
Cash Received from Tap In Fees in Excess of Cost	119,000	75,850	194,850
Principal Paid on Ohio Water Development Authority Loans	0	(372,625)	(372,625)
Principal Paid on Installment Loans	0	(21,761)	(21,761)
Interest Paid on All Debt	(145,353)	(286,756)	(432,109)
Net Cash Used for Capital and Related Financing Activities	<u>(221,506)</u>	<u>(720,257)</u>	<u>(941,763)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	0	43,553	43,553
Net Cash Provided by Investing Activities	<u>0</u>	<u>43,553</u>	<u>43,553</u>
Net Increase (Decrease) in Cash and Cash Equivalents	156,890	(370,971)	(214,081)
Cash and Cash Equivalents at Beginning of Year	1,349,281	2,079,800	3,429,081
Cash and Cash Equivalents at End of Year	<u>\$1,506,171</u>	<u>\$1,708,829</u>	<u>\$3,215,000</u>

(Continued)

THE CITY OF HEATH, OHIO
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<u>Reconciliation of Operating Loss to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Loss	(\$118,299)	(\$147,410)	(\$265,709)
Adjustments to Reconcile Operating Loss to			
Net Cash Provided by Operating Activities:			
Depreciation Expense	329,521	546,612	876,133
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(9,610)	(13,237)	(22,847)
Increase in Inventory	(20,191)	(3,747)	(23,938)
Increase in Prepaid Items	(3,147)	(2,919)	(6,066)
Increase (Decrease) in Accounts Payable	30	(69,842)	(69,812)
Decrease in Accrued Wages and Benefits Payable	(755)	(8,361)	(9,116)
Increase in Compensated Absences Payable	15,494	4,637	20,131
Total Adjustments	<u>311,342</u>	<u>453,143</u>	<u>764,485</u>
Net Cash Provided by Operating Activities	<u>\$193,043</u>	<u>\$305,733</u>	<u>\$498,776</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2000, the Water and Sewer Funds had outstanding liabilities of \$38,889 and \$124,901, res for the purchase of certain capital assets. The Water and Sewer Funds received capital assets contributed from in the amounts of \$6,826 and \$2,640, respectively.

FIDUCIARY FUND TYPE

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

EXPENDABLE TRUST FUNDS

Conn Memorial Trust Fund

To account for money left to the City by the Conn family in trust for the operation and maintenance of the John C. Geller Park.

Shai House Fund

To account for donations to the City in trusts to move the historic Shai House to a City owned property and restore it to its original grandeur. The house is to be used for community purposes.

Unclaimed Monies Fund

To account for funds which rightfully belong to the payor and are refunded when the payor provides proof of claim for the funds within the period specified by law.

THE CITY OF HEATH, OHIO
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
DECEMBER 31, 2000

	<i>Expendable Trust Funds</i>			
	Conn Memorial Trust	Shai House	Unclaimed Monies	Totals
<u>Assets:</u>				
Cash and Cash Equivalents	\$77,251	\$71,483	\$587	\$149,321
Total Assets	\$77,251	\$71,483	\$587	\$149,321
<u>Liabilities and Fund Equity:</u>				
Liabilities:				
Accounts Payable	\$0	\$7,500	\$0	\$7,500
Total Liabilities	0	7,500	0	7,500
Fund Equity:				
Unreserved	77,251	63,983	587	141,821
Total Fund Equity	77,251	63,983	587	141,821
Total Liabilities and Fund Equity	\$77,251	\$71,483	\$587	\$149,321

THE CITY OF HEATH, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	<i>Expendable Trust Funds</i>			Totals
	Conn Memorial Trust	Shai House	Unclaimed Monies	
<u>Revenues:</u>				
Taxes	\$0	\$50,000	\$0	\$50,000
Charges for Services	1,500	0	0	1,500
Investment Earnings	4,607	0	0	4,607
All Other Revenues	0	415	51	466
Total Revenues	6,107	50,415	51	56,573
<u>Expenditures:</u>				
Community Environment	0	10,020	0	10,020
Total Expenditures	0	10,020	0	10,020
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,107	40,395	51	46,553
<u>Other Financing Sources (Uses):</u>				
Operating Transfers Out	0	(10,000)	0	(10,000)
Total Other Financing Sources (Uses)	0	(10,000)	0	(10,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	6,107	30,395	51	36,553
Fund Balance at Beginning of Year	71,144	33,588	536	105,268
Fund Balance at End of Year	\$77,251	\$63,983	\$587	\$141,821

GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets Account Group is used to account for fixed assets other than those accounted for in the Proprietary Funds.

THE CITY OF HEATH, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 2000

General Fixed Assets:

Land	\$672,686
Buildings	4,232,806
Improvements Other Than Buildings	569,486
Machinery and Equipment	5,357,891
Construction in Progress	325,622
	<hr/>
Total General Fixed Assets	<u><u>\$11,158,491</u></u>

Investment in General Fixed Assets:

Assets Acquired Prior to 1990	\$61,192
General Fund	1,698,606
Special Revenue Funds	1,626,111
Capital Projects Funds	6,728,582
Proprietary Funds	10,281
Fiduciary Funds	1,000
Donations	1,032,719
	<hr/>
Total Investment in General Fixed Assets	<u><u>\$11,158,491</u></u>

THE CITY OF HEATH, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
DECEMBER 31, 2000

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Construction in Progress	Total
General Government:						
Mayor	\$0	\$0	\$0	\$9,196	\$0	\$9,196
City Council	0	0	0	23,676	0	23,676
Clerk of Council	0	0	0	6,626	0	6,626
City Auditor	0	0	0	3,871	0	3,871
General Administration	258,188	762,040	19,179	92,031	0	1,131,438
Safety/Service	0	20,125	0	8,236	0	28,361
Income Tax	0	0	0	29,778	0	29,778
Total General Government	<u>258,188</u>	<u>782,165</u>	<u>19,179</u>	<u>173,414</u>	<u>0</u>	<u>1,232,946</u>
Security of Persons and Property:						
Police	0	20,000	4,013	873,254	0	897,267
Communications	0	0	40,287	24,591	0	64,878
Fire	39,890	1,997,945	15,467	2,325,422	0	4,378,724
Occupational Safety and Health Administration	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,970</u>	<u>0</u>	<u>7,970</u>
Total Security of Persons and Property	<u>39,890</u>	<u>2,017,945</u>	<u>59,767</u>	<u>3,231,237</u>	<u>0</u>	<u>5,348,839</u>
Transportation:						
Streets	<u>115,902</u>	<u>294,622</u>	<u>7,374</u>	<u>1,249,957</u>	<u>0</u>	<u>1,667,855</u>
Community Environment:						
Zoning	<u>0</u>	<u>0</u>	<u>0</u>	<u>193,056</u>	<u>0</u>	<u>193,056</u>
Leisure Time Activities:						
Parks	258,706	581,512	315,718	410,915	325,622	1,892,473
Swimming Pool	<u>0</u>	<u>556,562</u>	<u>167,448</u>	<u>99,312</u>	<u>0</u>	<u>823,322</u>
Total Leisure Time Activities	<u>258,706</u>	<u>1,138,074</u>	<u>483,166</u>	<u>510,227</u>	<u>325,622</u>	<u>2,715,795</u>
Total General Fixed Assets	<u><u>\$672,686</u></u>	<u><u>\$4,232,806</u></u>	<u><u>\$569,486</u></u>	<u><u>\$5,357,891</u></u>	<u><u>\$325,622</u></u>	<u><u>\$11,158,491</u></u>

THE CITY OF HEATH, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2000

Function and Activity	December 31, 1999	Transfers	Additions	Deletions	December 31, 2000
<u>General Government:</u>					
Mayor	\$10,130	(\$934)	\$0	\$0	\$9,196
City Council	23,676	0	0	0	23,676
Clerk of Council	8,112	0	0	(1,486)	6,626
City Auditor	3,871	0	0	0	3,871
General Administration	1,132,692	(1,693)	7,980	(7,541)	1,131,438
Safety/Service	27,961	400	0	0	28,361
Income Tax	33,479	0	1,785	(5,486)	29,778
Total General Government	<u>1,239,921</u>	<u>(2,227)</u>	<u>9,765</u>	<u>(14,513)</u>	<u>1,232,946</u>
<u>Security of Persons and Property:</u>					
Police	894,006	2,227	99,923	(98,889)	897,267
Communications	64,878	0	0	0	64,878
Fire	4,333,516	0	45,524	(316)	4,378,724
Occupational Safety and Health Administration	<u>9,445</u>	<u>0</u>	<u>0</u>	<u>(1,475)</u>	<u>7,970</u>
Total Security of Persons and Property	<u>5,301,845</u>	<u>2,227</u>	<u>145,447</u>	<u>(100,680)</u>	<u>5,348,839</u>
<u>Transportation:</u>					
Streets	<u>1,570,016</u>	<u>0</u>	<u>146,300</u>	<u>(48,461)</u>	<u>1,667,855</u>
<u>Community Environment:</u>					
Zoning	<u>162,870</u>	<u>0</u>	<u>30,503</u>	<u>(317)</u>	<u>193,056</u>
<u>Leisure Time Activities:</u>					
Parks	1,381,891	0	529,035	(18,453)	1,892,473
Swimming Pool	<u>824,513</u>	<u>0</u>	<u>820</u>	<u>(2,011)</u>	<u>823,322</u>
Total Leisure Time Activities	<u>2,206,404</u>	<u>0</u>	<u>529,855</u>	<u>(20,464)</u>	<u>2,715,795</u>
Total General Fixed Assets	<u><u>\$10,481,056</u></u>	<u><u>\$0</u></u>	<u><u>\$861,870</u></u>	<u><u>(\$184,435)</u></u>	<u><u>\$11,158,491</u></u>

STATISTICAL SECTION

***T**HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE CITY.*

THE CITY OF HEATH, OHIO
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS

<u>Year</u>		<u>Security of Persons and Property</u>	<u>Public Health and Welfare</u>	<u>Leisure Time Activities</u>	<u>Community Environment</u>	<u>Trans- portation</u>	<u>General Government</u>	<u>Debt Service</u>	<u>Total</u>
1991	a	\$1,332,663	\$42,000	\$155,428	\$98,493	\$493,592	\$679,877	\$1,092,393	\$3,894,446
1992	a	1,475,731	44,000	157,941	96,592	611,013	834,303	225,443	3,445,023
1993	b	1,554,623	45,760	251,922	123,063	486,979	795,287	288,306	3,545,940
1994	b	2,000,115	45,760	305,639	328,297	603,370	766,084	294,125	4,343,390
1995	b	2,141,431	45,760	347,325	376,269	619,462	756,426	290,610	4,577,283
1996	b	2,580,118	45,760	394,204	825,147	841,664	835,845	286,695	5,809,433
1997	b	2,681,078	50,000	501,275	266,905	876,121	848,761	292,098	5,516,238
1998	b	2,802,266	52,500	586,585	247,784	666,636	930,280	355,686	5,641,737
1999	b	3,258,024	52,500	680,463	247,051	737,225	1,084,927	429,995	6,490,185
2000	b	3,000,081	52,500	809,551	641,264	764,587	925,951	399,940	6,593,874

a - Cash Basis Financial Data

b - GAAP Basis Financial Data

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

Source: City Auditor's Office

THE CITY OF HEATH, OHIO
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS

<u>Year</u>	<u>Taxes</u>	<u>Inter-Governmental Revenues</u>	<u>Charges for Services</u>	<u>Licenses and Permits</u>	<u>Investment Earnings</u>	<u>Fines and Forfeitures</u>	<u>All Other</u>	<u>Total</u>
1991 a	\$4,429,396	\$448,453	\$19,844	\$11,650	\$367,780	\$47,602	\$53,488	\$5,378,213
1992 a	4,347,796	458,118	15,762	12,478	358,466	50,264	50,126	5,293,010
1993 b	3,212,802	419,849	7,927	81,025	292,302	80,431	181,022	4,275,358
1994 b	3,240,900	894,922	118,782	22,560	431,762	79,522	45,633	4,834,081
1995 b	3,094,227	980,797	150,359	38,173	713,420	79,777	89,021	5,145,774
1996 b	2,301,871	1,062,861	138,505	37,033	788,452	69,027	47,692	4,445,441
1997 b	3,785,963	888,601	133,188	36,765	1,005,559	55,242	34,525	5,939,843
1998 b	4,083,854	1,047,818	200,654	42,960	828,193	54,447	234,571	6,492,497
1999 b	4,420,579	1,345,588	320,045	40,999	696,334	37,983	53,847	6,915,375
2000 b	4,467,791	955,037	314,930	63,897	863,545	47,028	207,067	6,919,295

a - Cash Basis Financial Data

b - GAAP Basis Financial Data

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

Source: City Auditor's Office

THE CITY OF HEATH, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</u>
1991	\$393,137	\$346,078	\$17,131	\$363,209	92.39%	\$29,928	7.61%
1992	414,679	363,571	8,406	371,977	89.70%	42,703	10.30%
1993	442,351	374,848	21,713	396,561	89.65%	45,790	10.35%
1994	515,649	428,633	56,686	485,319	94.12%	30,329	5.88%
1995	521,518	479,489	25,236	504,725	96.78%	16,793	3.22%
1996	740,748	689,389	16,042	705,431	95.23%	35,318	4.77%
1997	781,634	730,609	16,878	747,487	95.63%	34,147	4.37%
1998	1,155,640	988,251	17,138	1,005,389	87.00%	150,251	13.00%
1999	1,276,845	1,074,499	144,908	1,219,407	95.50%	57,438	4.50%
2000	1,283,598	1,171,988	19,201	1,191,189	92.80%	92,409	7.20%

Source: Licking County Auditor

**THE CITY OF HEATH, OHIO
TANGIBLE TAX COLLECTED
LAST TEN YEARS**

Year Paid	Amount
1991	\$188,569
1992	169,809
1993	164,320
1994	200,171
1995	192,444
1996	201,529
1997	202,543
1998	212,459
1999	369,213
2000	274,773

Source: Heath City Auditor

THE CITY OF HEATH, OHIO
ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES
OF TAXABLE PROPERTY
LAST TEN YEARS

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1991	\$90,907,650	\$259,736,143	\$7,838,980	\$24,496,813	\$49,441,140	\$176,575,500	\$148,187,770	\$460,808,455	32.16%
1992	94,463,210	269,894,886	7,819,900	24,437,188	44,338,630	164,217,148	146,621,740	458,549,221	31.98%
1993	106,306,980	303,734,229	7,951,830	24,849,469	39,649,530	152,498,192	153,908,340	481,081,890	31.99%
1994	112,527,140	321,506,114	8,106,050	25,331,406	49,546,930	198,187,720	170,180,120	545,025,241	31.22%
1995	117,540,590	335,830,257	7,790,680	24,345,875	48,733,160	194,932,640	174,064,430	555,108,772	31.36%
1996	132,745,180	379,271,943	7,567,020	23,646,938	52,229,560	208,918,240	192,541,760	611,837,120	31.47%
1997	139,212,120	397,748,914	7,270,790	22,721,219	51,962,740	207,850,960	198,445,650	628,321,093	31.58%
1998	150,111,450	428,889,857	7,857,140	24,553,563	53,498,260	213,993,040	211,466,850	667,436,460	31.68%
1999	176,197,990	503,422,829	7,319,020	22,871,938	50,234,250	200,937,000	233,751,260	727,231,766	32.14%
2000	179,921,790	514,062,257	7,519,920	23,499,750	49,286,700	197,146,800	236,728,410	734,708,807	32.22%

Source: Licking County Auditor

THE CITY OF HEATH, OHIO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN YEARS

Collection Year	City of Heath					Heath City School District	Licking County Joint Vocational School District	Lakewood Local School District	Licking Valley Local School District	Granville Exempted Village School District	Licking County
	General Fund	Police Pension Fund	Fire Pension Fund	Fire Levy Fund	Total City						
1991	2.30	0.30	0.30	1.00	3.90	38.90	2.80	30.80	0.00	0.00	7.20
1992	2.30	0.30	0.30	1.00	3.90	38.90	2.00	30.80	35.90	0.00	7.20
1993	2.30	0.30	0.30	1.00	3.90	38.90	2.00	38.80	35.90	0.00	7.20
1994	2.30	0.30	0.30	1.00	3.90	38.90	2.00	38.80	30.90	62.50	7.20
1995	2.30	0.30	0.30	1.00	3.90	40.10	2.00	38.80	30.90	66.00	6.70
1996	2.30	0.30	0.30	1.00	3.90	40.10	2.00	38.80	30.90	69.70	7.20
1997	2.30	0.30	0.30	2.50	5.40	43.10	2.00	38.80	30.90	69.50	7.20
1998	2.30	0.30	0.30	2.50	5.40	43.10	2.00	42.50	39.70	69.10	7.20
1999	2.30	0.30	0.30	2.50	5.40	43.10	2.00	42.11	38.90	69.00	7.20
2000	2.30	0.30	0.30	2.50	5.40	43.10	2.00	42.11	38.90	69.00	7.20

Source: Licking County Auditor
Licking County Treasurer

THE CITY OF HEATH, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2000

	Total Debt	Unvoted Debt
Net Assessed Valuation	\$236,728,410	\$236,728,410
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	24,856,483	13,020,063
Applicable City Debt Outstanding (2)	2,715,000	2,715,000
Less: Applicable Debt Service Fund Amounts	(730,272)	(730,272)
Net Indebtedness Subject to Limitation	1,984,728	1,984,728
Legal Debt Margin	\$22,871,755	\$11,035,335

(1) Direct Debt Limitation Based Upon Section 133, The Uniform Bond Act of the Ohio Revised Code

(2) City Debt Outstanding Includes Non Self-Supporting General Obligation Bonds Only
Enterprise Debt is Not Considered in the Computation of the Legal Debt Margin

THE CITY OF HEATH, OHIO
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN YEARS

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita	
1991	a	7,302	\$148,187,770	\$1,920,000	\$11,824	\$1,908,176	1.29%	\$261.32
1992	a	7,384	146,621,740	1,830,000	0	1,830,000	1.25%	247.83
1993	a	7,452	153,908,340	2,085,000	5,378	2,079,622	1.35%	279.07
1994	a	7,500	170,180,120	1,930,000	5,378	1,924,622	1.13%	256.62
1995	a	7,650	174,064,430	1,770,000	5,378	1,764,622	1.01%	230.67
1996	a	8,000	192,541,760	1,605,000	55,383	1,549,617	0.80%	193.70
1997	a	8,100	198,445,650	1,425,000	405,909	1,019,091	0.51%	125.81
1998	a	8,100	211,466,850	3,240,000	460,635	2,779,365	1.31%	343.13
1999	a	8,100	233,751,260	2,950,000	576,752	2,373,248	1.02%	292.99
2000	b	8,527	236,728,410	2,715,000	730,272	1,984,728	0.84%	232.76

Source:

(1) U.S. Bureau of Census of Population - (a) Estimated

(b) U.S. Bureau of Census, Federal 2000 Census

(2) Licking County Auditor

(3) Includes all general obligation bonded debt supported by property taxes

THE CITY OF HEATH, OHIO
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS

<u>Year</u>		<u>Debt Principal</u>	<u>Debt Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Tax Debt Service to General Governmental Expenditures</u>
1991	a	\$900,000	\$192,393	\$1,092,393	\$3,894,446	28.05%
1992	a	90,000	135,443	225,443	3,445,023	6.54%
1993	b	145,000	143,306	288,306	3,545,940	8.13%
1994	b	155,000	138,660	293,660	4,343,390	6.76%
1995	b	160,000	130,610	290,610	4,577,283	6.35%
1996	b	165,000	121,695	286,695	5,809,433	4.93%
1997	b	180,000	112,098	292,098	5,516,238	5.30%
1998	b	1,505,000	150,686	1,655,686	6,941,737	23.85%
1999	b	290,000	139,995	429,995	6,490,185	6.63%
2000	b	235,000	128,260	363,260	6,593,874	5.51%

a - Cash Basis Financial Data
b - GAAP Basis Financial Data

THE CITY OF HEATH, OHIO
COMPUTATION OF ALL DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2000

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Heath</u>	<u>Amount Applicable to City of Heath</u>
Direct			
City of Heath	\$2,715,000	100.00%	\$2,715,000
Overlapping Subdivisions			
Heath City School District	525,000	94.71%	497,228
Licking County	15,282,140	9.04%	<u>1,381,505</u>
		Subtotal	<u>1,878,733</u>
		Total	<u><u>\$4,593,733</u></u>

Source: Licking County

**THE CITY OF HEATH, OHIO
DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

Year		City of Heath Population (1)		Licking County Population (1)	Unemployment Rate County Area (2)	School Enrollment (3)
1991	a	7,302		128,300	6.1%	1,281
1992	a	7,384		128,300	6.3%	1,296
1993	a	7,452		128,300	5.7%	1,281
1994	a	7,500		128,300	4.8%	1,322
1995	a	7,650		128,300	5.1%	1,390
1996	a	8,000		128,300	3.9%	1,397
1997	a	8,100	c	137,500	3.8%	1,468
1998	a	8,100	c	135,800	3.8%	1,531
1999	a	8,100	c	135,800	3.6%	1,546
2000	b	8,527	c	145,491	3.5%	1,568

Source: (1) U.S. Bureau of Census of Population - (a) Estimated;
(b) Federal 2000 Census; (c) Chamber of Commerce
(2) Ohio Department of Job and Family Services
(3) Heath City School District, Board of Education

THE CITY OF HEATH, OHIO
PROPERTY VALUE AND CONSTRUCTION PERMITS
LAST TEN YEARS

<u>Year</u>	<u>Residential</u>		<u>Commercial</u>	
	<u>Number of Permits</u>	<u>Property Value</u>	<u>Number of Permits</u>	<u>Property Value</u>
1991	14	\$1,196,500	8	\$5,187,500
1992	30	2,549,800	4	3,371,000
1993	32	2,844,701	2	2,615,000
1994	56	6,245,628	5	6,587,000
1995	53	6,655,138	6	779,286
1996	45	7,037,765	10	5,310,100
1997	28	4,646,240	7	3,645,000
1998	43	5,738,269	15	8,315,306
1999	56	8,326,708	10	8,827,000
2000	49	7,063,709	13	15,440,000

Source: City of Heath Building Department

THE CITY OF HEATH, OHIO
PRINCIPAL TAXPAYERS (PROPERTY TAX)
DECEMBER 31, 2000

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Glimcher Properties Limited Partnership	Shopping Mall	\$18,272,100	7.72%
2	Ohio Power Co.	Utility Company - Electric	4,856,480	2.05%
3	Southgate Association Ltd Partnership	Shopping Center	4,362,440	1.84%
4	Cross Creek Ltd Partnership	Shopping Center	3,651,800	1.54%
5	Heathwood Village Ltd Partnership	Apartments	3,046,780	1.29%
6	Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,897,780	1.22%
7	Lowes Home Center	Retail Sales	2,818,980	1.19%
8	Heath-Newark-Licking County Port Authority	Real Estate - Leasing	2,717,190	1.15%
9	Meritor Heavy Vehicle System	Manufacturer	2,526,830	1.07%
10	Alltel Ohio, Inc.	Utility Company - Telephone	2,377,830	1.00%
		Sub-Total	47,528,210	20.07%
		All Others	189,200,200	79.93%
		Total	<u>\$236,728,410</u>	<u>100.00%</u>

Based on valuation of property taxes assessed in 2000
Source: Licking County Auditor - Land and Buildings

THE CITY OF HEATH, OHIO
PRINCIPAL TAXPAYERS (INCOME TAX)
DECEMBER 31, 2000

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Amount of Tax Paid in 2000</u>	<u>Percentage of Total Tax Paid in 2000</u>
1	Central Ohio Aerospace & Technology Center	Manufacturing	\$662,998	14.16%
2	Rockwell/Meritor Heavy Vehicle Systems	Manufacturing	580,650	12.41%
3	Kaiser Aluminum and Chemical Corporation	Manufacturing	197,285	4.22%
4	Englefield Oil	Petroleum Products	92,681	1.98%
5	Heath City Schools	Education	86,509	1.85%
6	Mathews Ford	Automobile Sales and Service	80,585	1.72%
7	Wal-Mart Stores	Retail Sales	77,458	1.66%
8	Resinoid Engineering Corp.	Manufacturing	69,737	1.49%
9	Heath Nursing Home	Health Care	60,090	1.28%
10	City of Heath	Government	56,011	1.20%
		Sub-Total	1,964,004	41.96%
		All Others	2,716,886	58.04%
		Total	<u>\$4,680,890</u>	<u>100.00%</u>

Source: Heath City Auditor

**THE CITY OF HEATH, OHIO
PRINCIPAL EMPLOYERS
DECEMBER 31, 2000**

	Employer	Type of Business	Number of Employees		
			Full-time	Part-time	Total
1	Central Ohio Aerospace and Technology Center	Manufacturing	997	0	997
2	Rockwell/Meritor Heavy Vehicle Systems	Manufacturing	661	0	661
3	Kaiser Aluminum and Chemical Corporation	Manufacturing	259	4	263
4	Wal-Mart Stores	Retail Sales	187	69	256
5	Krogers	Retail Grocery	124	77	201
6	Heath Nursing Home	Health Care	175	25	200
7	Englefield Oil	Petroleum Products	141	29	170
8	Heath City Schools	Education	166	0	166
9	Sears	Retail Sales	52	109	161
10	Mathews Ford	Automobile Sales and Service	96	0	96

Source: City of Heath Income Tax Department

THE CITY OF HEATH, OHIO
MISCELLANEOUS STATISTICS
DECEMBER 31, 2000

	Date of Incorporation Charter Adopted Form of Government	1952 1964 Council/Mayor		
Area (square miles)	10.5		Elementary Schools	3
Facilities and Services:			Kindergarten - 2nd grade	367
Miles of Streets	86		3rd - 5th grades	482
Number of Street Lights	654		6th - 8th grades	384
Miles of Storm Sewers	52			
			Secondary Schools	1
Police Services:			9th -12th grades	452
Number of Stations	1			
Number of Uniformed Police Officers	21			
Number Reserve Personnel	10		Recreation and Culture:	
Number of Patrol Units	8		Number of Parks	8
Traffic Citations Issued	1,296		Park Area (acres)	129
Physical Arrests	712		Number of Ball Fields:	
			Lighted	3
Fire/Emergency Medical Services:			Unlighted	4
Number of Stations	2		Number of Sand Volley Ball Courts:	
Number of Full-time Personnel	19		Lighted	2
Number of Part-time Personnel	25		Swimming Pool:	
Number of Volunteer			Lighted	1
Fire/EMS Personnel	20		Vita Course - 2 mile	1
Number of Calls Answered	1,694		Fitness and Recreation Center	1
Number of Inspections	230		Riverfront Walkway - 1/2 mile	1
			Water System:	
			Number of Purification Plants	1
			Miles of Waterlines	60
			Number of Fire Hydrants	505
			Number of Service Connections	3,225
			Average Daily	
			Consumption (gallons)	1,500,000
			Maximum Daily Capacity	
			of Plant (gallons)	4,000,000
			Sewerage System:	
			Number of Treatment Plants	1
			Miles of Sanitary Sewers	80
			Average Daily Treatment	1,400,000
			Maximum Daily Capacity	
			of Treatment	1,750,000
			Peak Load per Day	7,000,000

Source: Heath City Auditor

**WOLFE, WILSON, & PHILLIPS. INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Honorable Mayor and Members of City Council
City of Heath
Heath, Ohio 43056

We have audited the general-purpose financial statements of City of Heath as of and for the year ended December 31, 2000, and have issued our report thereon dated May 1, 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 City of Heath 's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which we have reported to management of the City of Heath in a separate letter dated May 1, 2001.

Internal Control Over Financial Reporting

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

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
May 1, 2001

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Honorable Mayor and Members of City Council
City of Heath
Heath, Ohio 43056

Compliance

We have audited the compliance of the City of Heath with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2000. The City of Heath'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 of Heath management. Our responsibility is to express an opinion on the City of Heath'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 Heath'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 of Heath's compliance with those requirements.

In our opinion, the City of Heath 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 Heath 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 Heath'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*.

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

Wolfe, Wilson, & Phillips, Inc.

Zanesville, Ohio

May 1, 2001

**CITY OF HEATH
LICKING COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION 505**

1. Summary of Auditor's Results

(d)(1)(I)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	NO
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	NO
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	NO
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	NO
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section. 510?	NO
(d)(1)(vii)	Major Programs:	Highway Planning; CFDA #20.205
(d)(1)(viii)	Dollar Threshold: Type A\B Programs: Type A: >\$300,000; Type B: All Others	
(d)(1)(ix)	Low Risk Auditee?	No

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

NONE

3. Findings and Questioned Costs for Federal Awards

NONE

CITY OF HEATH
LICKING COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>						
Pass through Ohio Department of Transportation						
Highway Planning and Construction	ODOT #9019	20.205	687,402	-	687,402	-
Total U.S. Department of Agriculture			687,402	-	687,402	-
<u>U.S. DEPARTMENT OF JUSTICE:</u>						
Pass through Ohio Department of Justice						
COPS Fast Grant	95CFWX1271	16.710	3,655	-	3,655	-
Total U.S. Department of Justice			3,655	-	3,655	-
Total Federal Awards Expenditures			<u>\$ 691,057</u>	<u>\$ -</u>	<u>\$ 691,057</u>	<u>\$ -</u>

See notes to Schedule of Federal Awards Expenditures.

CITY OF HEATH
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
Facsimile 614-466-4490

CITY OF HEATH

LICKING 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 10, 2001**