



**CITY OF COSHOCTON
COSHOCTON COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CITY OF COSHOCTON
COSHOCTON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

City of Coshocton
Coshocton County
760 Chestnut Street
Coshocton, Ohio 43812

To the City Council:

We have audited the accompanying general purpose financial statements of the City of Coshocton, Coshocton County, Ohio, (the City) as of and for the year ended December 31, 2001, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

We performed our audit to form an opinion on the general purpose financial statements of the City, taken as a whole. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for 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. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

September 12, 2002

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City of Coshocton, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,269,294	\$476,707	\$70,522	\$112,517
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Receivables:				
Taxes	914,093	113,422	14,000	52,643
Accounts	12,654	9,377	0	0
Special Assessments	0	0	130,076	0
Accrued Interest	750	0	0	0
Intergovernmental	395,438	234,381	0	137,294
Deferred Difference on Revenue Bonds	0	0	0	0
Bond Issuance Cost	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount Available in Debt Service Fund for Retirement of Special Assessment Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Amount to be Provided from Special Assessments	0	0	0	0
Total Assets and Other Debits	<u>\$2,592,229</u>	<u>\$833,887</u>	<u>\$214,598</u>	<u>\$302,454</u>

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$6,878,434	\$11,478	\$620,886	\$0	\$0	\$9,439,838
0	0	13,460	0	0	13,460
0	0	0	0	0	1,094,158
743,537	0	0	0	0	765,568
0	0	0	0	0	130,076
0	0	6,808	0	0	7,558
200,000	0	0	0	0	967,113
145,187	0	0	0	0	145,187
79,396	0	0	0	0	79,396
4,406,836	0	0	5,933,827	0	10,340,663
0	0	0	0	50,769	50,769
0	0	0	0	33,753	33,753
0	0	0	0	1,673,704	1,673,704
0	0	0	0	66,247	66,247
<u>\$12,453,390</u>	<u>\$11,478</u>	<u>\$641,154</u>	<u>\$5,933,827</u>	<u>\$1,824,473</u>	<u>\$24,807,490</u>

(continued)

City of Coshocton, Ohio
Combined Balance Sheet
All Fund Types and Account Groups (continued)
December 31, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Liabilities, Fund Equity and Other Credits</i>				
Liabilities				
Accounts Payable	\$64,716	\$22,439	\$0	\$778
Contracts Payable	22,414	3,100	0	70,675
Accrued Wages	19,763	7,547	0	0
Compensated Absences Payable	4,869	723	0	0
Intergovernmental Payable	13,497	19,854	0	0
Deferred Revenue	856,404	208,737	130,076	43,935
Undistributed Monies	0	0	0	0
Accrued Interest Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Claims Payable	0	0	0	0
Judgements Payable	0	0	0	0
Notes Payable	0	0	0	0
OPWC Loans Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Revenue Bonds Payable	0	0	0	0
Special Assessment Debt with Governmental Commitment	0	0	0	0
<i>Total Liabilities</i>	981,663	262,400	130,076	115,388
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	552,158	19,866	0	672,897
Reserved for Unclaimed Monies	1,552	0	0	0
Reserved For Endowments	0	0	0	0
Unreserved, Undesignated (Deficit)	1,056,856	551,621	84,522	(485,831)
<i>Total Fund Equity (Deficit) and Other Credits</i>	1,610,566	571,487	84,522	187,066
<i>Total Liabilities, Fund Equity and Other Credits</i>	\$2,592,229	\$833,887	\$214,598	\$302,454

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$177,557	\$0	\$0	\$0	\$0	\$265,490
36,782	0	0	0	0	132,971
20,733	0	0	0	0	48,043
257,996	0	0	0	457,935	721,523
43,252	0	0	0	94,478	171,081
0	0	0	0	0	1,239,152
0	0	27,286	0	0	27,286
166,162	0	0	0	0	166,162
0	0	0	0	8,528	8,528
0	95,989	0	0	0	95,989
495,000	0	0	0	0	495,000
4,900,000	0	0	0	0	4,900,000
22,500	0	0	0	33,532	56,032
0	0	0	0	1,130,000	1,130,000
2,745,000	0	0	0	0	2,745,000
0	0	0	0	100,000	100,000
<u>8,864,982</u>	<u>95,989</u>	<u>27,286</u>	<u>0</u>	<u>1,824,473</u>	<u>12,302,257</u>
0	0	0	5,933,827	0	5,933,827
679,735	0	0	0	0	679,735
2,908,673	(84,511)	0	0	0	2,824,162
0	0	0	0	0	1,244,921
0	0	0	0	0	1,552
0	0	300,497	0	0	300,497
0	0	313,371	0	0	1,520,539
<u>3,588,408</u>	<u>(84,511)</u>	<u>613,868</u>	<u>5,933,827</u>	<u>0</u>	<u>12,505,233</u>
<u>\$12,453,390</u>	<u>\$11,478</u>	<u>\$641,154</u>	<u>\$5,933,827</u>	<u>\$1,824,473</u>	<u>\$24,807,490</u>

City of Coshocton, Ohio
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2001*

	Governmental	
	General	Special Revenue
Revenues		
Municipal Income Taxes	\$2,486,852	\$334,634
Property and Other Taxes	453,099	110,694
Charges for Services	562,927	208,738
Licenses and Permits	20,974	12,139
Fines and Forfeitures	4,108	27,483
Intergovernmental	905,989	662,576
Special Assessments	0	0
Interest	127,350	10,661
Contributions and Donations	13,415	0
Other	243,950	12,220
	4,818,664	1,379,145
Expenditures		
Current:		
General Government	2,267,103	84,153
Security of Persons and Property	2,531,281	40,000
Public Health and Welfare	441,784	121,431
Transportation	0	761,060
Community Environment	10,933	0
Leisure Time Activities	182,235	71,922
Urban Redevelopment and Housing	0	243,181
Capital Outlay	0	0
Debt Service:		
Principal Retirement	0	15,005
Interest and Fiscal Charges	0	0
	5,433,336	1,336,752
<i>Total Expenditures</i>	5,433,336	1,336,752
<i>Excess of Revenues Over (Under) Expenditures</i>	(614,672)	42,393
<i>Fund Balances Beginning of Year (Restated Note 4)</i>	2,225,238	529,094
<i>Fund Balances End of Year</i>	\$1,610,566	\$571,487

See accompanying notes to the general purpose financial statements

Fund Types		
Debt Service	Capital Projects	Totals (Memorandum Only)
\$167,400	\$235,669	\$3,224,555
0	0	563,793
0	0	771,665
0	0	33,113
0	0	31,591
0	557,312	2,125,877
24,725	0	24,725
0	195	138,206
0	0	13,415
0	8,430	264,600
<u>192,125</u>	<u>801,606</u>	<u>7,191,540</u>
0	0	2,351,256
0	0	2,571,281
0	0	563,215
0	0	761,060
0	0	10,933
0	0	254,157
0	0	243,181
0	788,748	788,748
135,000	0	150,005
<u>58,515</u>	<u>0</u>	<u>58,515</u>
<u>193,515</u>	<u>788,748</u>	<u>7,752,351</u>
(1,390)	12,858	(560,811)
<u>85,912</u>	<u>174,208</u>	<u>3,014,452</u>
<u>\$84,522</u>	<u>\$187,066</u>	<u>\$2,453,641</u>

City of Coshocton, Ohio
*Combined Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types
 For the Year Ended December 31, 2001*

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues			
Municipal Income Taxes	\$2,500,000	\$2,274,620	(\$225,380)
Property and Other Taxes	467,022	548,689	81,667
Charges for Services	522,000	562,932	40,932
Licenses and Permits	26,000	20,974	(5,026)
Fines and Forfeitures	4,000	4,634	634
Intergovernmental	1,069,000	1,273,267	204,267
Special Assessments	0	0	0
Interest	200,000	148,056	(51,944)
Contributions and Donations	0	13,415	13,415
Other	178,000	258,951	80,951
<i>Total Revenues</i>	<u>4,966,022</u>	<u>5,105,538</u>	<u>139,516</u>
Expenditures			
Current:			
General Government	2,795,419	2,491,921	303,498
Security of Persons and Property	2,643,180	2,534,316	108,864
Public Health and Welfare	485,361	447,833	37,528
Transportation	0	0	0
Community Environment	14,711	10,933	3,778
Leisure Time Activities	185,578	182,050	3,528
Urban Redevelopment and Housing	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>6,124,249</u>	<u>5,667,053</u>	<u>457,196</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,158,227)	(561,515)	596,712
<i>Fund Balances Beginning of Year</i>	1,020,150	1,020,150	0
Prior Year Encumbrances Appropriated	<u>522,603</u>	<u>522,603</u>	<u>0</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$384,526</u></u>	<u><u>\$981,238</u></u>	<u><u>\$596,712</u></u>

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$266,000	\$293,500	\$27,500	\$165,000	\$169,000	\$4,000
51,063	64,733	13,670	0	0	0
220,000	220,446	446	0	0	0
185,352	12,139	(173,213)	0	0	0
28,000	27,650	(350)	0	0	0
872,500	661,336	(211,164)	0	0	0
0	0	0	30,000	24,725	(5,275)
15,000	11,109	(3,891)	0	0	0
0	0	0	0	0	0
51,000	12,220	(38,780)	0	0	0
<u>1,688,915</u>	<u>1,303,133</u>	<u>(385,782)</u>	<u>195,000</u>	<u>193,725</u>	<u>(1,275)</u>
95,490	95,114	376	0	0	0
40,000	40,000	0	0	0	0
168,954	121,434	47,520	0	0	0
829,195	756,723	72,472	0	0	0
0	0	0	0	0	0
83,812	73,142	10,670	0	0	0
647,598	300,675	346,923	0	0	0
0	0	0	0	0	0
15,100	15,005	95	143,485	135,000	8,485
0	0	0	58,515	58,515	0
<u>1,880,149</u>	<u>1,402,093</u>	<u>478,056</u>	<u>202,000</u>	<u>193,515</u>	<u>8,485</u>
(191,234)	(98,960)	92,274	(7,000)	210	7,210
470,414	470,414	0	72,866	72,866	0
71,134	71,134	0	0	0	0
<u>\$350,314</u>	<u>\$442,588</u>	<u>\$92,274</u>	<u>\$65,866</u>	<u>\$73,076</u>	<u>\$7,210</u>

(continued)

City of Coshocton, Ohio
*Combined Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types (continued)
 For the Year Ended December 31, 2001*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Taxes	\$190,000	\$197,875	\$7,875
Property Taxes	0	0	0
Charges for Services	0	0	0
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	300,000	463,953	163,953
Special Assessments	0	0	0
Interest	2,000	372	(1,628)
Contributions and Donations	0	0	0
Other	1,021,000	8,430	(1,012,570)
<i>Total Revenues</i>	<u>1,513,000</u>	<u>670,630</u>	<u>(842,370)</u>
Expenditures			
Current:			
General Government	0	0	0
Security of Persons and Property	0	0	0
Public Health and Welfare	0	0	0
Transportation	0	0	0
Community Environment	0	0	0
Leisure Time Activities	0	0	0
Urban Redevelopment and Housing	0	0	0
Capital Outlay	1,603,000	1,283,081	319,919
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>1,603,000</u>	<u>1,283,081</u>	<u>319,919</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(90,000)	(612,451)	(522,451)
<i>Fund Balances Beginning of Year</i>	154,132	154,132	0
Prior Year Encumbrances Appropriated	<u>25,251</u>	<u>25,251</u>	<u>0</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$89,383</u></u>	<u><u>(\$433,068)</u></u>	<u><u>(\$522,451)</u></u>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$3,121,000	\$2,934,995	(\$186,005)
518,085	613,422	95,337
742,000	783,378	41,378
211,352	33,113	(178,239)
32,000	32,284	284
2,241,500	2,398,556	157,056
30,000	24,725	(5,275)
217,000	159,537	(57,463)
0	13,415	13,415
1,250,000	279,601	(970,399)
<u>8,362,937</u>	<u>7,273,026</u>	<u>(1,089,911)</u>
2,890,909	2,587,035	303,874
2,683,180	2,574,316	108,864
654,315	569,267	85,048
829,195	756,723	72,472
14,711	10,933	3,778
269,390	255,192	14,198
647,598	300,675	346,923
1,603,000	1,283,081	319,919
158,585	150,005	8,580
58,515	58,515	0
<u>9,809,398</u>	<u>8,545,742</u>	<u>1,263,656</u>
(1,446,461)	(1,272,716)	173,745
1,717,562	1,717,562	0
618,988	618,988	0
<u>\$890,089</u>	<u>\$1,063,834</u>	<u>\$173,745</u>

City of Coshocton, Ohio
*Combined Statement of Revenues, Expenses and
Changes in Retained Earnings/Fund Balance
All Proprietary Fund Types and Similar Trust Funds
For the Year Ended December 31, 2001*

	Proprietary Fund Types	
	Enterprise	Internal Service
Operating Revenues		
Charges for Services	\$3,491,903	\$830,735
Interest	0	0
Other	25,758	0
	<u>3,517,661</u>	<u>830,735</u>
<i>Total Operating Revenue</i>		
Operating Expenses		
Personal Services	1,165,413	0
Materials and Supplies	1,516,987	0
Contractual Services	1,123,557	181,418
Claims and Judgements	0	718,557
Depreciation	328,718	0
Other	0	0
	<u>4,134,675</u>	<u>899,975</u>
<i>Total Operating Expenses</i>		
<i>Operating Income (Loss)</i>	<u>(617,014)</u>	<u>(69,240)</u>
Non-Operating Revenues (Expenses)		
Interest	138,791	20,668
Capital Grants	200,000	0
Interest and Fiscal Charges	(296,930)	0
	<u>41,861</u>	<u>20,668</u>
<i>Total Non-Operating Revenues (Expenses)</i>		
<i>Net Income (Loss)</i>	<u>(575,153)</u>	<u>(48,572)</u>
<i>Retained Earnings (Deficit)/Fund Balance Beginning of Year</i>	<u>3,483,826</u>	<u>(35,939)</u>
<i>Retained Earnings (Deficit)/Fund Balance End of Year</i>	<u>\$2,908,673</u>	<u>(\$84,511)</u>

See accompanying notes to the general purpose financial statements

<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Nonexpendable Trust</u>	
\$8,520	\$4,331,158
38,692	38,692
0	25,758
<u>47,212</u>	<u>4,395,608</u>
15,000	1,180,413
16,761	1,533,748
0	1,304,975
0	718,557
0	328,718
5,598	5,598
<u>37,359</u>	<u>5,072,009</u>
<u>9,853</u>	<u>(676,401)</u>
0	159,459
0	200,000
0	(296,930)
<u>0</u>	<u>62,529</u>
9,853	(613,872)
<u>604,015</u>	<u>4,051,902</u>
<u><u>\$613,868</u></u>	<u><u>\$3,438,030</u></u>

City of Coshocton, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types and Similar Trust Funds
For the Year Ended December 31, 2001

<i>Increase (Decrease) in Cash and Cash Equivalents</i>	Proprietary Fund Types	
	Enterprise	Internal Service
Cash Flows from Operating Activities		
Cash Received from Customers	\$3,586,705	\$831,360
Cash Payments to Suppliers for Goods and Services	(1,557,925)	0
Cash Payments for Contractual Services	(436,617)	(181,418)
Cash Payments for Employee Services and Benefits	(1,156,028)	0
Cash Payments for Claims	0	(694,377)
Cash Received for Other Operating Revenues	25,758	0
Cash Payments for Other Operating Expenses	0	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	461,893	(44,435)
Cash Flows from Capital and Related Financing Activities		
Acquisition of Capital Assets	(221,264)	0
Note Proceeds	4,900,000	0
Refunding Bond Proceeds	2,570,000	0
Bond Issuance Costs	(86,614)	0
Payment to Refunded Debt Escrow Agent	(2,483,386)	0
Principal Payments on Revenue Bonds	(355,000)	0
Interest Payments on Revenue Bonds	(124,074)	0
Principal Payments on OPWC Loans	(15,000)	0
<i>Net Cash Provided by Capital and Related Financing Activities</i>	4,184,662	0
Cash Flows from Investing Activities		
Interest on Investments	138,791	20,668
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	4,785,346	(23,767)
<i>Cash and Cash Equivalents Beginning of Year</i>	2,093,088	35,245
<i>Cash and Cash Equivalents End of Year</i>	\$6,878,434	\$11,478

Fiduciary Fund Type	Totals
Nonexpendable Trust	(Memorandum Only)
\$8,520	\$4,426,585
(16,761)	(1,574,686)
0	(618,035)
(15,000)	(1,171,028)
0	(694,377)
0	25,758
(5,598)	(5,598)
<u>(28,839)</u>	<u>388,619</u>
0	(221,264)
0	4,900,000
0	2,570,000
0	(86,614)
0	(2,483,386)
0	(355,000)
0	(124,074)
0	(15,000)
<u>0</u>	<u>4,184,662</u>
<u>32,854</u>	<u>192,313</u>
4,015	4,765,594
<u>603,045</u>	<u>2,731,378</u>
<u>\$607,060</u>	<u>\$7,496,972</u>

(continued)

City of Coshocton, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types and Similar Trust Funds (continued)
For the Year Ended December 31, 2001

	Proprietary Fund Types	
	Enterprise	Internal Service
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Operating Income (Loss)	(\$617,014)	(\$69,240)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation	328,718	0
Interest Received by Nonexpendable Trust Fund	0	0
(Increase)/Decrease in Assets:		
Accounts Receivable	94,803	625
Increase in Liabilities:		
Accounts Payable	110,276	0
Contracts Payable	33,034	0
Accrued Wages	6,963	0
Compensated Absences Payable	9,770	0
Intergovernmental Payable	343	0
Claims and Judgements Payable	495,000	24,180
<i>Total Adjustments</i>	<u>1,078,907</u>	<u>24,805</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$461,893</u>	<u>(\$44,435)</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet		
Trust and Agency	\$634,346	
Less: Agency Funds	(27,286)	
Nonexpendable Trust Fund	<u>\$607,060</u>	

See accompanying notes to the general purpose financial statements

Fiduciary Fund Type Nonexpendable Trust	Totals (Memorandum Only)
\$9,853	(\$676,401)
0	328,718
(38,692)	(38,692)
0	95,428
0	110,276
0	33,034
0	6,963
0	9,770
0	343
0	519,180
(38,692)	1,065,020
(\$28,839)	\$388,619

City of Coshocton, Ohio
*Combined Statement of Revenues, Expenses and Changes
 In Fund Equity - Budget (Non-GAAP Basis) and Actual
 All Proprietary Fund Types and Similar Trust Funds
 For the Year Ended December 31, 2001*

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for Services	\$4,547,620	\$4,081,705	(\$465,915)
Interest	0	130,055	130,055
Proceeds of Notes	5,100,000	4,900,000	(200,000)
Other	26,250	25,758	(492)
<i>Total Revenues</i>	<u>9,673,870</u>	<u>9,137,518</u>	<u>(536,352)</u>
Expenses			
Personal Services	1,239,984	1,156,028	83,956
Materials and Supplies	2,175,469	1,628,892	546,577
Contractual Services	1,665,630	950,165	715,465
Capital Outlay	620,370	221,264	399,106
Claims	0	0	0
Other	0	0	0
Debt Service:			
Principal Retirement	370,000	370,000	0
Interest and Fiscal Charges	127,687	124,074	3,613
<i>Total Expenses</i>	<u>6,199,140</u>	<u>4,450,423</u>	<u>1,748,717</u>
<i>Excess of Revenues Over (Under) Expenses</i>	3,474,730	4,687,095	1,212,365
<i>Fund Equity Beginning of Year</i>	2,033,359	2,033,359	0
Prior Year Encumbrances Appropriated	<u>59,729</u>	<u>59,729</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$5,567,818</u></u>	<u><u>\$6,780,183</u></u>	<u><u>\$1,212,365</u></u>

Internal Service Fund			Nonexpendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$84,150	\$831,360	\$747,210	\$10,000	\$8,520	(\$1,480)
725,850	20,750	(705,100)	35,000	32,522	(2,478)
0	0	0	0	0	0
0	0	0	0	0	0
810,000	852,110	42,110	45,000	41,042	(3,958)
0	0	0	15,000	15,000	0
1,000	0	1,000	25,832	22,594	3,238
182,000	181,418	582	0	0	0
0	0	0	0	0	0
660,000	653,174	6,826	0	0	0
0	0	0	15,000	5,598	9,402
0	0	0	0	0	0
0	0	0	0	0	0
843,000	834,592	8,408	55,832	43,192	12,640
(33,000)	17,518	50,518	(10,832)	(2,150)	8,682
35,163	35,163	0	588,070	588,070	0
0	0	0	5,832	5,832	0
<u>\$2,163</u>	<u>\$52,681</u>	<u>\$50,518</u>	<u>\$583,070</u>	<u>\$591,752</u>	<u>\$8,682</u>

(continued)

City of Coshocton, Ohio
Combined Statement of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types and Similar Trust Funds (continued)
For the Year Ended December 31, 2001

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for Services	\$4,641,770	\$4,921,585	\$279,815
Interest	760,850	183,327	(577,523)
Proceeds of Notes	5,100,000	4,900,000	(200,000)
Other	26,250	25,758	(492)
<i>Total Revenues</i>	10,528,870	10,030,670	(498,200)
Expenses			
Personal Services	1,254,984	1,171,028	83,956
Materials and Supplies	2,202,301	1,651,486	550,815
Contractual Services	1,847,630	1,131,583	716,047
Capital Outlay	620,370	221,264	399,106
Claims	660,000	653,174	6,826
Other	15,000	5,598	9,402
Debt Service:			
Principal Retirement	370,000	370,000	0
Interest and Fiscal Charges	127,687	124,074	3,613
<i>Total Expenses</i>	7,097,972	5,328,207	1,769,765
<i>Excess of Revenues Over (Under) Expenses</i>	3,430,898	4,702,463	1,271,565
<i>Fund Equity Beginning of Year</i>	2,656,592	2,656,592	0
Prior Year Encumbrances Appropriated	65,561	65,561	0
<i>Fund Equity End of Year</i>	\$6,153,051	\$7,424,616	\$1,271,565

See accompanying notes to the general purpose financial statements

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2001

Note 1 - Reporting Entity and Basis of Presentation

The City of Coshocton (City), established in 1811, is a statutory municipal corporation established and operated under the laws of the State of Ohio. The City is organized as a Mayor-Council form of government. Eight council members are each elected for staggered two-year terms.

A. Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments, and organizations making up the City of Coshocton (the primary government) and its potential component units consistent with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity."

The City provides various services including fire protection and prevention, water and sewer services, street maintenance and repairs, planning and zoning, building inspection, parks and recreation, refuse collection and general administrative services. The operation of each of these activities is directly controlled by the Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

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

The Coshocton City School District and the Coshocton City and County Park District have been excluded from the reporting entity because the City is not financially accountable for these organizations nor does the City approve the budget, the levying of taxes or the issuance of debt for these organizations.

The City participates in the Ohio Government Risk Management Plan which is an insurance purchasing pool. This organization is presented in Note 14 to the combined financial statements.

B. Basis of Presentation - Fund Accounting

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

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

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2001

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

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

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

Special Revenue Funds Special revenue funds are established to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds Debt service funds are used to account for the accumulation of resources for, and the payment of, general and special assessment long-term debt principal and interest.

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

Enterprise Funds Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that 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 or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Fund An internal service fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund is used to account for the medical self-insurance fund.

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. There are two types of fiduciary funds, trust and agency. The following are the City's fiduciary fund types:

Nonexpendable Trust Funds Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2001

Agency Funds These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

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

General Fixed Assets Account Group The general fixed assets account group is used to account for all general fixed assets of the City other than those accounted for in proprietary funds.

General Long-Term Obligations Account Group The general long-term obligations account group is used to account for all unmatured long-term indebtedness of the City that is not a specific liability of proprietary funds.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City of Coshocton have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not contradict or conflict with GASB pronouncements. The more significant of the City's accounting policies are described below.

A. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary fund types and non-expendable trust are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The available period for the City is thirty-one days after year end. The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds and non-expendable trust.

Revenue Recognition Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days of year-end.

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2001

Nonexchange transactions, in which the City receives value without directly giving equal in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, interest, state-levied locally shared taxes, fines and forfeitures and income tax withheld by employers.

Deferred Revenue Deferred revenue arises assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2001, but which were levied to finance year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized when they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

B. 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 appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

Tax Budget During the first Council meeting in July, the Mayor presents the annual operating budget for the following 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.

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2001

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 Commission certifies its actions to the City by September 1. As part of this certification the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the City Auditor determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2001.

Appropriations A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council. During the year, several supplemental appropriation measures were passed. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

Encumbrances As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year end are normally reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

C. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 2001, investments were limited to repurchase agreements, nonnegotiable certificates of deposit and STAR Ohio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2001

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2001.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2001 amounted to \$127,350 which includes \$103,017 assigned from other City funds.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented in the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City treasury.

For purposes of the statement of cash flows and for presentation on the balance sheet, investments of the cash management pool and investments with an original maturity of three months or less are considered to be cash equivalents.

D. Inventory

Inventory is stated at cost for governmental funds and at the lower of cost or market for the proprietary funds. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. The City's inventory was not material at December 31, 2001.

E. Bond Issuance Cost and Accounting Loss

Bond issuance costs for proprietary fund types are reported as deferred charges and amortized over the term of the bonds. The accounting loss resulting from the advance refunding (the difference between the reacquisition price and the net carrying amount of the debt) is also amortized over the life of the refunding bonds. All items are amortized using the straight-line method since the results are not significantly different from the effective interest method.

F. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group at historical cost or estimated historical cost. Fixed assets utilized in the proprietary funds are capitalized in the funds.

All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized or reported, as these assets are immovable and of value only to the City.

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2001

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost in the general fixed assets account group.

Donated fixed assets are valued at their estimated fair market value on the date received. The City has established a capitalization threshold for fixed assets at \$1,000. Assets in the general fixed assets account group are not depreciated. Property, plant, and equipment reflected in the enterprise funds are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Depreciation is provided on a straight-line basis over the following estimated useful lives:

Description	Enterprise
Buildings	30-50 years
Building Improvements	10-40 years
Improvements Other Than Buildings	10-20 years
Furniture and Equipment	5-20 years
Vehicles	8-10 years
Water and Sewer Lines	50 years

The City's policy is to capitalize net interest on proprietary fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investment of debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2001, interest costs incurred on construction projects in the proprietary funds were not material.

G. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources.

Payments made more than thirty-one days after year end are generally considered not to have been made with current available financial resources. Bonds and long-term loans are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations expected to be financed from proprietary funds are reported as liabilities in the appropriate funds.

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2001

the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on the accumulated sick leave and employee's wage rates at December 31, taking into consideration any limits specified in the City's termination policy.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

I. Contributed Capital

Prior to 2001, contributed capital was recorded in proprietary funds that received capital grants or contributions from developers, customers or other funds. Capital contributions received in 2001 have been recorded as revenues and are reported as increases in retained earnings based on the new guidelines established by GASB Statement No.33, "Accounting and Reporting for Nonexchange Transactions."

J. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

K. Fund Balance Reserves

Reserves for retained earnings represent those portions of fund equity not available for appropriation or legally segregated for a specific future use. Fund balance reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Fund balances are reserved for encumbrances. Fund balance has also been reserved for endowments in the nonexpendable trust funds to indicate that the principal is legally restricted. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years. These amounts are presented as reserved for unclaimed monies.

L. Estimates

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

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2001

M. Total Columns on General Purpose Financial Statements

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

Note 3 – Fund Deficit

At December 31, 2001, the health insurance internal service fund had deficit retained earnings in the amount of \$84,511. Management is currently analyzing the operations of this fund to determine appropriate action to alleviate the deficit.

Note 4 - Changes in Accounting Principles and Restatement of Fund Balance

For the year ended December 31, 2001, the City has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues."

GASB Statements No. 33 and 36 establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities and expenditure/expenses resulting from nonexchange transactions will be the same whether the accrual or modified accrual basis of accounting is required. For revenue recognition to occur on the modified accrual basis, however, the criteria established for accrual basis revenue recognition must be met and the revenue must be available. The provisions of Statement No. 33 also require that capital contributions to proprietary funds be recognized as revenues beginning in 2001. The implementation of these statements had the following effect on fund balances as of December 31, 2000 as previously reported:

	General	Special Revenue
Fund Balances, December 31, 2000	\$2,227,834	\$520,409
GASB 33 Adjustments:		
Understatement of Intergovernmental	0	8,685
Overstatement of Intergovernmental Receivable	(2,596)	0
Adjusted Fund Balance, December 31, 2000	\$2,225,238	\$529,094

Note 5 - Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual-All Governmental Fund Types and the Combined Statement of Revenues, Expenses

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and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types and Similar Trust Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP).
4. Proceeds from and principal payments on notes are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP).
5. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements; these amounts are included as revenue on the GAAP basis operating statement.
6. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

	Excess of Revenues Over (Under) Expenditures All Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$614,672)	\$42,393	(\$1,390)	\$12,858
Unreported Cash	(24,010)	(610)	0	(178)
Net Adjustment for Revenue Accruals	310,884	(75,402)	1,600	(130,799)
Net Adjustment for Expenditure Accruals	51,785	(31,382)	0	51,253
Encumbrances	(285,502)	(33,959)	0	(545,585)
Budget Basis	<u>(\$561,515)</u>	<u>(\$98,960)</u>	<u>\$210</u>	<u>(\$612,451)</u>

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Net Income (Loss)/Excess of Revenues
Over (Under) Expenses
All Proprietary Fund Types and Similar Trust Funds

	Enterprise	Internal Service	Nonexpendable Trust
GAAP Basis	(\$575,153)	(\$48,572)	\$9,853
Unreported Cash	8,734	(82)	0
Net Adjustment for Revenue Accruals	372,332	707	(6,170)
Net Adjustment for Expenditure Accruals	333,245	65,465	0
Proceeds of Notes	4,900,000	0	0
Principal Retirement	(370,000)	0	0
Depreciation	328,718	0	0
Capital Outlay	(221,264)	0	0
Encumbrances	(89,517)	0	(5,833)
Budget Basis	\$4,687,095	\$17,518	(\$2,150)

Note 6 - Deposits and Investments

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

Interim monies may be deposited or invested in the following securities:

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

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

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

The following is the information on classified deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

Deposits At year-end, the carrying amount of the City's deposits was \$827,658 and the bank balance was \$921,403. Of the bank balance:

1. \$338,399 was covered by federal depository insurance.
2. \$583,004 was uncollateralized and uninsured. Although the pledging bank has an investment and securities pool used to collateralize all public deposits which are held in the financial institutions name, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

City of Coshocton, Ohio
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Investments The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreement	\$3,736,000	\$3,736,000	\$3,736,000
STAROhio		4,889,640	4,889,640
<i>Total Investments</i>	\$3,736,000	\$8,625,640	\$8,625,640

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classification of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9 Investments of the Cash Management Pool:	\$9,453,298	\$0
STAROhio	(4,889,640)	4,889,640
Repurchase Agreements	(3,736,000)	3,736,000
GASB Statement No. 3	\$827,658	\$8,625,640

Note 7 - Receivables

Receivables at December 31, 2001, primarily consisted of taxes, accounts (billings for user charged services including unbilled utility services), intergovernmental receivables, entitlement or shared revenues, special assessments and interest on investments. All receivables are considered fully collectible.

A. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property (used in a business) located in the City. Property tax revenue received during 2001 for real and public utility property taxes represents collections of 2000 taxes. Property tax payments received during 2001 for tangible personal property (other than public utility property) are for 2001 taxes.

2001 real property taxes are levied after October 1, 2001 on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2001 real property taxes are collected in and intended to finance 2002.

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Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed as 35 percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after October 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after October 1, 2000, on the values as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 2001, was \$2.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$145,866,620
Tangible Personal	39,656,136
Public Utility	<u>8,476,180</u>
Total	<u><u>\$193,998,936</u></u>

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due by December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single-county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable at September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Coshocton. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2001 operations. The receivable is offset by deferred revenue.

B. Municipal Income Taxes

The City levies a municipal income tax of one percent on all net profits and all salaries, wages, commissions and other compensation earned within the City as well as on incomes of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent 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 to remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are received by the general fund, street construction maintenance and repair special revenue fund, the capital improvements capital projects fund and the bond/special assessment debt service fund.

City of Coshocton, Ohio
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C. Intergovernmental

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivable	Amount
General Fund	
Homestead and Rollback	\$22,357
Estate Tax	108,581
Hotel Tax	326
Local Government	257,814
County Auditor – House Arrest	6,360
<i>Total General Fund</i>	395,438
Special Revenue Funds	
Street Construction, Maintenance and Repair	211,438
State Highway	8,978
Permissive Motor Vehicle License Tax	11,282
Fire Pension	2,683
<i>Total Special Revenue Funds</i>	234,381
Capital Projects Fund	
Capital Improvements	137,294
Enterprise Fund	
Sewage Fund	200,000
<i>Total</i>	\$967,113

Note 8 - Fixed Assets

A summary of the enterprise funds' fixed assets at December 31, 2001, follows:

Land and Improvements	\$45,835
Buildings and Improvements	5,143,550
Furniture and Equipment	5,197,291
Vehicles	536,762
Water and Sewer Lines	9,743,537
Total	20,666,975
Less: Accumulated Depreciation	(16,260,139)
Net Fixed Assets	\$4,406,836

City of Coshocton, Ohio
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A summary of the changes in general fixed assets during 2001 follows:

	Balance 12/31/00	Additions	Reductions	Balance 12/31/01
Land and Land Improvements	\$399,892	\$477,500	\$0	\$877,392
Buildings	2,708,245	0	0	2,708,245
Vehicles	1,368,179	186,160	(39,107)	1,515,232
Furniture and Equipment	722,198	113,593	(2,833)	832,958
Total	\$5,198,514	\$777,253	(41,940)	\$5,933,827

Note 9 - Long-term Obligations

	Balance 12/31/00	Issued	Retired	Balance 12/31/01
Enterprise Fund Obligations:				
<i>Revenue Bond (Self Supporting) General Obligation</i>				
Sewer				
1992 – 3.2% to 6.5% \$3,200,000	\$2,325,000	\$0	(\$2,325,000)	\$0
2001 – 3.25% to 4.25% \$2,570,000	0	2,570,000	(185,000)	2,385,000
Waterworks				
1993 – 3.0% to 5.15% \$1,500,000	530,000	0	(170,000)	360,000
<i>Total Revenue Bonds</i>	<u>2,855,000</u>	<u>2,570,000</u>	<u>(2,680,000)</u>	<u>2,745,000</u>
<i>Ohio Public Works Commission Loans</i>				
Plum Street Sanitary Interceptor Sewer				
1994 - 0% \$150,000	37,500	0	(15,000)	22,500
Total Enterprise Fund Obligations	<u>\$2,892,500</u>	<u>\$2,570,000</u>	<u>(\$2,695,000)</u>	<u>\$2,767,500</u>
General Long-Term Obligations:				
<i>General Obligation Bonds</i>				
Fire Station				
1998 – Various Rates \$1,480,000	\$1,245,000	\$0	(\$115,000)	\$1,130,000
<i>Ohio Public Works Commission Loans</i>				
Street Resurfacing				
1994 - 0% \$79,600	23,880	0	(7,960)	15,920
Street Resurfacing				
1995 - 0% \$70,449	24,657	0	(7,045)	17,612
<i>Total OPWC Loans</i>	<u>48,537</u>	<u>0</u>	<u>(15,005)</u>	<u>33,532</u>
<i>Special Assessment Bond</i>				
Downtown Street				
1986 – Series A 7 3/8% \$392,000	120,000	0	(20,000)	100,000

City of Coshocton, Ohio
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Other General Long-Term Obligations

Intergovernmental Payable	100,490	94,478	(100,490)	94,478
Capital Lease Payable	0	8,528	0	8,528
Compensated Absences	419,933	38,002	0	457,935
<i>Total Other General Long-Term Obligations</i>	<u>520,423</u>	<u>141,008</u>	<u>(100,490)</u>	<u>560,941</u>
<i>Total General Long-Term Obligations</i>	<u>1,933,960</u>	<u>141,008</u>	<u>(250,495)</u>	<u>1,824,473</u>
Total	<u>\$4,826,460</u>	<u>\$2,711,008</u>	<u>(\$2,945,495)</u>	<u>\$4,591,973</u>

The sewer and water revenue bonds are being paid from operating revenues collected and receipted into the water and sewage enterprise funds. Enterprise OPWC loans are being paid from the sewage enterprise fund user service charges. The remainder of OPWC loans are being paid from municipal income taxes and any other available revenues deposited to the credit of the Street Construction, Maintenance and Repair special revenue fund.

General obligation bonds are being paid from the municipal income tax. Special assessment bonds are being paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City.

Compensated absences reported in the "compensated absences payable" account and unfunded pension obligation reported in the "intergovernmental payable" account will both be paid from the fund from which the employees' salaries are paid.

On December 1, 1999, the City issued \$1,480,000 in general obligation bonds with interest rates varying from 3.2 percent to 6.5 percent. Proceeds were used to retire \$1,355,000 of outstanding 1989 fire station general obligation bonds.

On September 1, 2001, the City issued \$2,570,000 in sewer system refunding bonds, Series 2001, with an average interest rate of 3.67 percent to advance refund \$2,325,000 of outstanding Series 1992 bonds with an average interest rate of 6.3 percent. The net proceeds of \$2,483,386 (after payment of \$78,014 in underwriting fees and \$8,600 for bond insurance premium) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 1992 bonds. As a result, the Series 1992 bonds are considered to be defeased and the liability for those bonds has been removed from the sewer system fund. On December 31, 2001, \$2,190,000 of outstanding refunded sewer system bonds are considered defeased by assets of \$2,483,386 held in the irrevocable trust.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$158,386. This difference, being reported as a deferral in the accompanying financial statements, is being charged to operations through the year 2012 using the straight-line method. The City completed the advance refunding to reduce its total debt service payments over the next eleven years by \$149,488 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$118,563.

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The City's overall legal debt margin was \$19,038,976 at December 31, 2001. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2001, are as follows:

Year	General Obligation Bonds	Special Assessment Bonds	Sewer Revenue Bond	Ohio Public Works Commission Loans
2002	\$170,525	\$24,572	\$462,540	\$30,005
2003	165,900	22,876	468,027	22,505
2004	166,150	21,512	267,325	3,522
2005	171,080	20,590	271,150	0
2006	170,480	20,110	273,150	0
2007-2011	504,645	0	1,355,900	0
2012-2016	0	0	265,387	0
Total Principal and Interest	1,348,780	109,660	3,363,479	56,032
Less: Interest	(218,780)	(9,660)	(618,479)	0
Total Principal Outstanding	<u>\$1,130,000</u>	<u>\$100,000</u>	<u>\$2,745,000</u>	<u>\$56,032</u>

Note 10 - Defined Benefit Pension Plans

A. Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2001 employer pension contribution rate for the City was 9.25 percent of covered payroll, increased from 6.54 percent in 2000. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2001, 2000, and 1999 were \$299,226, \$135,742, and \$183,599, respectively. The full amount has been contributed for 2000 and 1999. 72.43 percent has been contributed for 2001 with the remainder being reported as a liability in the general long-term obligations account group.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer public employee retirement system administered by the OP&F's Board of Trustees. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 16.5 percent for firefighters. For 2000, the City contributions were 16.75 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for firefighters were \$159,054 for the year ended December 31, 2001, \$110,553 for the year ended December 31, 2000 and \$113,916 for the year ended December 31, 1999. The full amount has been contributed for 2000 and 1999. 70.67 percent has been contributed for 2001 with the remainder being reported as a liability in the general long-term obligations account group.

C. Social Security System

Effective August 3, 1992, all employees, not otherwise covered by another retirement system, are covered by Social Security. The City's contribution is 6.2 percent of wages paid.

Note 11 - Postemployment Benefits

A. Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2001 employer contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2001. For 2000, the contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2000, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually for inflation (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 411,076. The City's actual contributions for 2001 which were used to fund postemployment benefits were \$204,269. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2000, (the latest information available) were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14,364.6 million and \$2,628.7 million, respectively.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any

City of Coshocton, Ohio
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person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.5 percent of covered payroll was applied to the postemployment health care program during 2001. For 2000, the percent used to fund healthcare was 7.25 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2001 that were used to fund postemployment benefits were \$111,007 for fire. The OP&F's total health care expenses for the year ended December 31, 2000, (the latest information available) were \$106,160,054, which was net of member contributions of \$5,657,431. The number of OP&F participants eligible to receive health care benefits as of December 31, 2000, was 12,853 for police and 10,037 for firefighters.

Note 12 - Employee Benefits - Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Earned, unused vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee can be paid a maximum of 960 hours of accumulated, unused sick leave. As of December 31, 2001, the liability for unpaid compensated absences was \$721,523 for the entire City.

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. During 2001, the City contracted for various types of insurance as follows:

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Company	Type	Coverage
Rinehart, Walters, Danner & Assoc.	Public Officials Liability	\$50,000
	Umbrella Liability	1,000,000
Rinehart, Walters, Danner & Assoc.	Comprehensive Crime	10,000
Rinehart, Walters, Danner & Assoc.	Commercial Inland Marine	986,470
Rinehart, Walters, Danner & Assoc.	Wrongful Acts	1,000,000
Rinehart, Walters, Danner & Assoc.	EDP	177,548
Rinehart, Walters, Danner & Assoc.	Property	23,253,421
Rinehart, Walters, Danner & Assoc.	General Fire Liability/Rescue	1,420,226
Rinehart, Walters, Danner & Assoc.	Automobile	1,000,000
Rinehart, Walters, Danner & Assoc.	General Liability	1,000,000/
	Bodily Injury	3,000,000
	Property Damage	

Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

The City, together with other government entities, participates in the Ohio Government Risk Management Plan (Plan), an insurance purchasing pool, for commercial insurance coverage. The City pays an annual premium to the Plan for its general insurance coverage. The agreement for the formation of the Plan provides that the Plan will be self-sustaining through member premiums and will insure through commercial companies to pay claims. The Plan is intended to achieve lower insurance rates for the participants. Under this Plan, the Ohio Government Risk Management's Board of Directors contracted with Hylant Administrative Services, Inc. to act as the agent and coordinate the pool. Hylant Administrative Services, Inc. then contracts with various insurance companies to cover losses.

The City participates in the Ohio Municipal League Group Rating Plan (OML) for workers' compensation. The intent of the OML is to achieve the benefit of a reduced premium for the participants, foster safer working environments and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the OML. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the OML. Each participant pays its workers' compensation premium to the State based on the rate for the OML rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the OML. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the OML. Participation in the OML is limited to cities that can meet the OML's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the OML.

The City manages the hospital/medical, dental, and life insurance benefits for its employees on a self-insured basis through an internal service fund. A third party administrator, Professional Claims Management, processes and pays the claims. An excess coverage insurance (stop loss) policy covers claims in excess of \$20,000 per employee.

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2001

The claims liability of \$89,172 reported in the internal service fund at December 31, 2001, was estimated based on billings in January and February 2001 and is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount in 1999, 2000 and 2001 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
1999	\$80,793	\$495,864	\$526,513	\$50,144
2000	50,144	484,362	462,697	71,809
2001	71,809	718,557	694,377	95,989

Note 14 - Insurance Purchasing Pool

The City participates in the Ohio Government Risk Management Plan (OGRMP), an insurance purchasing pool for commercial insurance, as established under Section 2744.08 of the Ohio Revised Code. The board of directors is responsible for collecting premiums, making payments to insurance agents, making payments to insurance companies, depositing appropriate amounts into OGRMP accounts and reimbursing board members for their expenses. The board of directors consists of eleven members elected from the participants.

Note 15 - Contingencies

A. Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2001.

B. Litigation

The City of Coshocton is not a party to any significant legal proceedings.

Note 16 - Segment Information

The City's enterprise funds account for the provision of sewer, water and refuse services. The table below reflects, in a summarized format, the more significant data relating to the enterprise funds of the City of Coshocton as of and for the year ended December 31, 2001:

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2001

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Totals</u>
Operating Revenues	\$1,832,814	\$1,183,550	\$501,297	\$3,517,661
Depreciation Expense	114,854	213,864	0	328,718
Operating Income (Loss)	(571,698)	53,097	(98,413)	(617,014)
Net Non-Operating Revenue (Expenses)	(44,918)	86,779	0	41,861
Net Income (Loss)	(616,615)	139,875	(98,413)	(575,153)
Fixed Assets:				
Additions	129,958	91,306	0	221,264
Net Working Capital	1,348,628	1,226,349	122,220	2,697,197
Total Assets	8,625,486	3,643,803	184,101	12,453,390
Long-Term Compensated Absences	160,111	93,014	0	253,125
Bonds and Loans Payable				
from Operating Revenues	360,000	2,407,500	0	2,767,500
Total Fund Equity	2,367,571	1,098,617	122,220	3,588,408
Encumbrances at December 31, 2001	32,394	57,123	0	89,517

Note 17 - Notes Payable

A summary of the note transactions for the year ended December 31, 2001, follows:

	<u>Outstanding 12/31/00</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding 12/31/01</u>
Enterprise Funds:				
Water Note	\$0	\$4,900,000	\$0	\$4,900,000

The notes are backed by the full faith and credit of the City of Coshocton, and mature within one year.

Note 18 – Judgements Payable

On September 17, 2001, the City entered into an agreement with Clow Water Systems Corporation (CLOW). This agreement was intended to settle the overcharging of Clow for water usage by the City. The overcharging resulted in a \$575,000 credit to CLOW. Per the agreement, the City is required to pay CLOW \$5,000 per month for 24 months beginning with the July 2001 payment. The City water department will credit water usage at CLOW until the remainder of the overpayment is satisfied. On December 31, 2001, the outstanding judgements payable was \$495,000.

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CITY OF COSHOCTON
COSHOCTON COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2001

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS THROUGH ENTITY NUMBER	FEDERAL CFDA NUMBER	RECEIPTS	EXPENDITURES
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
(Passed through the Ohio Department of Development)				
Community Development Block Grants	A-F-99-109-1	14.228	\$50,700	\$60,700
	A-F-00-109-1		12,050	-
	A-C-99-109-1		30,950	100,166
	A-C-01-109-1		<u>37,930</u>	<u>20,400</u>
Total Community Development Block Grants			131,630	181,266
HOME Investment Partnership Program	A-C-99-109-2	14.239	43,700	60,126
	A-C-01-109-2		<u>10,000</u>	<u>13,611</u>
Total HOME Investment Partnership Program			<u>53,700</u>	<u>73,737</u>
Total U.S. Department of Housing and Urban Development			185,330	255,003
<u>FEDERAL HIGHWAY ADMINISTRATION</u>				
(Passed through the Ohio Department of Transportation)				
Highway Planning and Construction	N/A	20.205	<u>463,953</u>	<u>463,953</u>
Total			<u><u>\$649,283</u></u>	<u><u>\$718,956</u></u>

See accompanying Notes to the Schedule of Receipts and Expenditures of Federal Awards.

**CITY OF COSHOCTON
COSHOCTON COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2001**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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



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

City of Coshocton
Coshocton County
760 Chestnut Street
Coshocton, Ohio 43812

To the City Council:

We have audited the general purpose financial statements of the City of Coshocton, Coshocton County, Ohio, (the City) as of and for the year ended December 31, 2001, and have issued our report thereon dated September 12, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

However, we noted certain immaterial instances of noncompliance which we have reported to management of the City in a separate letter dated September 12, 2002.

Internal Control Over Financial Reporting

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

City of Coshocton
Coshocton County
Report of Independent Accountants on Compliance and on
Internal Control Required By *Government Auditing Standards*
Page 2

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated September 12, 2002.

This report is intended for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

Jim Petro
Auditor of State

September 12, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

City of Coshocton
Coshocton County
760 Chestnut Street
Coshocton, Ohio 43812

To the City Council:

Compliance

We have audited the compliance of the City of Coshocton, Coshocton County, Ohio, (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2001. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001. However, we noted an immaterial instance of noncompliance that does not require inclusion in this report that we have reported to the management of the City in a separate letter dated September 12, 2002.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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.

However, we noted another matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the City in a separate letter dated September 12, 2002.

This report is intended for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

Jim Petro
Auditor of State

September 12, 2002

**CITY OF COSHOCTON
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Highway Planning and Construction 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 FOR FEDERAL AWARDS

None

**CITY OF COSHOCTON
COSHOCTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2001**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
2000-21016-001	Noncompliance citation for not properly certifying purchases.	No	Partially Corrected. There were 27% of tested expenditures which were not properly certified prior to incurring the obligation. See management letter.
2000-21016-002	Not properly maintaining fixed asset records for water and sewer lines and contributed capital.	No	Partially Corrected. The City did not properly record water and sewer line additions for 2001. In addition, donated water and sewer lines have not been added as fixed assets. See management letter.
2000-21016-003	Utility department employees were unable to recalculate billed amounts based on metered usage.	No	Corrected. The Utility Department has obtained a general working knowledge of the utility billing system.
2000-21016-004	Federal noncompliance for maintaining cash balance in excess of \$5,000 for more than 15 days.	No	Partially Corrected. The City maintained cash balances of greater than \$5,000 for more than 15 days during 2001. See management letter.



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CITY OF COSHOCTON

COSHOCTON 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
NOVEMBER 7, 2002**