

***CITY OF VERMILION, OHIO***

***AUDIT REPORT***

***FOR THE YEAR ENDED DECEMBER 31, 2001***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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The Honorable Mayor and Members of City Council  
City of Vermilion  
5511 Liberty Ave.  
Vermilion, Ohio 44089

We have reviewed the Independent Auditor's Report of the City of Vermilion, Erie County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

JIM PETRO  
Auditor of State

July 3, 2002

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**CITY OF VERMILION, OHIO**  
**AUDIT REPORT**  
**For the Year Ended December 31, 2001**

**TABLE OF CONTENTS**

<b><u>TITLE</u></b>	<b><u>PAGE</u></b>
<b>Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	<b>1 - 2</b>
<b>Status of Prior Year's Citations and Recommendations</b>	<b>3</b>

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**Charles E. Harris & Associates, Inc.**  
**Certified Public Accountants**

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

The Honorable Mayor and Members of City Council  
City of Vermilion  
Vermilion, Ohio

We have audited the general purpose financial statements of the City of Vermilion, Ohio as of and for the year ended December 31, 2001 and have issued our report thereon dated May 30, 2002 wherein we noted the City adopted Governmental Accounting Standards Board Statements Nos. 33 and 36. 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 general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we also noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated May 30, 2001.

**Internal Control Over Financial Reporting**

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

**However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated May 30, 2002.**

**This report is intended for the information and use of management, the Honorable Mayor and Members of Council and is not intended to be and should not be used by anyone other than these specified parties.**

*Charles E. Harris & Associates, Inc.*

May 30, 2002

**STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS**

The prior audit report, as of December 31, 2000, included no material citations or recommendations.

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City of Vermilion, Ohio  
Comprehensive Annual Financial Report  
For the year ended December 31, 2001



Prepared By:

Laurence Rush, Finance Director  
City of Vermilion Finance Department

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***CITY OF VERMILION, OHIO***  
***Comprehensive Annual Financial Report***  
***For the year ended December 31, 2001***

Prepared By:  
Laurence Rush, Finance Director  
Department of Finance

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**CITY OF VERMILION, OHIO**  
 Comprehensive Annual Financial Report  
 For the Year Ended December 31, 2001

Table of Contents

<b>Introductory Section</b>	<b><u>Page</u></b>
Letter of Transmittal.....	1
City Officials.....	12
Organizational Chart.....	13
Certificate of Achievement.....	14
<b>Financial Section</b>	
Report of Independent Accountants.....	15
General Purpose Financial Statements	
Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Unit.....	16
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust.....	20
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budget Basis) – All Governmental Fund Types and Similar Trust Funds.....	22
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings – All Proprietary Fund Types, Non-expendable Trust Funds, and Discretely Presented Component Unit.....	26
Combined Statement of Cash Flows - All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Unit.....	28
Notes to the General Purpose Financial Statements.....	30
Combining, Individual Fund and Account Group Statements and Schedules	
General Fund:	
Description of Funds.....	65
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	66
Special Revenue Funds:	
Description of Funds.....	68
Combining Balance Sheet.....	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	74
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budget Basis).....	78
Debt Service Funds:	
Description of Funds.....	95
Combining Balance Sheet.....	96
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	97
Schedule of Revenue, Expenditure and Changes in Fund Balances – Budget and Actual (Non-GAAP Budget Basis).....	98

**CITY OF VERMILION, OHIO**  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2001

---

Table of Contents  
(Continued)

	<b>Page</b>
Capital Project Funds:	
Description of Funds.....	101
Combining Balance Sheet.....	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	104
Schedule of Revenue, Expenditure and Changes in Fund Balances – Budget and Actual (Non-GAAP Budget Basis).....	106
Enterprise Funds:	
Description of Funds.....	116
Combining Balance Sheet.....	117
Combining Statement of Revenues, Expenditures and Changes in Fund Equity.....	118
Combining Statement of Cash Flows.....	119
Internal Service Funds:	
Description of Funds.....	121
Combining Balance Sheet.....	122
Combining Statement of Revenues, Expenditures and Changes in Fund Equity .....	123
Combining Statement of Cash Flows.....	124
Trust and Agency Funds:	
Description of Funds.....	125
Combining Balance Sheet.....	126
Statement of Changes in Assets and Liabilities – Agency Fund.....	128
General Fixed Assets Account Group:	
Description of Funds.....	130
Schedule of General Fixed Assets by Source.....	131
Schedule of General Fixed Assets by Function and Activity.....	132
Schedule of Changes in General Fixed Assets by Function.....	133

**CITY OF VERMILION, OHIO**  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2001

---

Table of Contents  
(Continued)

<b>Statistical Section</b>	<b>Page</b>
General Governmental Expenditures by Function.....	136
General Governmental Revenues by Source.....	138
Property Tax Levies and Collections – Last Ten Years.....	140
Assessed and Estimated Valuation of Property – Last Ten Years.....	141
Direct and Overlapping Property Tax Rates – Last Ten Years.....	142
Compared to Charter Limitations Property Tax Rates.....	143
Special Assessment Billings and Collection – Last Ten Years	144
Computation of Legal Debt Margin – Statutory Debt Limitations.....	145
Computation of Legal Debt Margin – Constitutional Debt Limitations.....	146
Computation of Direct Debt and Overlapping Debt.....	147
Ratio of Net General Debt to Assessed Value and Net Debt Per Capital.....	148
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures.....	150
Demographic Statistics.....	151
Construction, bank Deposits and Assessed Property Values.....	152
Principal Taxpayers – Real Property.....	153
Principal Taxpayers – Personal Property.....	154
Miscellaneous Statistics.....	155

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## INTRODUCTORY SECTION

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**City of Vermilion, Ohio**  
**5511 Liberty Avenue**  
**Vermilion, OH 44089**  
(440) 967-6989

**Jimmy L. Davis, Mayor**

**Laurence Rush, Finance Director**

May 30, 2002

The Honorable Mayor Jimmy L. Davis  
and Members of City Council  
5511 Liberty Ave.  
Vermilion, OH 44089

It gives me great pleasure to present the Comprehensive Annual Financial Report (CAFR) for the City of Vermilion. This report has been carefully prepared in accordance with Generally Accepted Accounting Principles (GAAP) and provides a full and complete disclosure of the financial position and operations of the City for the year ended December 31, 2001.

The information contained in this report will assist City officials in making management decisions and will provide the taxpayers of the City of Vermilion with comprehensive financial data in such a format as to enable them to gain a true understanding of the City's financial affairs. The general public, as well as investors, will be able to compare the financial position of the City of Vermilion and the results of its operations with other governmental entities.

Responsibility for the accuracy, completeness, and fairness of the presentation, including all disclosures, lies with the management of the City of Vermilion and, in particular, the City's Finance Department. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities and status are included herein.

This is the second Comprehensive Annual Financial Report issued by the City. The report is prepared in accordance with Generally Accepted Accounting Principles, as set forth by the Governmental Accounting Standards Board (GASB) and other authoritative sources, and the guidelines set by the Government Finance Officers Association (GFOA).

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The introductory section includes this transmittal letter, a list of public officials, and the City's organizational chart. The financial section, which begins with the Report of Independent Accountants, includes the general purpose financial statements, notes that provide an overview of the City's financial position and operating results, and the combining and individual fund and account group financial statements and schedules. The statistical section includes financial and demographic information.

## **REPORTING ENTITY**

For financial purposes, the City includes all funds, account groups, agencies, boards, and commissions making up the City of Vermilion (the Primary Government) and its potential component units in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity". The primary government comprises all activities and services which are not legally separate for the City. The City provides various services including public safety (police and fire), highways and streets, parks and recreation, public improvements, community development (planning and zoning), sewers, sanitation, and general administrative and legislative services. The operation of each of these activities is directly controlled by Council through the budgetary process. Port Management services are assumed by a locally controlled independent Port Authority. Although this is a separate legal entity its budget and operations are controlled by the Vermilion City Council. Since the Port Authority is an independent organizational unit, it is discretely presented in the financial statements of the primary government. A complete discussion of the City's reporting entity is provided in Note 1 of the General Purpose Financial Statements.

## **THE CITY AND THE FORM OF GOVERNMENT**

### *The City*

The City is located in Erie and Lorain Counties in northeastern Ohio, approximately 40 miles west of the downtown area of the City of Cleveland. It was incorporated as a village in 1837 by a special act of the State Legislature. Vermilion became a city in 1962. In 1963, the Village of Vermilion on the Lake was merged into the City.

The portion of the City in Lorain County is in the Lorain-Elyria Primary Metropolitan Statistical Area (PMSA), which is comprised of Lorain County, and had a 1990 population of 271,126. The City was also in the Cleveland-Akron-Lorain Consolidated Metropolitan Statistical Area (CMSA), which is the 11th most populous CMSA of 20 in the country. Effective in 1994, the PMSA was redefined to include Ashtabula and Lorain Counties. Only limited statistics are now available for the new PMSA and, unless otherwise noted, PMSA statistics are for the former PMSA.

The City's 2000 population of 10,927 placed it at the third largest in Erie County and seventh largest in Lorain County. The population counts are being challenged because of the number of transient residents who call Vermilion home for approximately six months of the year.

The City's area is approximately 15 square miles, of which approximately 7.35 square miles are located in Erie County (including approximately 49% of its assessed valuation) and 7.65 square miles are located in Lorain County (including approximately 51% of its assessed valuation). The City's territory is broken down by land use as follows:

**Percent of Assessed Valuation of Real Property**

	<b>Within Lorain County</b>	<b>Within Erie County</b>
Residential	82.2%	78.0%
Commercial/Industrial	12.7	15.5
Public Utility	3.5	6.2
Governmental (including parks) and Other Tax Exempt	(a)	(a)
Agricultural	1.6	.3
Undeveloped	(b)	(b)

(a) Not applicable. Exempt from property taxation.

(b) Included in above categories.

Sources: City Building Department and County Auditor.

The City is served by diversified transportation facilities, including four State and U.S. highways and interstate highway I-80 and I-90. It is served by Conrail and Amtrak railroad. It is served by passenger air services at Lorain County Regional Airport located 15 miles southeast of the City, and Cleveland Hopkins International Airport is located 40 miles east of the city. Public mass transit for limited areas is provided by Lorain County Transit Authority.

Banking and financial services are provided to the City area by offices of local commercial banks and savings and loan associations, all of which have their principal offices elsewhere.

One weekly newspaper serves the City. The City is within the broadcast area of eight television stations and 30 AM and FM radio stations. Multi-channel cable TV is provided by license agreement with Adelphia Cable Company. Adelphia's cable service includes educational, governmental and public access channels.

Within commuting distance are several public and private two-year, and four-year colleges and universities providing a wide range of educational facilities and opportunities. These include Baldwin-Wallace College, Case Western Reserve University, Cleveland State University, Cuyahoga Community College, John Carroll University, Kent State University, Lorain County Community College, Ursuline College, Notre Dame College, Oberlin College, The University of Akron, and Firelands campus of Bowling Green State University.

City residents are served by Lorain Community Hospital, a 337 bed total care facility located in the City of Lorain eight miles east of the City, and Amherst Hospital, a 71 bed total care facility located in the City of Amherst approximately 10 miles southeast of the City. Tertiary care facilities are also operated by the Cleveland Clinic and located approximately five miles east of the City.

Various recreational and cultural facilities are immediately available to City residents. The City operates a park system of four parks encompassing approximately 150 acres with facilities that include public beaches, tennis courts, baseball diamonds, and basketball and volleyball courts. In addition, the City Parks and Recreation Board organizes and operates many special programs and activities for City residents. The Lorain County Metropolitan Park District also operates a park immediately adjacent to the City consisting of approximately 600 acres. The “Festival of the Fish” and the “Woolly Bear Festival” are annual festivals celebrated throughout the City for three days in June and one day in September, respectively. Activities include parades, concessions, and games, races, musical events, and arts and crafts. The City is also home to the Ritter Public Library and the Great Lakes Museum, a maritime museum containing artifacts relating to Great Lakes history, including ship models, navigational instruments, engines, a lighthouse lens and marine paintings.

The City's location on the south shore of Lake Erie and the banks of the Vermilion River, and several lagoons at the mouth of the river afford many opportunities for boating, fishing, and other maritime recreational activities. The nearby Lake Erie islands and resorts, Kelleys Island State Park, Thomas Edison Birthplace Museum and Cedar Point amusement park provide additional recreational and educational opportunities and attract many tourists and visitors to the area.

The City's close proximity to the City of Cleveland also affords the residents of the City all of the cultural, recreational, social and educational opportunities of the Cleveland metropolitan area.

### *City Government*

The City operates under and is governed by its Charter, first adopted by the voters in 1961 and which has been and may be amended by the voters from time to time. The City is also subject to some general laws applicable to all cities. Under the Ohio Constitution the City may exercise all powers of local self-government, and police powers to the extent not in conflict with applicable general laws. The Charter provides for a Council-Mayor form of government.

Legislative authority is vested in a seven-member Council, of whom two are elected at-large and five are elected from wards, for two-year terms. The presiding officer is the President of Council, who is one of the Council members elected by Council for a two year term. The Council fixes compensation of City officials and employees, and enacts ordinances and resolutions relating to the City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal purposes. The Charter establishes certain administrative departments; the Council may establish divisions of those departments, and additional departments.

The City's chief executive and administrative officer is the Mayor, who is elected by the voters specifically to that office for a four-year term.

The Mayor appoints, subject to the approval of Council, the directors of the City departments. The Mayor also appoints members to a number of boards and commissions, and appoints and removes, in accordance with civil service requirements, all appointed officers and employees, except Council officers and employees. The major appointed officials are the Directors of Public Service, Law, finance, and Engineering.

The Mayor may veto any legislation passed by the Council. A veto may be overridden by a two-thirds vote of all members of the Council.

## **ECONOMIC CONDITION AND OUTLOOK**

The City's economy and its largest employers remain primarily commercial and a significant portion of the City's commercial activity transpires during the summer months when its resident population normally increases by approximately 5,000 people. There has been a moderate development of smaller commercial business and increased retail service activity in recent years.

Continuing in the development stage are two large industrial parks. These industrial parks comprise approximately 130 acres of land within the City. Approximately 400 acres is available for possible future development. An agreement was reached with Erie Huron Rural Water District to supply water to this acreage. The City of Vermilion will handle the roads and sanitary sewer from these areas. An additional proposed trunk line sewer will extend to the east on the Vermilion Lorain border. These industrial parks are in close proximity to the Ford Motor Lorain Assembly Plant, but, will independently operate to attract both commercial and light industrial firms.

Furthermore, planned unit developments and other residential housing are being constructed on approximately four separate development sites on Linda Lane. The expansion of this additional housing on Linda Lane will be proposed as an annexation issue of the City.

Emerald View Condominium project proceeds this year into yet another phase. With a recent reconfiguration, twenty-three units are now planned at an average value of \$350,000 each. New property tax to be generated is \$8,450 per unit. Of the total of 23 units, to date nine have been sold and occupied, two have been built but not sold, two are under construction and ten are in the planning stage. In addition, there is a potential for six more units on the hill at the south end of the property. Finally, the developer has also purchased the ten-suite apartment building to the east, which he plans to convert to condominiums as well.

## **MAJOR INITIATIVES**

The City of Vermilion continues to maintain its strong financial reserves during 2001. The City's general fund unencumbered cash balance at year-end was \$588,187. This represents 18% of general fund expenditures.

The City entered into a two year street repair program at no extra cost to the residents of the streets repaired. The expended cash in 2001 was \$1,124,018.

The City agreed to purchase six new police cruisers at a cost of \$180,000 although delivery of the vehicles will not take place until 2002. New service department equipment was purchased at a cost of \$71,719.

In an effort to move toward better managerial control the City recognized the need for full time leadership. This issue was first discussed and approved by the Vermilion Vision Committee, an independent volunteer group established for the purpose of strategic planning. Effective in 2006 the position of Mayor will be considered full time. Currently, the Mayor serves in a part time capacity at an annual salary of \$24,000.

## **FINANCIAL INFORMATION**

### *Basis of Accounting*

The City of Vermilion's accounting system is organized on a "fund basis". Each fund or account group is a self-balancing set of accounts. General government operations are reported on a modified accrual basis. Revenues are recognized when measurable and available. Expenditures are recognized when measurable and incurred. The City's proprietary funds are reported on the accrual basis. Revenues are recognized when earned. Expenses are recognized when incurred.

### *Internal Accounting Controls*

In developing the City's accounting system, consideration was given to the adequacy of internal accounting controls. Such controls are designed to provide reasonable, but not absolute, assurance regarding both the safeguarding of assets against loss and misuse, and assurance regarding the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal controls should not exceed the benefits expected to be derived from their implementation.

The City utilizes a fully automated accounting system as well as an automated system for payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensure that the financial information generated is both accurate and reliable.

*Budgetary Controls*

By statute, City Council adopts a temporary appropriation measure for the City on or about the first day of January. The City Council adopts a permanent appropriation measure by the first day of April. All disbursements and transfers of cash among funds require appropriation authority from City Council. Budgets are controlled at the fund level. Purchase orders are submitted to the Finance Department by department heads and are encumbered prior to their release to vendors. Those purchase orders which exceed the available appropriation are rejected until additional revenues are secured.

A computerized certification system allows the Finance Department to ascertain the status of the department's appropriations before authorizing additional purchases from a particular account. Additional information regarding the City's budgetary accounting can be found in Note 2 to the General Purpose Financial Statements.

*General Government Functions - Financial Highlights*

The following schedule presents a summary of general, special revenue, debt service, and capital projects funds revenues for the year ended December 31, 2001, and the amounts and percentages of increases and decreases in relation to prior year's revenues.

	2000 Amount	2001 Amount	Percent of Total	Change	Percent Change
Revenues:					
Taxes - 1	\$2,963,790	\$3,295,621	50.68%	\$331,831	11.20%
Charges for Services	1,201,257	1,193,983	18.36	(7,274)	(0.61)
Fines, Licenses and Permits	475,793	508,321	7.82	32,528	6.84
Intergovernmental - 2	1,423,170	1,326,021	20.39	(97,149)	(6.83)
Interest - 3	126,443	89,063	1.37	(37,380)	(29.56)
Special Assessments	-	16,755	0.26	16,755	100
Other	80,973	72,661	1.12	(8,312)	(10.27)
<b>Total Revenues</b>	<b>\$6,271,426</b>	<b>\$6,502,425</b>	<b>100.00%</b>	<b>\$230,999</b>	<b>3.68%</b>

1 – Taxes revenue increased primarily due to increase of property tax after a reevaluation of property value in 2001.

2 – Intergovernmental revenue decreased due to fewer amounts received from local government funds and inheritance tax in 2001.

3 – Interest revenue decreased due to the lower interest rates in 2001.

The following schedule presents a summary of general, special revenue, debt service, and capital projects funds expenditures for the year ended December 31, 2001, and the amounts and percentages of increases and decreases in relation to prior year's expenditures.

Expenditures:	2000 Amount	2001 Amount	Percent of Total	Change	Percent Change
Current:					
General government - 4	\$1,361,753	\$1,513,237	19.37%	\$151,484	11.12%
Security of persons and property - 5	1,824,717	1,960,116	27.29	135,399	7.42
Public Health	91,566	92,556	1.29	990	1.08
Transportation - 6	1,123,941	1,484,586	20.67	360,645	32.09
Leisure time activities - 7	218,977	850,249	11.84	631,272	288.28
Community environment	159,785	188,112	2.62	28,327	14.24
Basic utility services	827,648	812,530	11.31	(15,118)	(1.83)
Capital outlay - 8	422,905	31,476	0.44	(391,429)	(92.56)
Debt Service:					
Principal retirement - 9	48,000	63,000	0.88	15,000	34.88
Interest and fiscal charges - 9	47,575	186,883	2.60	139,308	292.82
Total Expenditures	<u>\$6,126,867</u>	<u>\$7,182,745</u>	<u>100%</u>	<u>\$1,055,878</u>	<u>17.23%</u>

4 – General government increased primarily due to increased in salary for City's employees in 2001.

5 – Security of persons and property increased due to purchase of motor vehicles and equipment in 2001.

6 – Transportation increased primarily due to increase of spending for street improvement projects in 2001.

7 – Leisure time activities increased primarily due to increase of spending for park facilities in 2001.

8 – Capital outlay decreased primarily due to decrease in spending on capital assets in 2001.

9 – Principal retirement and interest and fiscal charges increased due to the first principal and interest payment coming due in 2001 for the \$550,000 Park Improvement Bonds.

### *General Fund Balance*

The fund balance of the General Fund increased from \$1,030,860 to \$1,363,278 during 2001, an increase of 32.2%. This increase is due to increased revenues and conservative spending by the City during the year.

### *Enterprise Funds*

The Enterprise Funds operated by the City consist of the Water, Sewer, and Storm Water Drainage funds. Operating revenues in these funds totaled \$1,401,674, \$1,371,341 and \$172,777, respectively. Depreciation expense was \$243,732, \$131,116, \$4,811, respectively. Net income/(loss) was (\$18,549), \$152,430 and \$132,046; and total Fund Equity is (\$208,813), \$849,446 and \$595,632, respectively.

### *Internal Service Funds*

The internal service funds operated by the City are the Insurance Rotary Trust Fund and the Claims Rotary Trust Fund. The Insurance Rotary Trust Fund was created in order to provide for the payment of insurance premiums and administrative cost incurred through a third party administrator Self Funded Plans. The Claims Rotary Trust Fund was created to provide a medical benefit self-insurance program for the City. For the year ended December 31, 2001, the funds had net incomes/(loss) of \$1,807 and (\$102,220), respectively.

### *Fiduciary Funds*

Fiduciary funds account for assets held by the City of Vermilion in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or funds. The fiduciary funds which the City maintains are Expendable Trust funds, Non-expendable Trust Funds, and Agency funds. The City must keep the principal intact for non-expendable trust funds, whereas, they may spend the principal of expendable trust funds in accordance with the trust agreements. As of December 31, 2001, assets in expendable trust funds, non-expendable trust and agency funds are \$6,251, \$31,835, and \$153,537.

## **CASH MANAGEMENT**

Cash Management is a vital component of the City's overall financial strategy. The Finance Director maintains an aggressive cash management program. Major considerations are cash flows necessary to pay City liabilities and available interest rates. As City funds become available, they are invested immediately in sweep accounts maintained at the City approved depository banks, short-term federal agencies or other securities authorized by state statutes. During 2001, \$78,826 of interest was deposited in the General Fund, \$5,167 in the Special Revenue fund, \$5,070 in the Capital Projects Fund, and \$50,777 in the Sewer Fund in accordance with City ordinances.

## **RISK MANAGEMENT**

The City of Vermilion maintains replacement cost insurance on all buildings and their contents. Blanket building and personal property insurance is held in the amount of \$10,254,000.

The City provides employees medical, prescription and dental benefits through a self-insurance program. All funds of the City participate in the program and make payments to the medical self-insurance internal service fund based on actuarial estimates of amounts need to pay prior and current year claims.

**DEBT MANAGEMENT**

In 2001, the City issued \$950,000 in notes for the purpose of street improvements. Also, the City entered into a loan agreement with Ohio Water Development Authority (OWDA) for \$783,833 for Contract B Lift Stations/Digesters/Water Resource Restoration. The amount of loan has not been finalized as of December 31, 2001.

On December 27, 2001, the City issued \$3,595,000 general obligation (limited tax) various purpose improvement and refunding bonds, series 2001. The bonds were issued for various purposes including:

\$180,000	Motor Vehicles Purchase
130,000	Retired Highbridge Road Sewer Notes
2,585,000	Refunded 1991 Water System Improvement Bonds
700,000	Refunded 1988 Sanitary Sewerage Bonds
<u>\$3,595,000</u>	

The City maintains an A2 credit rating from Moody's Investors Service, Inc. All bonds of the City are backed by its full faith and credit.

Under current state statutes, the total voted net debt of the City, less the same exempt debt, shall never exceed 10.5% of the total assessed property valuation. The total unvoted debt less the same exempt debt, shall never exceed 5.5% of the assessed valuation. At December 31, 2001, the total legal debt margin was \$18,761,093 with an unvoted debt margin of \$8,003,906.

**CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to a government unit which publishes an easily readable and efficiently organized Comprehensive Annual Financial Report. The contents of this report must satisfy program standards, conform with generally accepted accounting principles and satisfy all applicable legal requirements. The City submitted the 2000 report and received a Certificate of Achievement for Excellence in Financial Reporting.

In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

## **INDEPENDENT AUDIT**

Included in this report is an unqualified audit opinion rendered on the City's financial statements as of December 31, 2001, by our independent auditor, Charles E. Harris & Associates, Inc. Their audit was conducted in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

City management plans to continue to subject the City's financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit also serves to maintain and strengthen the City's accounting and budgetary controls.

## **ACKNOWLEDGMENTS**

The publication of this CAFR represents an important achievement in the ability of the City of Vermilion to provide significantly enhanced financial information and accountability to the citizens of the City, its elected officials, City management, and investors. This report continues the aggressive program of the Finance Department to improve the City's overall financial accounting, management, and reporting capabilities.

I would like to acknowledge the efforts of the entire staff of the Finance Department for their contributions to this report. Special thanks are extended to Mayor Jimmy L. Davis and Members of City Council for their enthusiastic support of this project. The guidance and assistance provided by the accounting firm of Charles E. Harris & Associates, and in particular John J. Phillips, Vice-President was greatly appreciated. They provided valuable assistance in a most professional manner.

I would also like to thank all of the elected officials, department heads, and their staffs for their assistance and cooperation with the preparation of this CAFR. I ask for their continued support of this project and of my efforts toward continuing the sound financial management for the City of Vermilion.

Sincerely,



Laurence Rush, C.P.A.  
Finance Director

**CITY OF VERMILION, OHIO**  
 Comprehensive Annual Financial Report  
 For the Year Ended December 31, 2001

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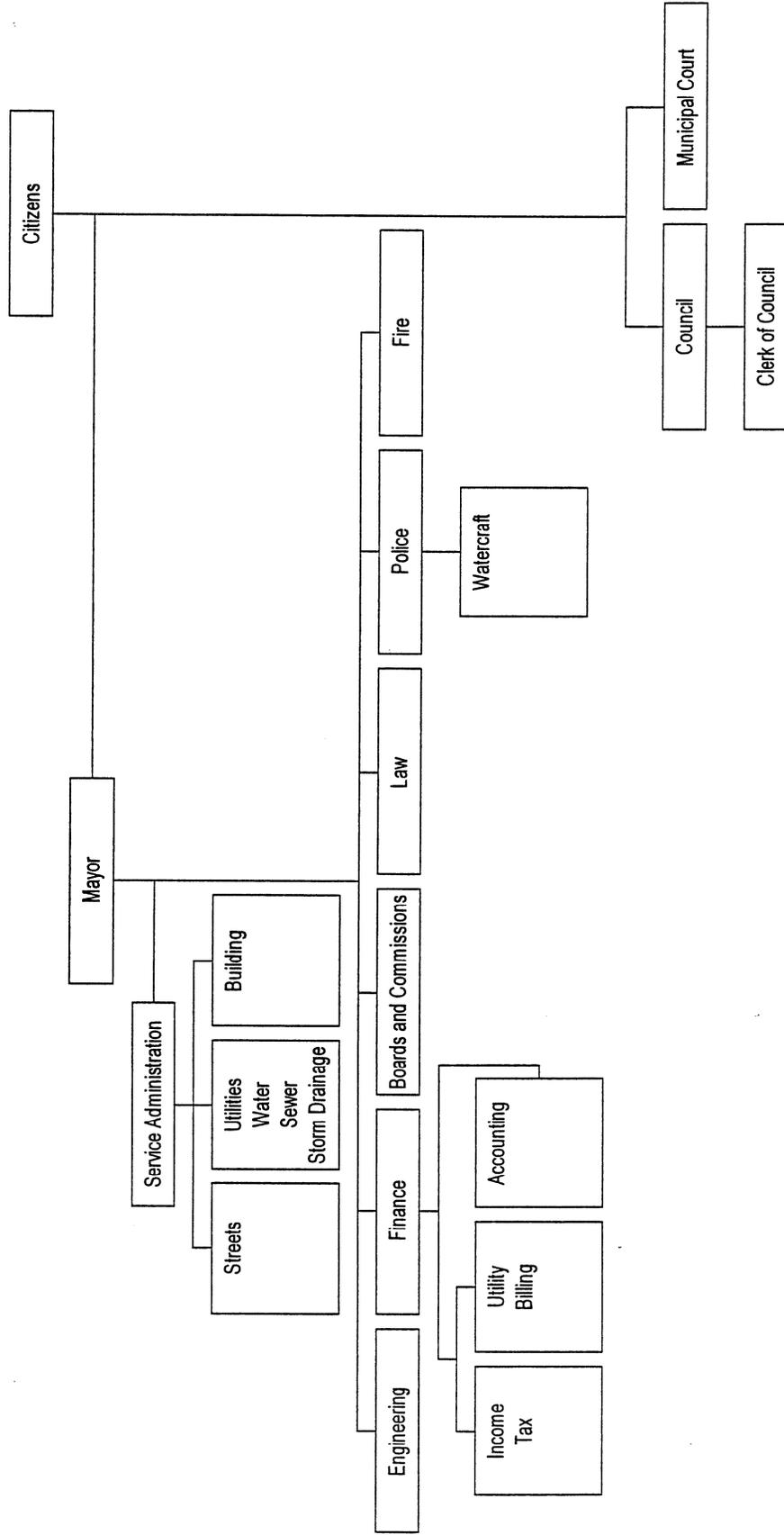
**City Officials**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Term</u></b>	<b><u>Surety</u></b>	<b><u>Amount</u></b>
Jimmy L. Davis	Mayor	1/1/98 – 12/31/01	A	\$255,000
Daniel Roth	President of Council	1/1/00 – 12/31/01	None	
Donald Flak	Councilman	1/1/00 – 12/31/01	None	
Joel Luby	Councilman	1/1/00 – 12/31/01	None	
Dan Phillips	Councilman	1/1/00 – 12/31/01	None	
Fred Ostrander	Councilman	1/1/00 – 12/31/01	None	
Carl Schmidt	Councilman	1/1/00 – 12/31/01	None	
Joseph Starr	Councilman	1/1/00 – 3/31/01	None	
Gregg Butchko	Councilman	4/1/01 – 12/31/01	None	
Elizabeth Wakefield	Judge	8/14/00 – 12/31/01	A	\$250,000
Appointed: Laurence Rush	Finance Director/ Tax Administrator	1/1/98 – 12/31/01	A	\$270,000
Kenneth Stumphauzer	Law Director	1/1/98 – 12/31/01	None	
Joseph Schaller	Engineer	1/1/98 – 12/31/01	None	
Eileen Bulan	Service Director	1/1/98 – 12/31/01	None	
Robert Kish	Police Chief	1/1/98 – 12/31/01	None	
Eugene Kropf	Fire Chief	1/1/98 – 12/31/01	None	

**A = Commercial Union Insurance Company**

# City of Vermilion

Organizational Chart  
December 31, 2001



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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Vermilion,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2000

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



*Thomas A. Crave*  
President

*Jeffrey L. Esall*  
Executive Director

## FINANCIAL SECTION



*Charles E. Harris & Associates, Inc.*  
*Certified Public Accountants*

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

**REPORT OF INDEPENDENT ACCOUNTANTS**

The Honorable Mayor and City Council  
City of Vermilion  
Vermilion, Ohio

We have audited the accompanying general purpose financial statements of the City of Vermilion (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 applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 20 to the financial statements, the City adopted Governmental Accounting and Standards Board Statements Nos. 33 and 36 for the year ending December 31, 2001.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 30, 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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

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

*Charles E. Harris & Associates Inc.*  
Charles E. Harris & Associates, Inc.  
May 30, 2002

**City of Vermilion, Ohio**  
 Combined Balance Sheet  
 All Fund Types, Account Groups, and Discretely Presented Component Unit  
 December 31, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits</u>				
<u>Assets:</u>				
Cash and Cash Equivalents	\$ 733,548	\$ 1,974,357	\$ 45,526	\$ 619,029
Cash and Cash Equivalents in Segregated Accounts	-	-	-	-
Cash and Cash Equivalents with Fiscal and Escrow Agents	-	-	365	-
<u>Receivables:</u>				
Taxes	1,674,969	279,687	64,543	322,716
Accounts	14,996	83,292	-	-
Intergovernmental	166,222	171,894	3,635	18,172
Interfund Receivable	500,975	-	-	-
Special Assessments	-	-	115,695	-
Due from Other Funds	21,125	2,512	-	1,002
Materials and Supplies Inventory	-	8,492	-	-
<u>Restricted Assets:</u>				
Cash with Trustee	-	-	-	-
<u>Fixed Assets</u>				
Buildings	-	-	-	-
Equipment and Furniture	-	-	-	-
Land and Land Improvements	-	-	-	-
Vehicles	-	-	-	-
Infrastructure	-	-	-	-
Construction in Progress	-	-	-	-
Accumulated Depreciation	-	-	-	-
<u>Other Debits</u>				
Amount to be Provided from General Government Resources	-	-	-	-
<b>Total Assets</b>	<b>\$ 3,111,835</b>	<b>\$ 2,520,234</b>	<b>\$ 229,764</b>	<b>\$ 960,919</b>

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Primary Government	Component Unit	Reporting Entity
\$ 4,199,033	\$ 106,301	\$ 120,427	-	-	\$ 7,798,221	\$ 119,566	\$ 7,917,787
-	30,033	61,917	-	-	91,950	-	91,950
-	-	-	-	-	365	-	365
-	-	-	-	-	2,341,915	-	2,341,915
253,084	-	-	-	-	351,372	-	351,372
-	-	6,250	-	-	366,173	-	366,173
-	-	-	-	-	500,975	-	500,975
-	-	-	-	-	115,695	-	115,695
-	-	3,029	-	-	27,668	-	27,668
3,881	-	-	-	-	12,373	-	12,373
267,351	-	-	-	-	267,351	-	267,351
5,443,791	-	-	\$ 1,588,294	-	7,032,085	90,437	7,122,522
2,294,639	-	-	1,303,643	-	3,598,282	40,593	3,638,875
148,889	-	-	1,641,154	-	1,790,043	1,389,030	3,179,073
335,664	-	-	2,079,324	-	2,414,988	-	2,414,988
4,660,387	-	-	-	-	4,660,387	-	4,660,387
620,524	-	-	-	-	620,524	-	620,524
(6,355,752)	-	-	-	-	(6,355,752)	(219,450)	(6,575,202)
-	-	-	-	\$ 1,930,978	1,930,978	-	1,930,978
\$ <u>11,871,491</u>	\$ <u>136,334</u>	\$ <u>191,623</u>	\$ <u>6,612,415</u>	\$ <u>1,930,978</u>	\$ <u>27,565,593</u>	\$ <u>1,420,176</u>	\$ <u>28,985,769</u>

(continued)

**City of Vermilion, Ohio**  
 Combined Balance Sheet  
 All Fund Types, Account Groups, and Discretely Presented Component Unit - (continued)  
 December 31, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities:</u>				
Accounts Payable	\$ 30,849	\$ 80,410	-	-
Interfund Payable	-	-	\$ 105,975	-
Intergovernmental Payable	10,972	21,209	-	-
Accrued Wages and Benefits	43,478	14,311	-	-
Compensated Absences Payable	17,408	2,168	-	-
Pension Obligation Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Deferred Revenue	1,645,850	279,687	180,238	\$ 322,716
Undistributed Monies	-	-	-	-
Matured Interest Payable	-	-	365	-
Accrued Interest Payable	-	-	-	-
Notes Payable	-	950,000	-	-
Claims Payable	-	-	-	-
Refundable Deposits	-	-	-	-
Police and Firemen Unfunded Liability	-	-	-	-
OWDA Loans Payable	-	-	-	-
General Obligation Bonds Payable	-	-	-	-
Refunding Bonds Payable	-	-	-	-
Revenue Bonds Payable	-	-	-	-
Special Assessment Debt with Governmental Commitment	-	-	-	-
<b>Total Liabilities</b>	<b>1,748,557</b>	<b>1,347,785</b>	<b>286,578</b>	<b>322,716</b>
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Retained Earnings (Deficit):				
Unreserved	-	-	-	-
Fund Balance:				
Reserved for Encumbrances	247,360	496,609	-	47,815
Reserved for Debt Service	-	-	(56,814)	-
Reserved for Inventory	-	8,492	-	-
Unreserved - Undesignated	1,115,918	667,348	-	590,388
<b>Total Fund Equity and Other Credits</b>	<b>1,363,278</b>	<b>1,172,449</b>	<b>(56,814)</b>	<b>638,203</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>3,111,835</b>	<b>2,520,234</b>	<b>229,764</b>	<b>960,919</b>

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Primary Government	Component Unit	Reporting Entity
\$ 22,611	\$ 1,201	-	-	-	\$ 135,071	-	\$ 135,071
275,000	120,000	-	-	-	500,975	-	500,975
4,491	-	\$ 55,633	-	-	92,305	\$ 2	92,307
23,868	-	-	-	-	81,657	117	81,774
146,484	-	-	-	\$ 265,331	431,391	-	431,391
35,306	-	-	-	117,046	152,352	275	152,627
-	-	27,668	-	-	27,668	-	27,668
-	-	-	-	-	2,428,491	-	2,428,491
-	-	34,249	-	-	34,249	-	34,249
-	-	-	-	-	365	-	365
128,215	-	-	-	-	128,215	88,034	216,249
-	-	-	-	-	950,000	985,000	1,935,000
-	77,222	-	-	-	77,222	-	77,222
-	-	35,987	-	-	35,987	-	35,987
-	-	-	-	119,601	119,601	-	119,601
1,689,251	-	-	-	-	1,689,251	-	1,689,251
2,400,000	-	-	-	1,345,120	3,745,120	-	3,745,120
3,285,000	-	-	-	-	3,285,000	-	3,285,000
2,625,000	-	-	-	-	2,625,000	-	2,625,000
-	-	-	-	83,880	83,880	-	83,880
<u>10,635,226</u>	<u>198,423</u>	<u>153,537</u>	<u>-</u>	<u>1,930,978</u>	<u>16,623,800</u>	<u>1,073,428</u>	<u>17,697,228</u>
-	-	-	\$ 6,612,415	-	6,612,415	-	6,612,415
1,412,292	-	-	-	-	1,412,292	300	1,412,592
(176,027)	(62,089)	-	-	-	(238,116)	346,448	108,332
-	-	-	-	-	791,784	-	791,784
-	-	-	-	-	(56,814)	-	(56,814)
-	-	-	-	-	8,492	-	8,492
-	-	38,086	-	-	2,411,740	-	2,411,740
<u>1,236,265</u>	<u>(62,089)</u>	<u>38,086</u>	<u>6,612,415</u>	<u>-</u>	<u>10,941,793</u>	<u>346,748</u>	<u>11,288,541</u>
<u>\$ 11,871,491</u>	<u>\$ 136,334</u>	<u>\$ 191,623</u>	<u>\$ 6,612,415</u>	<u>\$ 1,930,978</u>	<u>\$ 27,565,593</u>	<u>\$ 1,420,176</u>	<u>\$ 28,985,769</u>

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues:</b>				
Taxes	\$ 2,703,227	\$ 251,918	\$ 56,746	\$ 283,730
Charges for Services	104,340	1,089,643	-	-
Fines, Licenses and Permits	432,621	44,054	-	31,646
Intergovernmental	623,252	659,252	7,253	36,264
Interest	78,826	5,167	5,070	-
Special Assessments	-	-	16,755	-
Other	65,546	7,115	-	-
<b>Total Revenues</b>	<b>4,007,812</b>	<b>2,057,149</b>	<b>85,824</b>	<b>351,640</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	1,509,046	-	-	4,191
Security of Persons and Property	1,524,221	414,142	-	21,753
Public Health and Welfare	-	92,556	-	-
Transportation	-	1,484,586	-	-
Community Environment	144,728	43,384	-	-
Basic Utility Services	-	812,530	-	-
Leisure Time Activities	90,174	77,493	-	682,582
Capital Outlay	-	16,597	-	14,879
<b>Debt Service:</b>				
Principal Retirement	-	-	63,000	-
Interest and Fiscal Charges	-	-	156,236	30,647
<b>Total Expenditures</b>	<b>3,268,169</b>	<b>2,941,288</b>	<b>219,236</b>	<b>754,052</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>739,643</b>	<b>(884,139)</b>	<b>(133,412)</b>	<b>(402,412)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds of Bonds	180,000	-	-	-
Proceeds from Sale of Fixed Assets	480	-	-	-
Operating Transfers - In	-	661,471	33,600	11,000
Operating Transfers - Out	(692,110)	-	-	(15,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(511,630)</b>	<b>661,471</b>	<b>33,600</b>	<b>(4,000)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	<b>228,013</b>	<b>(222,668)</b>	<b>(99,812)</b>	<b>(406,412)</b>
<b>Fund Balances at Beginning of Year, as Restated, See Note 20</b>	<b>1,135,265</b>	<b>1,395,564</b>	<b>42,998</b>	<b>1,044,615</b>
<b>Increase/(Decrease) in Reserved for Inventory</b>	<b>-</b>	<b>(447)</b>	<b>-</b>	<b>-</b>
<b>Fund Balances at End of Year</b>	<b>\$ 1,363,278</b>	<b>\$ 1,172,449</b>	<b>\$ (56,814)</b>	<b>\$ 638,203</b>

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Type	Totals (Memorandum Only)
Expendable Trust	
-	\$ 3,295,621
-	1,193,983
-	508,321
\$ 6,250	1,332,271
-	89,063
-	16,755
<u>16,081</u>	<u>88,742</u>
22,331	6,524,756
-	1,513,237
22,270	1,982,386
-	92,556
-	1,484,586
-	188,112
-	812,530
-	850,249
20,866	52,342
-	63,000
<u>-</u>	<u>186,883</u>
<u>43,136</u>	<u>7,225,881</u>
<u>(20,805)</u>	<u>(701,125)</u>
-	180,000
-	480
1,039	707,110
<u>-</u>	<u>(707,110)</u>
1,039	180,480
(19,766)	(520,645)
26,017	3,644,459
<u>-</u>	<u>(447)</u>
<u>\$ 6,251</u>	<u>\$ 3,123,367</u>

**City of Vermilion, Ohio**  
 Combined Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types and Similar Trust Funds  
 For the Year Ended December 31, 2001

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 2,583,755	\$ 2,684,941	101,186
Charges for Services	175,000	182,936	7,936
Licenses and Permits	125,000	143,230	18,230
Fines and Forfeitures	225,000	287,098	62,098
Intergovernmental	645,000	595,474	(49,526)
Special Assessments	-	-	-
Interest	75,000	78,826	3,826
Other	65,000	65,262	262
<b>Total Revenues</b>	<b>3,893,755</b>	<b>4,037,767</b>	<b>144,012</b>
Expenditures:			
Current:			
General Government	1,541,502	1,455,625	85,877
Security of Persons and Property	1,729,944	1,715,001	14,943
Public Health and Welfare	-	-	-
Transportation	-	-	-
Community Environment	172,994	145,271	27,723
Basic Utility Services	-	-	-
Leisure Time Activities	109,165	94,877	14,288
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
<b>Total Expenditures</b>	<b>3,553,605</b>	<b>3,410,774</b>	<b>142,831</b>
Excess of Revenues Over (Under) Expenditures	340,150	626,993	286,843
Other Financing Sources (Uses):			
Proceeds of Bonds	180,000	180,000	-
Proceeds of Notes	-	-	-
Sale of Fixed Assets	-	480	480
Operating Transfers - In	-	-	-
Operating Transfers - Out	(706,701)	(692,110)	14,591
<b>Total Other Financing Sources (Uses)</b>	<b>(526,701)</b>	<b>(511,630)</b>	<b>15,071</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(186,551)	115,363	301,914
Fund Balances at Beginning of Year	472,824	472,824	-
Fund Balances (Deficit) at End of Year	\$ 286,273	\$ 588,187	301,914

See accompanying notes to the general purpose financial statements

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 250,695	\$ 251,918	1,223	\$ 55,523	\$ 56,746	1,223
1,057,023	1,096,500	39,477	-	-	-
-	-	-	-	-	-
64,513	43,647	(20,866)	-	-	-
1,403,281	638,134	(765,147)	-	7,253	7,253
-	-	-	25,000	16,755	(8,245)
-	5,167	5,167	-	5,070	5,070
1,760	7,115	5,355	-	-	-
2,777,272	2,042,481	(734,791)	80,523	85,824	5,301
-	-	-	-	-	-
483,359	420,608	62,751	-	-	-
98,483	92,556	5,927	-	-	-
1,985,342	1,845,891	139,451	-	-	-
43,212	42,602	610	-	-	-
859,643	849,270	10,373	-	-	-
85,449	78,925	6,524	-	-	-
16,598	16,597	1	-	-	-
-	-	-	70,380	48,000	22,380
-	-	-	52,708	156,236	(103,528)
3,572,086	3,346,449	225,637	123,088	204,236	(81,148)
(794,814)	(1,303,968)	(509,154)	(42,565)	(118,412)	(75,847)
-	-	-	3,159,366	3,285,000	125,634
950,000	950,000	-	-	-	-
-	-	-	-	-	-
299,711	661,471	361,760	-	18,600	18,600
-	-	-	-	-	-
1,249,711	1,611,471	361,760	3,159,366	3,303,600	144,234
454,897	307,503	(147,394)	3,116,801	3,185,188	68,387
1,164,263	1,164,263	-	39,363	39,363	-
\$ 1,619,160	\$ 1,471,766	(147,394)	\$ 3,156,164	\$ 3,224,551	68,387

(continued)

**City of Vermilion, Ohio**  
 Combined Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types and Similar Trust Funds (continued)  
 For the Year Ended December 31, 2001

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 277,618	\$ 283,730	6,112
Charges for Services	-	-	-
Licenses and Permits	-	18,300	18,300
Fines and Forfeitures	11,000	13,064	2,064
Intergovernmental	-	36,265	36,265
Special Assessments	-	-	-
Interest	-	-	-
Other	-	-	-
<b>Total Revenues</b>	<b>288,618</b>	<b>351,359</b>	<b>62,741</b>
Expenditures:			
Current:			
General Government	5,146	4,191	955
Security of Persons and Property	30,000	22,406	7,594
Public Health and Welfare	-	-	-
Transportation	-	-	-
Community Environment	-	-	-
Basic Utility Services	-	-	-
Leisure Time Activities	135,204	133,805	1,399
Capital Outlay	370,351	14,200	356,151
Debt Service:			
Principal Retirement	15,000	15,000	-
Interest and Fiscal Charges	45,552	30,647	14,905
<b>Total Expenditures</b>	<b>601,253</b>	<b>220,249</b>	<b>381,004</b>
Excess of Revenues Over (Under) Expenditures	(312,635)	131,110	443,745
Other Financing Sources (Uses):			
Proceeds of Bonds	666,707	-	(666,707)
Proceeds of Notes	-	-	-
Sale of Fixed Assets	-	-	-
Operating Transfers - In	36,500	11,000	(25,500)
Operating Transfers - Out	(6,666)	-	6,666
<b>Total Other Financing Sources (Uses)</b>	<b>696,541</b>	<b>11,000</b>	<b>(685,541)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	383,906	142,110	(241,796)
Fund Balances at Beginning of Year	429,106	429,106	-
Fund Balances (Deficit) at End of Year	<u>\$ 813,012</u>	<u>\$ 571,216</u>	<u>(241,796)</u>

See accompanying notes to the general purpose financial statements

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
-	-	-	\$ 3,167,591	\$ 3,277,335	109,744
-	-	-	1,232,023	1,279,436	47,413
-	-	-	125,000	161,530	36,530
-	-	-	300,513	343,809	43,296
-	-	-	2,048,281	1,277,126	(771,155)
-	-	-	25,000	16,755	(8,245)
-	-	-	75,000	89,063	14,063
<u>\$ 47,972</u>	<u>\$ 22,355</u>	<u>(25,617)</u>	<u>114,732</u>	<u>94,732</u>	<u>(20,000)</u>
47,972	22,355	(25,617)	7,088,140	6,539,786	(548,354)
-	-	-	1,546,648	1,459,816	86,832
28,511	28,511	-	2,271,814	2,186,526	85,288
-	-	-	98,483	92,556	5,927
-	-	-	1,985,342	1,845,891	139,451
-	-	-	216,206	187,873	28,333
-	-	-	859,643	849,270	10,373
-	-	-	329,818	307,607	22,211
-	-	-	386,949	30,797	356,152
-	-	-	85,380	63,000	22,380
-	-	-	98,260	186,883	(88,623)
<u>28,511</u>	<u>28,511</u>	<u>-</u>	<u>7,878,543</u>	<u>7,210,219</u>	<u>668,324</u>
19,461	(6,156)	(25,617)	(790,403)	(670,433)	119,970
-	-	-	4,006,073	3,465,000	(541,073)
-	-	-	950,000	950,000	-
-	-	-	-	480	480
1,039	1,039	-	337,250	692,110	354,860
-	-	-	(713,367)	(692,110)	21,257
<u>1,039</u>	<u>1,039</u>	<u>-</u>	<u>4,579,956</u>	<u>4,415,480</u>	<u>(164,476)</u>
20,500	(5,117)	(25,617)	3,789,553	3,745,047	(44,506)
5,118	5,118	-	2,110,674	2,110,674	-
<u>\$ 25,618</u>	<u>\$ 1</u>	<u>(25,617)</u>	<u>\$ 5,900,227</u>	<u>\$ 5,855,721</u>	<u>(44,506)</u>

**City of Vermilion, Ohio**  
 Combined Statement of Revenues, Expenses  
 and Changes in Fund Equity  
 All Proprietary Fund Types, Nonexpendable Trust Fund, and Discretely Presented Component Unit  
 For the Year Ended December 31, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	Primary Government
Operating Revenues:				
Charges for Services	\$ 2,942,311	\$ 598,223	-	\$ 3,540,534
Other Operating Revenues	<u>3,481</u>	<u>-</u>	<u>-</u>	<u>3,481</u>
Total Operating Revenues	2,945,792	598,223	-	3,544,015
Operating Expenses:				
Personal Services	1,223,027	-	-	1,223,027
Contractual Services	727,169	-	-	727,169
Claims	3,872	698,636	-	702,508
Materials and Supplies	172,436	-	-	172,436
Depreciation	<u>379,659</u>	<u>-</u>	<u>-</u>	<u>379,659</u>
Total Operating Expenses	<u>2,506,163</u>	<u>698,636</u>	<u>-</u>	<u>3,204,799</u>
Operating Income (Loss)	439,629	(100,413)	-	339,216
Non-Operating Revenues (Expenses):				
Interest Income	50,777	-	-	50,777
Interest and Fiscal Charges	(410,247)	-	-	(410,247)
Loss on Disposal of Fixed Assets	(172,085)	-	-	(172,085)
Grants	<u>357,853</u>	<u>-</u>	<u>-</u>	<u>357,853</u>
Total Non-Operating Revenues (Expenses)	<u>(173,702)</u>	<u>-</u>	<u>-</u>	<u>(173,702)</u>
Net Income (Loss)	265,927	(100,413)	-	165,514
Depreciation on Fixed Assets Acquired by Contributed Capital	57,308	-	-	57,308
Retained Earnings at Beginning of Year, as Restated, See Note 20	<u>(499,262)</u>	<u>38,324</u>	<u>\$ 31,835</u>	<u>(429,103)</u>
Retained Earnings at End of Year	(176,027)	(62,089)	31,835	(206,281)
Contributed Capital at Beginning of Year	1,469,600			1,469,600
Depreciation on Fixed Assets Acquired by Contributed Capital	<u>(57,308)</u>	<u>-</u>	<u>-</u>	<u>(57,308)</u>
Contributed Capital at End of Year	<u>1,412,292</u>	<u>-</u>	<u>-</u>	<u>1,412,292</u>
Total Fund Equity at End of Year	<u>\$ 1,236,265</u>	<u>\$ (62,089)</u>	<u>\$ 31,835</u>	<u>\$ 1,206,011</u>

See accompanying notes to the general purpose financial statements

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	Totals (Memorandum Only)
Component Unit	Reporting Entity
\$ 69,863	\$ 3,610,397
510	3,991
70,373	3,614,388
7,111	1,230,138
36,824	763,993
1,400	703,908
901	173,337
28,657	408,316
74,893	3,279,692
(4,520)	334,696
-	50,777
(51,175)	(461,422)
-	(172,085)
-	357,853
(51,175)	(224,877)
(55,695)	109,819
600	57,908
401,543	(27,560)
346,448	140,167
900	1,470,500
(600)	(57,908)
300	1,412,592
346,748	1,552,759

**City of Vermilion, Ohio**  
 Combined Statement of Cash Flows  
 Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Unit  
 For the Year Ended December 31, 2001

	Proprietary Fund Type		Fiduciary	Totals	Component	Totals
	Enterprise	Internal Service	Fund Type	(Memorandum Only)	Unit	(Memorandum Only)
			Non-Expendable Trust	Primary Government		Reporting Entity
<b>Increase (Decrease) in Cash and Cash Equivalents</b>						
<b>Cash Flows from Operating Activities:</b>						
Cash received from customers	\$ 2,964,364	\$ 743,642	-	\$ 3,708,006	\$ 69,863	\$ 3,777,869
Cash received from other revenues	2,881	-	-	2,881	510	3,391
Cash payments for employee service and benefits	(1,242,278)	-	-	(1,242,278)	(6,933)	(1,249,211)
Cash payments to goods and services	(977,514)	(714,613)	-	(1,692,127)	(59,948)	(1,752,075)
<b>Net Cash Provided by Operating Activities</b>	<b>747,453</b>	<b>29,029</b>	<b>-</b>	<b>776,482</b>	<b>3,492</b>	<b>779,974</b>
<b>Cash Flows from Noncapital Financing Activities:</b>						
Grants	364,576	-	-	364,576	-	364,576
Advance out	(146,184)	-	-	(146,184)	-	(146,184)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>218,392</b>	<b>-</b>	<b>-</b>	<b>218,392</b>	<b>-</b>	<b>218,392</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Proceeds of bonds	3,415,000	-	-	3,415,000	-	3,415,000
Proceeds of OWDA loans	877,760	-	-	877,760	-	877,760
Payments for capital acquisition	(882,794)	-	-	(882,794)	(12,932)	(895,726)
Principal paid on notes	(125,000)	-	-	(125,000)	-	(125,000)
Principal paid on general obligation bonds	(130,000)	-	-	(130,000)	-	(130,000)
Principal paid on revenue bonds	(60,000)	-	-	(60,000)	-	(60,000)
Principal paid on OWDA loans	(43,929)	-	-	(43,929)	-	(43,929)
Interest paid on notes, bonds, and OWDA loans	(404,836)	-	-	(404,836)	-	(404,836)
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<b>2,646,201</b>	<b>-</b>	<b>-</b>	<b>2,646,201</b>	<b>(12,932)</b>	<b>2,633,269</b>
<b>Cash Flows from Investing Activities:</b>						
Interest income	50,777	-	-	50,777	-	50,777
<b>Net Cash Provided by Investing Activities</b>	<b>50,777</b>	<b>-</b>	<b>-</b>	<b>50,777</b>	<b>-</b>	<b>50,777</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>3,662,823</b>	<b>29,029</b>	<b>-</b>	<b>3,691,852</b>	<b>(9,440)</b>	<b>3,682,412</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>803,561</b>	<b>107,305</b>	<b>\$ 31,835</b>	<b>942,701</b>	<b>129,006</b>	<b>1,071,707</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 4,466,384</b>	<b>\$ 136,334</b>	<b>\$ 31,835</b>	<b>\$ 4,634,553</b>	<b>\$ 119,566</b>	<b>\$ 4,754,119</b>

**City of Vermilion, Ohio**  
 Combined Statement of Cash Flows  
 Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Unit - (continued)  
 For the Year Ended December 31, 2001

	Enterprise	Internal Service	Non-Expendable Trust	Totals (Memorandum Only) Primary Government	Component Unit	Totals (Memorandum Only) Reporting Entity
<b>Reconciliation of Operating Income to</b>						
<b>Net Cash Provided by Operating Activities:</b>						
Operating Income	\$ 439,629	\$ (100,413)	-	\$ 339,216	\$ (4,520)	\$ 334,696
<b>Adjustments to Reconcile Operating Income</b>						
<b>to Net Cash Provided by Operating Activities:</b>						
Depreciation	379,659	-	-	379,659	28,657	408,316
<b>Total Adjustments</b>	<u>379,659</u>	<u>-</u>	<u>-</u>	<u>379,659</u>	<u>28,657</u>	<u>408,316</u>
<b>Changes in Assets and Liabilities</b>						
(Increase) Decrease in accounts receivable	21,453	145,419	-	166,872	-	166,872
(Increase) Decrease in inventory	204	-	-	204	-	204
Increase (Decrease) in accounts payable	(83,024)	1,201	-	(81,823)	(20,823)	(102,646)
Increase (Decrease) in accrued wages	(375)	-	-	(375)	4	(371)
Increase (Decrease) in compensated absences	(24,239)	-	-	(24,239)	-	(24,239)
Increase (Decrease) in due to other governments	(6,368)	-	-	(6,368)	-	(6,368)
Increase (Decrease) in claims payable	-	(17,178)	-	(17,178)	-	(17,178)
Increase (Decrease) in pension obligation payable	11,712	-	-	11,712	174	11,886
Capitalization of accrued interest payable	8,802	-	-	8,802	-	8,802
<b>Total Adjustments</b>	<u>(71,835)</u>	<u>129,442</u>	<u>-</u>	<u>57,607</u>	<u>(20,645)</u>	<u>36,962</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 747,453</u>	<u>\$ 29,029</u>	<u>\$ -</u>	<u>\$ 776,482</u>	<u>\$ 3,492</u>	<u>\$ 779,974</u>

Reconciliation of Cash and Cash Equivalents of Fiduciary Funds to Balance Sheet:

Cash and Cash Equivalents - All Fiduciary Funds:	
Cash and Cash Equivalents - Expendable Trust Funds	\$ 1
Cash and Cash Equivalents - Non-Expendable Trust Funds	31,835
Cash and Cash Equivalents - Agency Funds	<u>150,508</u>
<b>Total Cash and Cash Equivalents</b>	<u>\$ 182,344</u>

See accompanying notes to the general purpose financial statements

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION**

The City of Vermilion is a charter municipal corporation operating under the laws of the State of Ohio. Vermilion was incorporated as a City in 1962. The current charter provides for a council-mayor form of government. Legislative power is vested in a seven-member council, each elected to two year terms. Five council members are elected from their ward with two elected at large. The four-year term mayor appoints department directors and public members of administrative bodies. The judge for the Vermilion Municipal Court is elected to a six year term.

**A. Reporting Entity**

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading.

The City provides various services including police protection, fire fighting and prevention, emergency medical services, street maintenance and repairs, sanitation services, building inspection services, parks and recreation, water and sewer services, water safety and ice breaking services, cemeteries, and a municipal court. 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, as the primary government, 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 the 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 for which the City approves the budget, the issuance of debt, or the levying of taxes.

Based on the above criteria, the following organization is included in the City's financial statements as a discretely presented component unit.

The Vermilion Port Authority

Current state legislation provides for the Port Authority to operate as a separate body politic. The Vermilion Port Authority consists of five members appointed by the Mayor and approved by City Council. Monies are received, and disbursed by the City's Finance Director on behalf of the Port Authority as directed by the five member board. All Vermilion Port Authority expenditures are subject to Council authorized appropriations. Additionally, all debt issuances are subject to Council approval.

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

The following potential component units are not part of the reporting entity of the City of Vermilion and are excluded from the financial statements 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:

Vermilion Local School District  
Firelands Local School District  
Ritter Public Library

B. Basis of Presentation – Fund Accounting

The City and Vermilion Port Authority's accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operation of each fund is accounted for within a set of self-balancing 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. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

An account group, on the other hand, 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. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". The City uses the following fund types and account groups:

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are 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 following are the City's governmental fund types:

General Fund – This fund 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.

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 1 – REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

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

Debt Service Funds – These 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 – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

Proprietary Fund Types

Proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those found in the private sector. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this approach, the focus is upon the determination of net income, financial position and cash flows. The City utilizes both the enterprise and internal service fund types:

Enterprise Funds – The 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 services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Fund – The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

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. The City's fiduciary funds include expendable and nonexpendable trust funds and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Non-expendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 1 – REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

Account Groups

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Accounting

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 accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is utilized for reporting purposes by the governmental, expendable trust and agency funds. The accrual basis of accounting is utilized for reporting purposes by the proprietary and non-expendable trust funds. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Accounting (Continued)

**Revenue – Exchange and Non-exchange Transaction** – 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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, including income taxes, estate taxes, motel-hotel taxes, property taxes, estate taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes, estate taxes, and motel-hotel 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 (Note 5). 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 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 the 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, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

**Deferred Revenue** – Deferred revenue arises when assets are recognized before the revenue recognition criteria have been satisfied.

Delinquent property taxes and property taxes for which there is an enforcement legal claim as of December 31, 2001, but which were levied to finance year 2001 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Accounting (Continued)

**Expense/Expenditures** – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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. Budgets

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 the 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 the department for the General Fund and the fund level for all other funds. 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 fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

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 October 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 fiscal 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 appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2001.

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriations:

A temporary appropriations 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. However, none were significant in amount. The budget figures which appear in the statement 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. The encumbered appropriation balance is carried forward to the succeeding year and is not re-appropriated.

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 for governmental funds are reported as reservations of fund balances for subsequent year expenditures and are disclosed in the notes to the financial statements for the proprietary funds.

C. Cash and Cash Equivalents

Cash received by the City is deposited into several bank accounts. Monies for all funds, including enterprise funds, are maintained in these accounts or temporarily used to purchase short-term investments. Individual fund integrity is maintained through the City's records. During 2001, investments were limited to Star Ohio, the State Treasurer's investment pool, certificates of deposit, and a manuscript note. 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 are reported at cost.

During the year, all investment earnings were credited to the general fund, special revenue funds, and capital projects funds, on a specific identification basis.

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Cash and Cash Equivalents (Continued)

The City has invested funds in the State Treasurer's Asset Reserve of Ohio (STAROhio) during the fiscal year 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.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with an original maturity of three months or less are considered to be cash equivalents. Investments with an original maturity of more than three months are reported as investments.

The City has segregated bank accounts for monies held separate from the City's central bank accounts. These interest bearing deposit accounts are presented on the Combined Balance Sheet as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the City's treasury.

The City utilizes a financial institution to service bonded debt as principal and interest come due. The balances of these accounts are presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal and Escrow Agents" and represent deposits or short-term investments in certificates of deposit.

The City also utilizes a trustee to retire principal and interest of its revenue bonds. This account is presented on the combined balance sheet as restricted assets "Investments with Trustee" for those investments with an original maturity of three months or longer.

D. Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from other funds/due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables."

E. Inventory

Inventory is stated at cost for governmental funds and at the lower of cost or market for the proprietary funds 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.

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Restricted Assets

Amounts held in trust which are legally restricted for use in paying current and future debt service on revenue bonds and construction in the proprietary funds are classified as restricted assets.

G. Fixed Assets and Depreciation

General fixed assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental type funds and capitalized (recorded and accounted for) in the General Fixed Assets Account Group. Infrastructure fixed assets such as streets, storm sewers and drains, and traffic signals and signs are not capitalized by the City and are not reported as part of the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the funds.

Fixed asset values were initially determined at December 31, 1989 by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not practicably determinable, estimated historical costs were developed. For certain fixed assets, the estimates were calculated by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at estimated fair market value on the date donated.

The City has elected not to record depreciation in the general fixed assets account group.

Depreciation for the proprietary funds and Vermilion Port Authority is determined by allocating the cost of fixed assets over the estimated useful lives of the assets on a straight-line basis. The estimated useful lives are as follows:

Buildings	20 Years
Improvements other than Buildings	10 Years
Infrastructure	50 Years
Vehicles	3 – 5 Years

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. 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.

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. 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 available resources. However, compensated absences 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 they will not be paid using current available expendable financial resources. Payments made more than thirty-one days after fiscal year-end are considered not to have used current available financial resources. Bonds, capital leases 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 financed by proprietary funds are reported as liabilities in the appropriate funds.

Under Ohio law, a debt retirement fund may be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require the allocation of the debt liability among capital projects and enterprise funds, and the general long-term obligations account group, with principal and interest payments on matured general obligation long-term debt being reported in the debt service fund. To comply with GAAP reporting requirements, the City's debt service fund has been split among the appropriate funds and account group. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

I. 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 the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available 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.

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Fund Equity

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriations or expenditures including amounts that are legally segregated for a specific future use. Fund balances are reserved for encumbrances, debt service, and inventories of supplies. Enterprise fund retained earnings balances may be reserved for future construction.

K. 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 reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. Contributed Capital

Contributed capital represents donations by private sources, resources from other funds, grants restricted for capital construction, and assets whose construction was financed by special assessments. These assets are recorded at their fair market value on the date contributed and are not subject to repayment. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end excepts for depreciation on assets acquired through grants, which expensed and closed to contributed capital at year end. Capital contributions received in 2001 have been recorded as revenues and are reported as increases in retained earnings based on new guidelines established by GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions."

M. Memorandum Only – Total Columns

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

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

**NOTE 3 – 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 basis), 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 and Actual (Budget Basis) – All Governmental Fund Types and Expendable Trust Fund is 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 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. Encumbrances are treated as expenditures/expenses for all funds (budget) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP).
4. Short-term note proceeds and note principal retirement for governmental funds are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

Excess of Revenues and Other Financing Sources  
Over/(Under) Expenditures and Other Financing Uses  
All Governmental Fund Types and Expendable Trust Funds

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$228,013	\$(222,668)	\$(99,812)	\$(406,412)	\$(19,766)
Increase (Decrease):					
Accrued Revenues not included in Budget Basis	29,955	935,332	3,270,000	(281)	24
Accrued Expenses not included in Budget Basis	108,730	97,432	15,000	596,618	14,625
Encumbrances outstanding at 12/31/01	(251,335)	(502,593)	0	(47,815)	0
Budget Basis	<u>\$115,363</u>	<u>\$307,503</u>	<u>\$3,185,188</u>	<u>\$142,110</u>	<u>\$(5,117)</u>

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 4 – DEPOSITS AND INVESTMENTS

A. Primary Government

Monies held by the City are classified by State Statute into three categories.

Active monies means an amount of public monies determined to be necessary to meet current demand upon the City treasury. Active monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the two year period of designation of depositories. Inactive deposits must 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. Interim monies may be invested in the following obligations provided they mature or were redeemable within two years from the date of purchase:

1. U.S. treasury notes, bills, bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or 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 services shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase and reverse 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;

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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 (STAR Ohio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short-selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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 treasurer 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.

During 2001, the City's investments were limited to bond reserve funds, a certificate of deposit, a manuscript note, and STAR Ohio. During the fiscal year, all investments of the City had a maturity of two years or less. At fiscal year end, the City had \$50 in undeposited cash on hand which is included on the balance sheet of the City as part of "equity in pooled cash and cash equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

Deposits. At year-end, the carrying amount of the City’s deposits, excluding change funds of \$50, was \$661,438 and the bank balance was \$693,703. \$221,431 of the bank balance was covered by federal depository insurance. \$472,272 was uncollateralized and uninsured. Although the securities were held by the pledging financial institutions trust department or agent in the City’s name and all state statutory requirements for the investment of money had been followed, noncompliance with federal requirements would potentially subject the City to a successful claim by the FDIC.

Investments. GASB Statement No. 3 requires the City to categorize investments 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 for which the securities are held by the counterparty, or by its trust department or agent but not in the City’s name. The carrying value of deposits and investments are presented in the combined balance sheet as equity in pooled cash and cash equivalents. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 2	Carrying Value	Fair Value
STAR Ohio	0	\$6,511,399	\$6,511,399
Manuscript Note	\$985,000	985,000	985,000
Total Investments	\$985,000	\$7,496,399	\$7,496,399

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. Cash equivalents are defined as investments with original maturities of three months or less.

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

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

	Cash and Cash Equivalents/Deposit	Investments
GASB Statement 9	\$7,141,052	\$1,016,835
Cash on Hand	(50)	0
Investments:		
Star Ohio	(6,511,399)	6,511,399
Certificates of Deposit	31,835	(31,835)
GASB Statement 3	\$661,438	7,496,399

B. Component Unit

At December 31, 2001, the carrying amount of the Vermilion Port Authority's deposits was \$119,566 and the bank balance was \$119,566. \$38,166 of the bank balance was covered by federal depository insurance. \$81,400 was uncollateralized and uninsured. Although the securities were held by the pledging financial institutions trust department or agent in the City's name and all state statutory requirements for the investment of money had been followed, noncompliance with federal requirements would potentially subject the City to a successful claim by the FDIC.

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 5 – TAXES

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. 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 by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Vermilion. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2001 was \$10.75 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:

Real Estate – 2000	
Residential/Agricultural	\$173,963,970
Other Real Estate	24,410,320
Tangible Personal Property – 2000	
Public Utility	6,211,790
General Tangible Personal Property	<u>10,457,666</u>
Total Valuation	<u><u>215,143,746</u></u>

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 5 – TAXES (Continued)

B. Income Taxes

The City levies a municipal income tax of one percent on all salaries, wages, commission and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. In the latter case, the City allows a credit of one hundred 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 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 receipted to the General Fund. Fifteen percent of the proceeds collected are allocated, either directly to a project, or indirectly to other funds for the purpose of paying for capital projects.

NOTE 6 – RECEIVABLES

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

A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amount</u>
General Fund	
Local Government Fund	\$ 14,205
Rollback/Homestead	92,680
Income Tax	14,887
Lease	450
Reimbursement of ADA Improvements	44,000
	<hr/>
Total General Fund	166,222

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 6 – RECEIVABLES (continued)

Special Revenue Funds	
Street Construction, Maintenance and Repair	
Motor Vehicle Registration	17,112
Gasoline Tax	108,801
State Highway	
Motor Vehicle Registration	1,225
Gasoline Tax	8,822
Permissive Use	
Permissive Use Tax	11,567
Fire Operating	
Rollback/Homestead	12,115
Police Pension	
Rollback/Homestead	3,635
Drug Law Enforcement	
Mandatory Drug Fine	541
Reimbursement for Salary	8,076
Total Special Revenue Funds	171,894
Debt Service Funds	
General Obligation Bond	
Rollback/Homestead	3,635
Total Debt Service Funds	3,635
Capital Projects Funds	
Park Levy	
Rollback/Homestead	6,057
Fire Apparatus	
Rollback/Homestead	12,115
Total Capital Projects Funds	18,172
Expendable Trust Fund	
Miscellaneous Trust	
County Grant	6,250
Total Expendable Trust Fund	6,250
Total Intergovernmental Receivables	\$ 366,173

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

**NOTE 7 – FIXED ASSETS**

A summary of changes in general fixed assets during 2001 follows:

	Balance January 1, 2001	Additions	Deletions	Adjustment	Department Transfer In	Department Transfer Out	Balance December 31, 2001
Land	\$718,775	0	0	(\$3,540)	0	0	\$715,235
Land Improvements	279,956	\$645,963	0	0	\$1,050	(\$1,050)	925,919
Buildings	1,442,536	145,758	0	0	0	0	1,588,294
Mach. And Equip.	1,071,312	142,034	(\$11,004)	0	0	0	1,202,342
Furn. And Fixtures	98,811	3,527	(1,037)	0	0	0	101,301
Vehicles	2,038,192	41,132	0	0	0	0	2,079,324
Constr. In Progress	39,006	0	(39,006)	0	0	0	0
<b>Total</b>	<b>\$5,688,588</b>	<b>\$978,414</b>	<b>(\$51,047)</b>	<b>(\$3,540)</b>	<b>\$1,050</b>	<b>(\$1,050)</b>	<b>\$6,612,415</b>

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

	<u>Totals</u>
Land	\$ 105,140
Land Improvements	43,749
Buildings	5,443,791
Machinery and Equipment	2,274,065
Furniture	20,574
Vehicles	335,664
Infrastructure	4,660,387
Construction in Progress	<u>620,524</u>
 Total Fixed Assets	 13,503,894
 Less: Accumulated Depreciation	 <u>(6,355,752)</u>
 Net Fixed Assets	 <u>\$ 7,148,142</u>

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

**NOTE 8 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations of the City during 2001 were as follows:

	<u>Outstanding 1/1/01</u>	<u>Issued</u>	<u>(Reductions)</u>	<u>Outstanding 12/31/01</u>
<b>GENERAL LONG-TERM OBLIGATIONS:</b>				
<b>GENERAL OBLIGATION BONDS:</b>				
1995 6.25% Vermilion Rd. Sewer – City portion	\$ 101,460	0	\$ (5,340)	\$ 96,120
1997 5 ¾ % Court Facility	503,000	0	(29,000)	474,000
1997 5 ¾% Street Sweeper	69,000	0	(9,000)	60,000
2000 4.55%-5.90% Park Improvement	550,000	0	(15,000)	535,000
2001 3.00-3.70% Motor Vehicle	<u>0</u>	<u>\$ 180,000</u>	<u>0</u>	<u>180,000</u>
<b>TOTAL GENERAL OBLIGATION BONDS</b>	1,223,460	180,000	(58,340)	1,345,120
<b>SPECIAL ASSESSMENT BONDS:</b>				
1995 6.25% Vermilion Rd. Sewer – S.A. portion	<u>88,540</u>	<u>0</u>	<u>(4,660)</u>	<u>83,880</u>
<b>TOTAL SPECIAL ASSESSMENT BONDS</b>	88,540	0	(4,660)	83,880
<b>OTHER GENERAL LONG-TERM OBLIGATIONS:</b>				
Pension Obligation Payable	81,478	117,046	(81,478)	117,046
Compensated Absences	287,305	0	(21,974)	265,331
Police and Fire Unfunded Pension Liability	<u>121,185</u>	<u>0</u>	<u>(1,584)</u>	<u>119,601</u>
<b>TOTAL OTHER GENERAL LONG TERM OBLIGATIONS</b>	489,968	117,046	(105,036)	501,978

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

NOTE 8 – LONG – TERM OBLIGATIONS (continued)

	<u>Outstanding 1/1/01</u>	<u>Issued</u>	<u>(Reductions)</u>	<u>Outstanding 12/31/01</u>
<b>ENTERPRSE FUNDS:</b>				
<b>GENERAL OBLIGATION BONDS</b>				
1995 4.40% - 6.15%				
Water Plant Improvement	795,000	0	(35,000)	760,000
1988 7.44%				
Sanitary Sewage	740,000	0	(70,000)	670,000
1999 4.15% - 6.50%				
E. Liberty Avenue Phase 1	865,000	0	(25,000)	840,000
2001 3.00-5.00%				
Highbridge Road Sewer System	<u>0</u>	<u>130,000</u>	<u>0</u>	<u>130,000</u>
<b>TOTAL GENERAL OBLIGATION BONDS</b>	<b>2,400,000</b>	<b>130,000</b>	<b>(130,000)</b>	<b>2,400,000</b>
<b>REVENUE BONDS:</b>				
1991 4.75%				
Water System Improvements	2,685,000	0	(60,000)	2,625,000
<b>REFUNDING BONDS:</b>				
2001 3.00-5.00%				
Waterworks Improvement Refunding	0	2,585,000	0	2,585,000
2001 3.00-4.20%				
Sanitary Sewage Refunding	<u>0</u>	<u>700,000</u>	<u>0</u>	<u>700,000</u>
<b>TOTAL REFUNDING BONDS</b>	<b>0</b>	<b>3,285,000</b>	<b>0</b>	<b>3,285,000</b>
<b>OWDA LOANS:</b>				
1993 6.16%				
West Lake Road Water Main Improvement	556,023	0	(24,914)	531,109
1999 5.86%				
High Service Water Pumps	299,397	0	(15,999)	283,398
2001 4.38%				
Park Drive Lift Station	0	93,927	(3,016)	90,911

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

NOTE 8 – LONG TERM OBLIGATIONS (Continued)

	Outstanding 1/1/01	Issued	(Reductions)	Outstanding 12/31/01
2001 0.20% Contract B Lift Stations/Digesters /Water Resource Restoration	0	783,833	0	783,833
<b>TOTAL OWDA LOANS</b>	855,420	877,760	(43,929)	1,689,251
<b>TOTAL ENTERPRISE FUND OBLIGATIONS</b>	5,940,420	4,292,760	(233,929)	9,999,251
<b>TOTALS</b>	<u>\$ 7,742,388</u>	<u>\$ 4,589,806</u>	<u>\$ (401,965)</u>	<u>\$ 11,930,229</u>

General obligation bonds will be paid from the general bond retirement fund from property taxes. Special assessment bonds will be 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. The police pension liability will be paid from taxes receipted in the police pension special revenue fund. Compensated absences reported in the “compensated absences payable” account will be paid from the fund from which the employees’ salaries are paid. The enterprise related general obligation bonds, water system improvement revenue bonds and OWDA loans will be paid from water and sewer fund user charges.

The City’s overall legal debt margin was \$18,761,093 at December 31, 2001 and the unvoted legal debt margin was \$8,003,906.

The amortization schedules for the Park Drive Lift Station OWDA loan and Contract B Lift Stations/Digesters/Water Resource Restoration OWDA loan are not available from OWDA as of the balance sheet date. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2001 are as follows:

Years	General Obligation Bonds	Special Assessment Bonds	Police and Fire Pension	OWDA	Water Refunding Bonds	Sewer Refunding Bonds
2002	\$331,526	\$9,903	\$6,732	\$96,218	\$151,400	\$108,622
2003	339,466	9,611	6,732	96,218	209,708	107,028
2004	331,190	9,320	6,732	96,218	201,858	114,568
2005	337,884	9,029	6,732	96,218	204,203	116,675
2006	328,618	8,738	6,732	96,218	206,020	118,325
2007-2011	1,169,208	45,872	33,660	480,490	1,104,105	363,920
2012-2016	1,528,304	35,241	33,660	215,708	981,793	0
2017-2021	511,458	0	33,660	0	981,345	0
2023-2026	0	0	33,660	0	0	0
2027-2031	0	0	33,660	0	0	0
2032-2035	0	0	26,928	0	0	0
<b>Totals</b>	<u>\$4,877,654</u>	<u>\$127,714</u>	<u>\$228,888</u>	<u>\$1,177,288</u>	<u>\$4,040,432</u>	<u>\$929,138</u>

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

NOTE 8 – LONG TERM OBLIGATIONS (Continued)

Water Revenue Bonds. On December 31, 1991, the City issued \$3,085,000 in thirty year water system revenue bonds to pay a portion of the cost of improving the wastewater treatment facility. The bonds are payable with revenues from the water fund. These bonds were refunded in February 2002. See Note 19 for more detail.

In conjunction with the issuance of the water system revenue bonds and the requirements of the indenture agreement, the City entered into a trust agreement with a commercial bank. The trust agreement requires that the City establish various funds for the construction, replacement, and the repayment of debt relating to the construction and improvement of the water system. The restricted assets balance in the water fund aggregates funds held by the City from funds held by the trustees in accordance with the trust agreement. Restricted assets relating to the water system revenue bonds consisted of the following at December 31, 2001:

Restricted assets held by Trustee	
Revenue Bond Current and Future Debt Service	\$267,351

NOTE 9- NOTE DEBT

The City has \$950,000 in short-term notes outstanding on December 31, 2001. The amounts outstanding, interest rates, and the funds in which the note liability is reported are as follows:

	Outstanding 1/1/01	Issued	(Retired)	Outstanding 12/31/01
Special Revenue Funds:				
Street Improvement Notes Series 2001	0	\$950,000	0	\$950,000
Enterprise Funds:				
5.06% Highbridge Road Sewer	\$125,000	0	(\$125,000)	0
Total Notes	\$125,000	\$950,000	(\$125,000)	\$950,000

All of the notes are backed by the full faith and credit of the City of Vermilion and mature within one year. The note liability is reflected in the fund that received the proceeds.

The notes are generally issued in anticipation of long-term bond financing and are refinanced until such bonds are issued.

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 10 – OTHER EMPLOYEE BENEFITS

Compensated Absences

Employees earn vacation and sick leave at different rates which is also affected by length of service. Vacation cannot be carried over for use in the following year. Sick leave accrual is continuous, without limit. Overtime worked is always paid to employees on the paycheck for the period in which it was worked.

Upon retirement or death, employees with seven years of continuous service can be paid a maximum of 720 hours of sick leave, except police department employees who can receive a maximum of 840 hours. Upon retirement, accrued vacation is paid for the time the employees have earned but not used.

The current portion of unpaid compensated absences, for governmental funds, is recorded as a current liability 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. As of December 31, 2001 the liability for unpaid compensated absences was \$431,391 for the entire City.

NOTE 11 – DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System (PERS)

All City full-time employees, other than Police and Firemen, 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 and the City is required to contribute 13.55 percent. 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 \$332,769, \$251,980, and \$316,586 respectively. The full amount has been contributed for 2000 and 1999. 81.87 percent has been contributed for 2001 with the remainder being reported as a liability in the General Long-Term Obligations Account Group and the Enterprise fund.

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund

The City contributes to the Police and Firemen's Disability and Pension Fund of Ohio (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations, while the City is required to contribute 19.5 percent and 24 percent for police officers and firefighters. During 2001, the City did not have paid firefighters. The City's contributions to OP&F for police were \$132,317 for the year ended December 31, 2001, \$156,674 for 2000, and \$148,954 for 1999. The full amount has been contributed for 2001 and 1999. 58.64 percent has been contributed for 2001 with the remainder being reported as a liability within the General Long-Term Obligations Account Group.

NOTE 12 – POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System (PERS)

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service employees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employee's contribution to PERS is set aside for the funding of postretirement health care based on the authority granted by State statute. The 2001 employer contribution rate was 13.55 percent of covered payroll for employees; 4.3 percent was the portion that was used to fund health care.

PERS changed to the advanced funded on an actuarially determined basis during 2001. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health and Medicare, along with investments income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. As of December 31, 2000, the unaudited estimated net assets available for future OPEB payments were \$10,805.5 million. At December 31, 2000 (the latest information available), the total number of active contributing participants eligible for OPEB through PERS was 411,076. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.60 million and \$2,628.7 million, respectively. The City's actual contributions for 2001 which were used to fund OPEB were \$105,588.

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (the “OP&F”) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer’s contribution rate. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll. The Ohio Revised Code provides the statutory authority allowing OP&F Board of Trustees to provide health care coverage to all eligible individual.

Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expense. The board defined allocation was 7.25 percent and 7.5 percent of covered payroll in 2000 and 2001, respectively. The allocation is 7.75% for 2002. 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 \$50,942 for police. The number of participants eligible to receive health care benefits as of December 31, 2000 (the latest information available) was 12,853 for police and 10,037 for firefighters. The Fund’s total health care expenses for the year ending December 31, 2000 (the latest information available) was \$106,160,054, which was net of member contributions of \$5,657,431.

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

NOTE 13 – INTERFUND RECEIVABLES/PAYABLES

<u>Interfund Receivables/Payables</u>	Receivable	Payable
General Fund	\$500,975	0
Debt Service Funds		
General Obligation Bond	0	\$105,975
Enterprise Funds		
Water	0	175,000
Sewer	0	100,000
Internal Service Funds		
Claim Rotary	<u>0</u>	<u>120,000</u>
Total	<u>\$500,975</u>	<u>\$500,975</u>

NOTE 14 – DUE FROM OTHER FUNDS/DUE TO OTHER FUNDS

Due from Other Funds/Due to Other Funds:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$ 21,125	0
Special Revenue Funds		
Indigent Alcohol Treatment	334	0
Enforcement and Education	153	0
Court Computer	2,025	0
Capital Projects Funds		
Court Building	1,002	0
Agency Funds		
Municipal Court	0	\$ 27,668
State Highway Patrol Transfer	3,029	0
Total	<u>\$ 27,668</u>	<u>\$ 27,668</u>

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

**NOTE 15 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS AND COMPONENT UNIT**

The City maintains three enterprise funds which are intended to be self-supporting through user fees charged for services to the public and a component unit. The City provides sewer services, water distribution, and storm water drainage. Segment information for these operations for the year ended December 31, 2001 was as follows:

	Water Fund	Sewer Fund	Storm Drainage	Enterprise Total	Discretely Presented Component Unit
Operating Revenues	\$1,401,674	\$1,371,341	\$172,777	\$2,945,792	\$70,373
Operating Expenses					
Before Depreciation	874,299	1,216,285	35,920	2,126,504	46,236
Depreciation	243,732	131,116	4,811	379,659	28,657
Operating Income	283,643	23,940	132,046	439,629	(4,520)
Grants	0	357,853	0	357,853	0
Net Nonoperating Revenues	0	50,777	0	50,777	0
Net Nonoperating Expenses	(302,192)	(280,140)	0	(582,332)	(51,175)
Net Income (Loss)	(18,549)	152,430	132,046	265,927	(55,695)
Plant, Property and Equipment Additions	38,646	778,047	66,101	882,794	12,932
Net Working Capital	3,166,416	787,595	279,847	4,233,858	31,413
Total Assets	6,760,518	4,506,013	604,960	11,871,491	1,420,176
Long-Term Liabilities	6,845,984	3,299,751	0	1,0145,735	985,275
Total Equity	(208,813)	849,446	595,632	1,236,265	346,748
Encumbrances Outstanding on December 31, 2001	40,066	794,621	70,941	905,628	53,165

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

**NOTE 16 – RISK MANAGEMENT**

The City of Vermilion 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 disaster. During 2001, the City contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible</u>
Commercial Union	General Liability	\$1,000 contents
	Property and Crime	\$1,000 buildings
	Automobile Liability	Various
Hartford	Boiler Coverage	\$1,000
National Casualty	Public Officials Errors and Omissions	\$10,000
	Police Liability	\$3,500
Landmark American	Umbrella Coverage	\$10,000
Great American	Yacht Liability	\$2,000

Settled claims have not exceeded commercial coverage in any of the past three years. Also, the City did not significantly reduce its limits of liability during 2001.

All employees of the City are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

Workers' compensation coverage is provided by the State. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The City provides employees medical, prescription, and dental benefits through a self-insurance program. All funds of the City participate in the program and make payments to the medical self insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The medical self-insurance fund provides coverage for up to a maximum of \$27,500 for each individual. The City utilizes a third party administrator, Self Funded Plans, Inc., to review all claims which are then paid by the City. The cost to the City for the third party administrator is \$5,640 annually. The City purchases stop-loss coverage from Seaboard Life Insurance Company at a cost of \$108,936 annually. Stop-loss coverage provides a maximum of \$1,000,000 per individual for their lifetime. During 2001, a total of \$698,636 was paid in benefits and administrative costs. Changes in the internal service fund's claim liability amount in 2000 and 2001 were as follows:

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

NOTE 16 – RISK MANAGEMENT (continued)

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2000	\$223,250	570,543	(699,393)	\$94,400
2001	\$94,400	566,882	(584,060)	\$77,222

NOTE 17 – ACCOUNTABILITY AND COMPLIANCE

A. Fund Deficits

Fund balances/retained earnings at December 31, 2001 included the following individual fund deficits:

Fund	Deficit Fund Balance	Deficit Retained Earning
Special Revenue Funds		
State Highway Improvement	\$5,709	
Permissive Use Tax	369,802	
Debt Service Funds		
General Obligation Bond	102,340	
Enterprise Funds		
Water		\$208,813
Internal Service Funds		
Claims Rotary Trust		132,431

The fund deficit in all funds is the result of the recognition of liabilities in accordance with generally accepted accounting principles. Management is analyzing the operations of these funds to determine appropriate steps to eliminate the deficits.

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 17 – ACCOUNTABILITY AND COMPLIANCE (continued)

B. Legal Compliance

*Expenditures Exceeding Appropriations:* Section 5705.41(B), Revised Code, prohibits the City from making any expenditure of money unless it has been properly appropriated. The General Obligation Bond Fund was found to have expenditures exceeding appropriations.

NOTE 18 - CONTINGENCIES

A. Primary Government

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

B. Component Unit

Currently, no potential liability is expected to be incurred by Vermilion Port Authority.

NOTE 19 – SUBSEQUENT EVENT

On December 27, 2001, the City issued \$3,595,000 Various Purpose Improvement and Refunding Bonds, Series 2001. \$2,585,000 of bond proceeds was used to refund the 1991 Water System Improvements Bonds, and \$700,000 was used to refund the 1998 Sanitary Sewage Bonds. The refunding transaction was completed in February 2002.

NOTE 20 - RESTATEMENT OF PRIOR YEAR ASSET BALANCE, LIABILITY BALANCE, AND FUND EQUITY

Certain adjustments have resulted in assets balance, liability balance, and fund equity restatements. The following provides details of these adjustments and the resultant effect on asset balance, liability balance, and fund equity by fund type:

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

**NOTE 20 - RESTATEMENT OF PRIOR YEAR ASSET BALANCE, LIABILITY BALANCE, AND FUND EQUITY (continued)**

Prior to 2001, the City had never included Contractors' Deposit Fund on the financial statements. This caused the following restatements of the prior year asset and liability balance:

	Assets/Liability, as stated 12/31/00	Adjustment	Assets/Liability, as restated 1/1/01
Agency Funds	\$83,800	\$23,792	\$107,592

For fiscal year 2001, the Vermilion Port Authority was changed from a blended component unit to a discretely presented component unit. It caused the following restatement of the prior year fund equities:

	Fund Equity, as stated 12/31/00	Adjustment	Fund Equity, as restated 1/1/01
Enterprise Funds	\$1,372,781	(\$402,443)	\$970,338

For fiscal year 2001, the City has implementation of GASB No. 33, "Accounting and Financial Reporting for Non-exchange Transactions" and GASB No. 36, "Reporting for Certain Shared Non-exchange Revenues." The implementation of GASB Statements 33 and 36 had the following effect on fund balance at December 31, 2001.

	Fund Equity, as stated 12/31/00	Adjustment	Fund Equity, as restated 1/1/01
General Fund	\$920,603	\$104,405	\$1,025,008
Special Revenue Funds			
Street Maintenance and Repair	\$74,375	\$141,479	\$215,854
State Highway Improvement	5,176	8,822	13,998
Fire Operating	687,673	11,523	699,196
Police Pension	61,825	3,635	65,460
Total Special Revenue Funds	\$829,049	\$165,459	\$994,508
Debt Service Funds			
General Obligation Bond	\$399	\$3,635	\$4,034
Total Debt Service Funds	\$399	\$3,635	\$4,034

**CITY OF VERMILION, OHIO**  
Notes to the General Purpose Financial Statements  
For the Year Ended December 31, 2001

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NOTE 20 - RESTATEMENT OF PRIOR YEAR ASSET BALANCE, LIABILITY BALANCE,  
AND FUND EQUITY (continued)

Capital Projects Funds			
Park Levy	\$73,833	\$601,975	\$675,808
Fire Apparatus	300,509	12,815	313,324
Total Capital Projects Funds	<u>\$374,342</u>	<u>\$614,790</u>	<u>\$989,132</u>

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COMBINING,  
INDIVIDUAL FUND  
AND  
ACCOUNT GROUP  
STATEMENT AND SCHEDULE

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## **GENERAL FUND**

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The general fund is used to account for financial resources traditionally associated with general operations, which are not required for by another fund. The following is the “Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budget Basis)”, as required by law for the level of appropriations as budgeted by the City.

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**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
General Fund

For the Year Ended December 31, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>			
Taxes	\$ 2,583,755	\$ 2,684,941	\$ 101,186
Charges for Services	175,000	182,936	7,936
Licenses and Permits	125,000	143,230	18,230
Fines and Forfeitures	225,000	287,098	62,098
Intergovernmental	645,000	595,474	(49,526)
Interest	75,000	78,826	3,826
Other	65,000	65,262	262
<b>Total Revenues</b>	<u>3,893,755</u>	<u>4,037,767</u>	<u>144,012</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Safety Administration			
Other	4,073	2,815	1,258
Police			
Salaries	1,376,985	1,372,781	4,204
Other	348,886	339,405	9,481
<b>Total Security of Persons and Property</b>	<u>1,729,944</u>	<u>1,715,001</u>	<u>14,943</u>
Leisure Time Activities			
Park Maintenance			
Salaries	54,949	41,364	13,585
Other	54,216	53,513	703
<b>Total Leisure Time Activities</b>	<u>109,165</u>	<u>94,877</u>	<u>14,288</u>
Community Environment			
Building Department			
Salaries	118,248	101,037	17,211
Other	54,746	44,234	10,512
<b>Total Community Environment</b>	<u>172,994</u>	<u>145,271</u>	<u>27,723</u>
General Government			
Council and Clerk			
Salaries	82,387	76,072	6,315
Other	15,119	13,482	1,637
Mayor			
Salaries	71,389	69,140	2,249
Other	17,945	16,392	1,553
Law Director			
Salaries	53,395	49,360	4,035
Other	2,601	1,868	733

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
General Fund - (continued)

For the Year Ended December 31, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
General Government - cont'd			
Finance Director			
Salaries	220,639	188,999	31,640
Other	34,047	28,877	5,170
Municipal Court			
Salaries	375,865	374,399	1,466
Other	31,562	30,041	1,521
General Government			
Other	354,708	347,484	7,224
Income Tax			
Other	53,378	50,248	3,130
Boards and Commission			
Salaries	40,935	40,162	773
Other	15,918	4,899	11,019
Service Administration			
Salaries	93,188	89,767	3,421
Other	49,054	47,232	1,822
Engineering			
Salaries	24,783	22,732	2,051
Other	4,589	4,471	118
<b>Total General Government</b>	<b>1,541,502</b>	<b>1,455,625</b>	<b>85,877</b>
<b>Total Expenditures</b>	<b>3,553,605</b>	<b>3,410,774</b>	<b>142,831</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>340,150</b>	<b>626,993</b>	<b>286,843</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds of Bonds	180,000	180,000	-
Sale of Fixed Assets	-	480	480
Operating Transfers - Out	(706,701)	(692,110)	14,591
<b>Total Other Sources (Uses)</b>	<b>(526,701)</b>	<b>(511,630)</b>	<b>15,071</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	<b>(186,551)</b>	<b>115,363</b>	<b>301,914</b>
Fund Balances (Deficit) at Beginning of Year	472,824	472,824	-
Fund Balances (Deficit) at End of Year	<u>\$ 286,273</u>	<u>\$ 588,187</u>	<u>\$ 301,914</u>

## SPECIAL REVENUE FUNDS

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Special Revenue Funds are established to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law and administrative action to expenditures for specified purposes.

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*Street Maintenance Fund* - to account for that portion of the State gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

*State Highway Fund* - to account for that portion of the State gasoline tax and motor vehicle registration fees designated for maintenance and repair of streets within the City.

*Permissive Use Tax Fund* - to account for the additional motor vehicle registrations fees designated for maintenance and repair of streets within the City.

*Recreation Fund* - to account for the operations and maintenance of the City's recreation programs and the operation of the City's public pool.

*Fire Operating Fund* - to accumulate property taxes levied for the payment of salaries and operating expenses of the City's fire department.

*Police Pension Fund* - to accumulate property taxes levied for the payment of current employer contributions for police disability and pension benefits and the accrued liability.

*Watercraft Safety Fund* - to account for the revenues obtained from Ohio Department of Natural Resources and general fund for the operation of a police patrol boat on the Vermilion River and near the shore of Lake Erie.

*Cemetery Operating Fund* - to account for the operation and maintenance of two public cemeteries.

*Cable TV Fund* - to account for that portion of the monies received from cable franchise contract used for the payment of the local programmer and acquisition of additional local cable department equipment.

*Drug Law Enforcement Fund* - to account for monies seized from criminals by law enforcement officials in the course of their work and restricted, by State statute, for expenditures that would enhance the police department.

*Contraband Forfeiture Fund* - to account for the resources obtained from confiscated monies from criminal offenses and designated, by State statute, for expenditures that would enhance the police department.

**SPECIAL REVENUE FUNDS - (continued)**

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*Indigent Alcohol Treatment Fund* - to account for court fees obtained from D.U.I. cases and restricted by State statute for expenditures that would provide alcohol treatment for those persons deemed indigent by the court.

*Enforcement and Education Fund* - to account for court fees obtained from D.U.I. cases and restricted by State statute for expenditures that would enhance D.U.I. education.

*Court Computer Fund* - to account for fines levied by the Court for the payment and enhancement of its law library and computerized court system.

*Sanitation Fund* - to account for monies received and expended for the administration of the City's trash hauling contract.

**City of Vermilion, Ohio**

Combining Balance Sheet - Special Revenue Funds

December 31, 2001

	<u>Street Maintenance and Repair</u>	<u>State Highway Improvement</u>	<u>Permissive Use Tax</u>	<u>Recreation</u>
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 71,242	\$ 2,892	\$ 572,373	\$ 13,763
Receivables (net of allowance for uncollectibles):				
Taxes	-	-	-	-
Accounts	-	-	-	-
Intergovernmental	125,913	10,047	11,567	-
Due from Other Funds	-	-	-	-
Materials and Supplies Inventory	8,492	-	-	-
<b>Total Assets</b>	<u>205,647</u>	<u>12,939</u>	<u>583,940</u>	<u>13,763</u>
 <b>Liabilities:</b>				
Accounts Payable	-	-	3,742	-
Accrued Wages	7,747	-	-	223
Compensated Absences Payable	2,168	-	-	-
Intergovernmental Payable	1,866	18,648	-	196
Deferred Revenue	-	-	-	-
Notes Payable	-	-	950,000	-
<b>Total Liabilities</b>	<u>11,781</u>	<u>18,648</u>	<u>953,742</u>	<u>419</u>
 <b>Fund Equity:</b>				
Fund Balance:				
Reserved for Encumbrances	25,125	-	397,826	5,191
Reserved for Inventory	8,492	-	-	-
Unreserved-undesignated	160,249	(5,709)	(767,628)	8,153
<b>Total Fund Equity</b>	<u>193,866</u>	<u>(5,709)</u>	<u>(369,802)</u>	<u>13,344</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 205,647</u>	<u>\$ 12,939</u>	<u>\$ 583,940</u>	<u>\$ 13,763</u>

<u>Fire Operating</u>	<u>Police Pension</u>	<u>Watercraft Safety</u>	<u>Cemetery</u>	<u>Cable TV</u>	<u>Drug Law Enforcement</u>	<u>Contraband Foreitures</u>
\$ 847,159	\$ 71,392	\$ 14,410	\$ 29,912	\$ 13,628	\$ 6,291	\$ 7,283
215,144	64,543	-	-	-	-	-
221	-	-	-	9,808	-	-
12,115	3,635	-	-	-	8,617	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,074,639</u>	<u>139,570</u>	<u>14,410</u>	<u>29,912</u>	<u>23,436</u>	<u>14,908</u>	<u>7,283</u>
1,327	-	-	-	9,808	-	-
5,218	-	-	-	-	1,123	-
-	-	-	-	-	-	-
464	-	35	-	-	-	-
215,144	64,543	-	-	-	-	-
-	-	-	-	-	-	-
<u>222,153</u>	<u>64,543</u>	<u>35</u>	<u>-</u>	<u>9,808</u>	<u>1,123</u>	<u>-</u>
7,566	-	930	-	-	-	-
-	-	-	-	-	-	-
844,920	75,027	13,445	29,912	13,628	13,785	7,283
<u>852,486</u>	<u>75,027</u>	<u>14,375</u>	<u>29,912</u>	<u>13,628</u>	<u>13,785</u>	<u>7,283</u>
<u>\$ 1,074,639</u>	<u>\$ 139,570</u>	<u>\$ 14,410</u>	<u>\$ 29,912</u>	<u>\$ 23,436</u>	<u>\$ 14,908</u>	<u>\$ 7,283</u>

(Continued)

**City of Vermilion, Ohio**

Combining Balance Sheet - Special Revenue Funds - (continued)

December 31, 2001

	Indigent Alcohol Treatment	Enforcement and Education	Court Computer	Sanitation
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 75,373	\$ 29,505	\$ 49,868	\$ 169,266
Receivables (net of allowance for uncollectibles):				
Taxes	-	-	-	-
Accounts	-	-	-	73,263
Intergovernmental	-	-	-	-
Due from Other Funds	334	153	2,025	-
Materials and Supplies Inventory	-	-	-	-
<b>Total Assets</b>	<u>75,707</u>	<u>29,658</u>	<u>51,893</u>	<u>242,529</u>
 <b>Liabilities:</b>				
Accounts Payable	-	-	915	64,618
Accrued Wages	-	-	-	-
Compensated Absences Payable	-	-	-	-
Intergovernmental Payable	-	-	-	-
Deferred Revenue	-	-	-	-
Notes Payable	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>915</u>	<u>64,618</u>
 <b>Fund Equity:</b>				
Fund Balance:				
Reserved for Encumbrances	-	-	830	59,141
Reserved for Inventory	-	-	-	-
Unreserved-undesignated	75,707	29,658	50,148	118,770
<b>Total Fund Equity</b>	<u>75,707</u>	<u>29,658</u>	<u>50,978</u>	<u>177,911</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 75,707</u>	<u>\$ 29,658</u>	<u>\$ 51,893</u>	<u>\$ 242,529</u>

Totals

\$ 1,974,357

279,687

83,292

171,894

2,512

8,492

2,520,234

80,410

14,311

2,168

21,209

279,687

950,000

1,347,785

496,609

8,492

667,348

1,172,449

\$ 2,520,234

**City of Vermilion, Ohio**

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances - Special Revenue Funds

For the Year Ended December 31, 2001

	<u>Street Maintenance and Repair</u>	<u>State Highway Improvement</u>	<u>Permissive Use Tax</u>	<u>Recreation</u>
<b>Revenues:</b>				
Taxes	-	-	-	-
Intergovernmental	\$ 322,331	\$ 26,383	\$ 175,061	-
Interest	-	-	-	-
Charges for Services	-	-	-	\$ 38,714
Fines and Forfeitures	-	-	-	-
Other	2,094	-	-	1,760
<b>Total Revenues</b>	<u>324,425</u>	<u>26,383</u>	<u>175,061</u>	<u>40,474</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	-	-	-	-
Public Health and Welfare	-	-	-	-
Community Environment	-	-	-	-
Transportation	695,966	46,090	742,530	-
Leisure Time Activities	-	-	-	77,493
Basic Utility Services	-	-	-	-
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>695,966</u>	<u>46,090</u>	<u>742,530</u>	<u>77,493</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(371,541)</u>	<u>(19,707)</u>	<u>(567,469)</u>	<u>(37,019)</u>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	350,000	-	160,711	30,000
<b>Total Other Financing Sources (Uses)</b>	<u>350,000</u>	<u>-</u>	<u>160,711</u>	<u>30,000</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(21,541)</u>	<u>(19,707)</u>	<u>(406,758)</u>	<u>(7,019)</u>
Fund Balance (Deficit) at Beginning of Year, as Restated, See Note 20	215,854	13,998	36,956	20,363
Increase (Decrease) in Reserve for Inventory	(447)	-	-	-
<b>Fund balance at the end of year</b>	\$ <u><u>193,866</u></u>	\$ <u><u>(5,709)</u></u>	\$ <u><u>(369,802)</u></u>	\$ <u><u>13,344</u></u>

Fire Operating	Police Pension	Watercraft Safety	Cemetery	Cable TV	Drug Law Enforcement	Contraband Foreitures
\$ 195,172	\$ 56,746	-	-	-	-	-
18,458	7,403	\$ 12,176	-	-	\$ 34,803	-
-	-	-	\$ 5,167	-	-	-
89,354	-	-	102,932	\$ 44,845	-	-
-	-	-	-	-	3,477	\$ 4,102
2,725	-	500	-	36	-	-
<u>305,709</u>	<u>64,149</u>	<u>12,676</u>	<u>108,099</u>	<u>44,881</u>	<u>38,280</u>	<u>4,102</u>
152,419	161,342	23,611	-	-	51,732	-
-	-	-	92,556	-	-	-
-	-	-	-	43,384	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	16,597	-	-	-
<u>152,419</u>	<u>161,342</u>	<u>23,611</u>	<u>109,153</u>	<u>43,384</u>	<u>51,732</u>	<u>-</u>
153,290	(97,193)	(10,935)	(1,054)	1,497	(13,452)	4,102
-	106,760	14,000	-	-	-	-
<u>-</u>	<u>106,760</u>	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
153,290	9,567	3,065	(1,054)	1,497	(13,452)	4,102
699,196	65,460	11,310	30,966	12,131	27,237	3,181
-	-	-	-	-	-	-
<u>\$ 852,486</u>	<u>\$ 75,027</u>	<u>\$ 14,375</u>	<u>\$ 29,912</u>	<u>\$ 13,628</u>	<u>\$ 13,785</u>	<u>\$ 7,283</u>

(Continued)

**City of Vermilion, Ohio**

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances - Special Revenue Funds - (continued)

For the Year Ended December 31, 2001

	<u>Indigent Alcohol Treatment</u>	<u>Enforcement and Education</u>	<u>Court Computer</u>	<u>Sanitation</u>
<b>Revenues:</b>				
Taxes	-	-	-	-
Intergovernmental	\$ 2,637	-	-	\$ 60,000
Interest	-	-	-	-
Charges for Services	-	-	-	813,798
Fines and Forfeitures	6,547	\$ 2,947	\$ 26,981	-
Other	-	-	-	-
<b>Total Revenues</b>	<u>9,184</u>	<u>2,947</u>	<u>26,981</u>	<u>873,798</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	-	-	25,038	-
Public Health and Welfare	-	-	-	-
Community Environment	-	-	-	-
Transportation	-	-	-	-
Leisure Time Activities	-	-	-	-
Basic Utility Services	-	-	-	812,530
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>25,038</u>	<u>812,530</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>9,184</u>	<u>2,947</u>	<u>1,943</u>	<u>61,268</u>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>9,184</u>	<u>2,947</u>	<u>1,943</u>	<u>61,268</u>
Fund Balance (Deficit) at Beginning of Year, as Restated, See Note 20	66,523	26,711	49,035	116,643
Increase (Decrease) in Reserve for Inventory	-	-	-	-
<b>Fund balance at the end of year</b>	<u>\$ 75,707</u>	<u>\$ 29,658</u>	<u>\$ 50,978</u>	<u>\$ 177,911</u>

Totals

\$ 251,918  
659,252  
5,167  
1,089,643  
44,054  
7,115  

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2,057,149

414,142  
92,556  
43,384  
1,484,586  
77,493  
812,530  
16,597

---

2,941,288

(884,139)

661,471

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661,471

(222,668)

1,395,564

(447)

\$ 1,172,449

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
Street Maintenance and Repair Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Intergovernmental	\$ 720,744	\$ 310,010	\$ (410,734)
Other	-	2,094	2,094
<b>Total Revenues</b>	<u>720,744</u>	<u>312,104</u>	<u>(408,640)</u>
<b>Expenditures:</b>			
Current:			
Transportation			
Salaries	489,462	468,463	20,999
Other	246,978	233,978	13,000
<b>Total Expenditures</b>	<u>736,440</u>	<u>702,441</u>	<u>33,999</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(15,696)	(390,337)	(374,641)
<b>Other Financing Sources (Uses):</b>			
Operating Transfers - In	-	350,000	350,000
<b>Total Other Sources (Uses)</b>	<u>-</u>	<u>350,000</u>	<u>350,000</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	(15,696)	(40,337)	(24,641)
Fund Balances (Deficit) at Beginning of Year	86,454	86,454	-
Fund Balances (Deficit) at End of Year	<u>\$ 70,758</u>	<u>\$ 46,117</u>	<u>\$ (24,641)</u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
State Highway Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Intergovernmental	\$ 25,000	\$ 25,158	\$ 158
<b>Total Revenues</b>	<u>25,000</u>	<u>25,158</u>	<u>158</u>
<b>Expenditures:</b>			
Current:			
Transportation			
Salaries			
Other	27,442	27,442	-
<b>Total Expenditures</b>	<u>27,442</u>	<u>27,442</u>	<u>-</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(2,442)	(2,284)	158
Fund Balances (Deficit) at Beginning of Year	5,176	5,176	-
Fund Balances (Deficit) at End of Year	<u>\$ 2,734</u>	<u>\$ 2,892</u>	<u>\$ 158</u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
Permissive Use Tax Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Intergovernmental	\$ 584,776	\$ 175,198	\$ (409,578)
<b>Total Revenues</b>	<u>584,776</u>	<u>175,198</u>	<u>(409,578)</u>
<b>Expenditures:</b>			
Current:			
Transportation			
Other	1,221,460	1,116,008	105,452
<b>Total Expenditures</b>	<u>1,221,460</u>	<u>1,116,008</u>	<u>105,452</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(636,684)	(940,810)	(304,126)
<b>Other Financing Sources (Uses):</b>			
Proceeds of Notes	950,000	950,000	-
Operating Transfers - In	160,711	160,711	-
<b>Total Other Sources (Uses)</b>	<u>1,110,711</u>	<u>1,110,711</u>	<u>-</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	474,027	169,901	(304,126)
Fund Balances (Deficit) at Beginning of Year	904	904	-
Fund Balances (Deficit) at End of Year	<u>\$ 474,931</u>	<u>\$ 170,805</u>	<u>\$ (304,126)</u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
Recreation Fund

For the Year Ended December 31, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Charges for Services	\$ 41,920	\$ 38,714	\$ (3,206)
Other	1,760	1,760	-
<b>Total Revenues</b>	43,680	40,474	(3,206)
<b>Expenditures:</b>			
Current:			
Leisure Time Activities			
Salaries	48,438	42,299	6,139
Other	37,011	36,626	385
<b>Total Expenditures</b>	85,449	78,925	6,524
<b>Excess of Revenues Over (Under) Expenditures</b>	(41,769)	(38,451)	3,318
<b>Other Financing Sources (Uses):</b>			
Operating Transfers - In	30,000	30,000	-
<b>Total Other Sources (Uses)</b>	30,000	30,000	-
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	(11,769)	(8,451)	3,318
Fund Balances (Deficit) at Beginning of Year	17,024	17,024	-
Fund Balances (Deficit) at End of Year	\$ 5,255	\$ 8,573	\$ 3,318

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
Fire Operating Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Taxes	\$ 195,172	\$ 195,172	-
Charges for Services	56,907	93,108	\$ 36,201
Intergovernmental	-	18,458	18,458
Other	-	2,725	2,725
<b>Total Revenues</b>	<u>252,079</u>	<u>309,463</u>	<u>57,384</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Salaries	117,981	108,552	9,429
Other	79,795	49,839	29,956
<b>Total Expenditures</b>	<u>197,776</u>	<u>158,391</u>	<u>39,385</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	54,303	151,072	96,769
Fund Balances (Deficit) at Beginning of Year	687,194	687,194	-
Fund Balances (Deficit) at End of Year	<u>\$ 741,497</u>	<u>\$ 838,266</u>	<u>\$ 96,769</u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
Police Pension Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Taxes	\$ 55,523	\$ 56,746	\$ 1,223
Intergovernmental	-	7,403	7,403
<b>Total Revenues</b>	<u>55,523</u>	<u>64,149</u>	<u>8,626</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Other	163,623	161,342	2,281
<b>Total Expenditures</b>	<u>163,623</u>	<u>161,342</u>	<u>2,281</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(108,100)	(97,193)	10,907
<b>Other Financing Sources (Uses):</b>			
Operating Transfers - In	95,000	106,760	11,760
<b>Total Other Sources (Uses)</b>	<u>95,000</u>	<u>106,760</u>	<u>11,760</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	(13,100)	9,567	22,667
Fund Balances (Deficit) at Beginning of Year	61,825	61,825	-
Fund Balances (Deficit) at End of Year	<u>\$ 48,725</u>	<u>\$ 71,392</u>	<u>\$ 22,667</u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
Watercraft Safety Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Intergovernmental	\$ 12,761	\$ 12,176	\$ (585)
Other	-	500	500
<b>Total Revenues</b>	<u>12,761</u>	<u>12,676</u>	<u>(85)</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Salaries	15,105	11,527	3,578
Other	18,096	13,007	5,089
<b>Total Expenditures</b>	<u>33,201</u>	<u>24,534</u>	<u>8,667</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(20,440)	(11,858)	8,582
<b>Other Financing Sources (Uses):</b>			
Operating Transfers - In	14,000	14,000	-
<b>Total Other Sources (Uses)</b>	<u>14,000</u>	<u>14,000</u>	<u>-</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	(6,440)	2,142	8,582
Fund Balances (Deficit) at Beginning of Year	11,338	11,338	-
Fund Balances (Deficit) at End of Year	<u>\$ 4,898</u>	<u>\$ 13,480</u>	<u>\$ 8,582</u>

**City of Vermilion, Ohio**  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual (Non-GAAP Budget Basis) -  
 Cemetary Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Charges for Services	\$ 98,571	\$ 102,932	\$ 4,361
Interest	-	5,167	5,167
<b>Total Revenues</b>	<u>98,571</u>	<u>108,099</u>	<u>9,528</u>
<b>Expenditures:</b>			
Current:			
Public Health and Welfare			
Other	96,403	92,556	3,847
Capital Outlay	16,598	16,597	1
<b>Total Expenditures</b>	<u>113,001</u>	<u>109,153</u>	<u>3,848</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(14,430)	(1,054)	13,376
Fund Balances (Deficit) at Beginning of Year	30,966	30,966	-
Fund Balances (Deficit) at End of Year	<u>\$ 16,536</u>	<u>\$ 29,912</u>	<u>\$ 13,376</u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
Cable T.V. Fund

For the Year Ended December 31, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Charges for Services	\$ 32,000	\$ 44,703	\$ 12,703
Other	-	36	36
<b>Total Revenues</b>	32,000	44,739	12,739
<b>Expenditures:</b>			
Current:			
Community Environment			
Other	43,212	42,602	610
<b>Total Expenditures</b>	43,212	42,602	610
<b>Excess of Revenues Over (Under) Expenditures</b>	(11,212)	2,137	13,349
Fund Balances (Deficit) at Beginning of Year	11,491	11,491	-
Fund Balances (Deficit) at End of Year	\$ 279	\$ 13,628	\$ 13,349

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
Drug Law Enforcement Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Fines and Forfeitures	-	\$ 3,477	\$ 3,477
Intergovernmental	\$ 30,026	27,094	(2,932)
<b>Total Revenues</b>	<u>30,026</u>	<u>30,571</u>	<u>545</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Salaries	51,661	50,294	1,367
Other	2,000	1,250	750
<b>Total Expenditures</b>	<u>53,661</u>	<u>51,544</u>	<u>2,117</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(23,635)	(20,973)	2,662
Fund Balances (Deficit) at Beginning of Year	27,264	27,264	-
Fund Balances (Deficit) at End of Year	<u>\$ 3,629</u>	<u>\$ 6,291</u>	<u>\$ 2,662</u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
Contraband Forfeiture Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Fines and Forfeitures	\$ 2,000	\$ 4,102	\$ 2,102
<b>Total Revenues</b>	<u>2,000</u>	<u>4,102</u>	<u>2,102</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Salaries	383	-	383
Other	1,591	-	1,591
<b>Total Expenditures</b>	<u>1,974</u>	<u>-</u>	<u>1,974</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	26	4,102	4,076
Fund Balances (Deficit) at Beginning of Year	3,181	3,181	-
Fund Balances (Deficit) at End of Year	<u><u>\$ 3,207</u></u>	<u><u>\$ 7,283</u></u>	<u><u>\$ 4,076</u></u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
Indigent Alcohol Treatment Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Fines and Forfeitures	\$ 5,000	\$ 6,545	\$ 1,545
Intergovernmental	-	2,637	2,637
<b>Total Revenues</b>	<u>5,000</u>	<u>9,182</u>	<u>4,182</u>
<b>Expenditures:</b>			
Current:			
Public Health and Welfare			
Other	2,080	-	2,080
<b>Total Expenditures</b>	<u>2,080</u>	<u>-</u>	<u>2,080</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	2,920	9,182	6,262
Fund Balances (Deficit) at Beginning of Year	66,191	66,191	-
Fund Balances (Deficit) at End of Year	<u>\$ 69,111</u>	<u>\$ 75,373</u>	<u>\$ 6,262</u>

**City of Vermilion, Ohio**  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual (Non-GAAP Budget Basis) -  
 Enforcement and Education Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Fines and Forfeitures	\$ 2,000	\$ 3,106	\$ 1,106
<b>Total Revenues</b>	<u>2,000</u>	<u>3,106</u>	<u>1,106</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Salaries	1,509	-	1,509
Other	1,020	-	1,020
<b>Total Expenditures</b>	<u>2,529</u>	<u>-</u>	<u>2,529</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(529)	3,106	3,635
Fund Balances (Deficit) at Beginning of Year	26,399	26,399	-
Fund Balances (Deficit) at End of Year	<u>\$ 25,870</u>	<u>\$ 29,505</u>	<u>\$ 3,635</u>

**City of Vermilion**  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual (Non-GAAP Budget Basis) -  
 Court Computer Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Fines and Forfeitures	\$ 27,487	\$ 26,417	\$ (1,070)
<b>Total Revenues</b>	<u>27,487</u>	<u>26,417</u>	<u>(1,070)</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Other	30,595	24,797	5,798
<b>Total Expenditures</b>	<u>30,595</u>	<u>24,797</u>	<u>5,798</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(3,108)	1,620	4,728
Fund Balances (Deficit) at Beginning of Year	46,503	46,503	-
Fund Balances (Deficit) at End of Year	<u>\$ 43,395</u>	<u>\$ 48,123</u>	<u>\$ 4,728</u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
Sanitation Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Charges for Services	\$ 825,625	\$ 817,043	\$ (8,582)
Intergovernmental	60,000	60,000	-
<b>Total Revenues</b>	<u>885,625</u>	<u>877,043</u>	<u>(8,582)</u>
<b>Expenditures:</b>			
Current:			
Basic Utility Services			
Other	859,643	849,270	10,373
<b>Total Expenditures</b>	<u>859,643</u>	<u>849,270</u>	<u>10,373</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	25,982	27,773	1,791
Fund Balances (Deficit) at Beginning of Year	82,353	82,353	-
Fund Balances (Deficit) at End of Year	<u>\$ 108,335</u>	<u>\$ 110,126</u>	<u>\$ 1,791</u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
All Special Revenue Funds

For the Year Ended December 31, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$ 250,695	\$ 251,918	\$ 1,223
Charges for Services	1,057,023	1,096,500	39,477
Fines and Forfeitures	64,513	43,647	(20,866)
Intergovernmental	1,403,281	638,134	(765,147)
Interest	-	5,167	5,167
Other	1,760	7,115	5,355
<b>Total Revenues</b>	<u>2,777,272</u>	<u>2,042,481</u>	<u>(734,791)</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Salaries	186,639	170,373	16,266
Other	296,720	250,235	46,485
Total Security of Persons and Property	<u>483,359</u>	<u>420,608</u>	<u>62,751</u>
Public Health and Welfare			
Other	98,483	92,556	5,927
Total Public Health and Welfare	<u>98,483</u>	<u>92,556</u>	<u>5,927</u>
Transportation			
Salaries	489,462	468,463	20,999
Other	1,495,880	1,377,428	118,452
Total Transportation	<u>1,985,342</u>	<u>1,845,891</u>	<u>139,451</u>
Community Environment			
Other	43,212	42,602	610
Total Community Environment	<u>43,212</u>	<u>42,602</u>	<u>610</u>
Basic Utility Services			
Other	859,643	849,270	10,373
Total Basic Utility Services	<u>859,643</u>	<u>849,270</u>	<u>10,373</u>
Leisure Time Activities			
Salaries	48,438	42,299	6,139
Other	37,011	36,626	385
Total Leisure Time Activities	<u>85,449</u>	<u>78,925</u>	<u>6,524</u>

**City of Vermilion**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
All Special Revenue Funds - (continued)

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Capital Outlay - cont'd	16,598	16,597	1
<b>Total Expenditures</b>	<u>3,572,086</u>	<u>3,346,449</u>	<u>225,637</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(794,814)	(1,303,968)	(509,154)
<b>Other Financing Sources (Uses):</b>			
Proceeds of Notes	950,000	950,000	-
Operating Transfers - In	299,711	661,471	361,760
<b>Total Other Sources (Uses)</b>	<u>1,249,711</u>	<u>1,611,471</u>	<u>361,760</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	454,897	307,503	(147,394)
Fund Balances (Deficit) at Beginning of Year	1,164,263	1,164,263	-
Fund Balances (Deficit) at End of Year	<u>\$ 1,619,160</u>	<u>\$ 1,471,766</u>	<u>\$ (147,394)</u>

## **DEBT SERVICE FUNDS**

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

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*General Obligation Bond Retirement Fund* - to account for resources that are used for payment of principal and interest and fiscal charges on general obligation debt.

*Special Assessment Bond Retirement Fund* - to account for the retirement of debt issued to finance public improvements deemed to benefit the properties against which special assessments are levied.

**City of Vermilion, Ohio**

Combining Balance Sheet - Debt Service Funds

December 31, 2001

	<u>General Obligation Bond</u>	<u>Special Assessment</u>	<u>Total</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	-	\$ 45,526	\$ 45,526
Cash and Cash Equivalents:			
With Fiscal Agents	\$ 365	-	365
Receivables			
Taxes	64,543	-	64,543
Intergovernmental	3,635	-	3,635
Special Assessments	-	115,695	115,695
<b>Total Assets</b>	<u>68,543</u>	<u>161,221</u>	<u>229,764</u>
<b>Liabilities:</b>			
Interfund Payable	105,975	-	105,975
Deferred Revenue	64,543	115,695	180,238
Matured Interest Payable	365	-	365
<b>Total Liabilities</b>	<u>170,883</u>	<u>115,695</u>	<u>286,578</u>
<b>Fund Equity:</b>			
Fund Balance:			
Reserved for Debt Service	(102,340)	45,526	(56,814)
<b>Total Fund Equity</b>	<u>(102,340)</u>	<u>45,526</u>	<u>(56,814)</u>
 <b>Total Liabilities and Fund Equity</b>	 <u>\$ 68,543</u>	 <u>\$ 161,221</u>	 <u>\$ 229,764</u>

**City of Vermilion, Ohio**

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances - Debt Service Funds

For the Year Ended December 31, 2001

	General Obligation Bond	Special Assessment	Totals
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>			
Taxes	\$ 56,746	\$ -	\$ 56,746
Intergovernmental	7,253	-	7,253
Interest	5,070	-	5,070
Special Assessments	-	16,755	16,755
<b>Total Revenues</b>	<u>69,069</u>	<u>16,755</u>	<u>85,824</u>
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	58,340	4,660	63,000
Interest and Fiscal Charges	150,703	5,533	156,236
<b>Total Expenditures</b>	<u>209,043</u>	<u>10,193</u>	<u>219,236</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(139,974)	6,562	(133,412)
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	33,600	-	33,600
<b>Total Other Financing Sources (Uses)</b>	<u>33,600</u>	<u>-</u>	<u>33,600</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	(106,374)	6,562	(99,812)
Fund Balance (Deficit) at Beginning of Year, as Restated, See Note 20	4,034	38,964	42,998
<b>Fund Balance at the End of Year</b>	\$ <u><u>(102,340)</u></u>	\$ <u><u>45,526</u></u>	\$ <u><u>(56,814)</u></u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
General Obligation Bond

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Property and Other Taxes	\$ 55,523	\$ 56,746	\$ 1,223
Intergovernmental	-	7,253	7,253
Interest	-	5,070	5,070
<b>Total Revenues</b>	<u>55,523</u>	<u>69,069</u>	<u>13,546</u>
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	43,340	43,340	-
Interest and Fiscal Charges	41,750	150,703	(108,953)
<b>Total Expenditures</b>	<u>85,090</u>	<u>194,043</u>	<u>(108,953)</u>
Excess of Revenues Over (Under) Expenditures	(29,567)	(124,974)	(95,407)
<b>Other Financing Sources (Uses):</b>			
Proceeds of Bonds	3,159,366	3,285,000	125,634
Operating Transfers - In	-	18,600	18,600
<b>Total Other Financing Sources (Uses)</b>	<u>3,159,366</u>	<u>3,303,600</u>	<u>144,234</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	3,129,799	3,178,626	48,827
Fund Balances (Deficit) at Beginning of Year	399	399	-
Fund Balances (Deficit) at End of Year	<u>\$ 3,130,198</u>	<u>\$ 3,179,025</u>	<u>\$ 48,827</u>

**City of Vermilion, Ohio**  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual (Non-GAAP Budget Basis) -  
 Special Assessment Bond

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Special Assessments	\$ 25,000	\$ 16,755	\$ (8,245)
<b>Total Revenues</b>	<u>25,000</u>	<u>16,755</u>	<u>(8,245)</u>
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	27,040	4,660	22,380
Interest and Fiscal Charges	10,958	5,533	5,425
<b>Total Expenditures</b>	<u>37,998</u>	<u>10,193</u>	<u>27,805</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(12,998)	6,562	19,560
Fund Balances (Deficit) at Beginning of Year	38,964	38,964	-
Fund Balances (Deficit) at End of Year	<u>\$ 25,966</u>	<u>\$ 45,526</u>	<u>\$ 19,560</u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
All Debt Service Funds

For the Year Ended December 31, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>			
Property and Other Taxes	\$ 55,523	\$ 56,746	\$ 1,223
Intergovernmental	-	7,253	7,253
Special Assessments	25,000	16,755	(8,245)
Interest	-	5,070	5,070
<b>Total Revenues</b>	<u>80,523</u>	<u>85,824</u>	<u>5,301</u>
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	70,380	48,000	22,380
Interest and Fiscal Charges	52,708	156,236	(103,528)
<b>Total Expenditures</b>	<u>123,088</u>	<u>204,236</u>	<u>(81,148)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(42,565)	(118,412)	(75,847)
<b>Other Financing Sources (Uses):</b>			
Proceeds of Bonds	3,159,366	3,285,000	125,634
Operating Transfers - In	-	18,600	18,600
<b>Total Other Financing Sources (Uses)</b>	<u>3,159,366</u>	<u>3,303,600</u>	<u>144,234</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	3,116,801	3,185,188	68,387
Fund Balances (Deficit) at Beginning of Year	39,363	39,363	-
Fund Balances (Deficit) at End of Year	<u>\$ 3,156,164</u>	<u>\$ 3,224,551</u>	<u>\$ 68,387</u>

## CAPITAL PROJECTS FUNDS

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The capital projects funds are established to account for financial resources to be used for the construction or acquisition of major capital facilities (other than those financed by propriety funds).

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*Park Levy Fund* - to accumulate property taxes used for the acquisition of equipment which has a useful life of five years or greater.

*Fire Apparatus Fund* - to accumulate property taxes levied for the payment of equipment used by the City's fire department.

*Property Purchase Improvement Fund* - to account for that portion of the City's income tax used for acquisition of new equipment and building improvements.

*Computer Purchase Fund* - to account for that portion of the City's income tax used for acquisition of new computer equipment.

*Street Maintenance and Repair Fund* - to account for the cost of construction of new roads.

*Water Assessment Fund* - to account for the cost of constructing water lines within the City that will be paid for by the users who will directly benefit from same.

*Bridge Repair Capital Fund* - to account for the monies received from Norfolk and Southern Railroad to be used toward the replacement of a bridge, or any other project the City deems appropriate.

*Industrial Development Fund* - to account for monies received from the General Fund to promote industrial growth in the City.

*Street Road Bridge Capital Fund* - to account for monies used primarily in the construction of new bridges and other major street repair items.

*Court Building Fund* - to account for the cost of renovating the court building.

**City of Vermilion, Ohio**

Combining Balance Sheet - Capital Projects Funds

December 31, 2001

	<u>Park Levy</u>	<u>Fire Apparatus</u>	<u>Property Purchase/ Improvement</u>	<u>Computer Purchase</u>
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 66,486	\$ 511,548	\$ 5,498	\$ 1,501
Receivables:				
Taxes	107,572	215,144	-	-
Intergovernmental	6,057	12,115	-	-
Due from Other Funds	-	-	-	-
<b>Total Assets</b>	<u>180,115</u>	<u>738,807</u>	<u>5,498</u>	<u>1,501</u>
<b>Liabilities:</b>				
Deferred Revenue	107,572	215,144	-	-
<b>Total Liabilities</b>	<u>107,572</u>	<u>215,144</u>	<u>-</u>	<u>-</u>
<b>Fund Equity:</b>				
Fund Balance:				
Reserved for Encumbrances	47,141	21	-	-
Unreserved-undesignated	25,402	523,642	5,498	1,501
<b>Total Fund Equity</b>	<u>72,543</u>	<u>523,663</u>	<u>5,498</u>	<u>1,501</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 180,115</u>	<u>\$ 738,807</u>	<u>\$ 5,498</u>	<u>\$ 1,501</u>

<u>Street Maintenance and Repair</u>	<u>Bridge Repair Capital</u>	<u>Industrial Development</u>	<u>Street-Road- Bridge Capital</u>	<u>Court Building</u>	<u>Total</u>
\$ 19	\$ 6,666	\$ 955	\$ 740	\$ 25,616	\$ 619,029
-	-	-	-	-	322,716
-	-	-	-	-	18,172
-	-	-	-	1,002	1,002
<u>19</u>	<u>6,666</u>	<u>955</u>	<u>740</u>	<u>26,618</u>	<u>960,919</u>
-	-	-	-	-	322,716
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>322,716</u>
-	-	-	-	653	47,815
19	6,666	955	740	25,965	590,388
<u>19</u>	<u>6,666</u>	<u>955</u>	<u>740</u>	<u>26,618</u>	<u>638,203</u>
<u>\$ 19</u>	<u>\$ 6,666</u>	<u>\$ 955</u>	<u>\$ 740</u>	<u>\$ 26,618</u>	<u>\$ 960,919</u>

**City of Vermilion, Ohio**

Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Capital Project Funds

For the Year Ended December 31, 2001

	<u>Park Levy</u>	<u>Fire Apparatus</u>	<u>Property Purchase/ Improvement</u>	<u>Computer Purchase</u>
<b>Revenues:</b>				
Taxes	\$ 94,577	\$ 189,153	-	-
Intergovernmental	12,087	24,177	-	-
Licenses and Permits	18,300	-	-	-
Fine and Forfeitures	-	-	-	-
<b>Total Revenues</b>	<u>124,964</u>	<u>213,330</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property	-	-	-	-
General Government	-	-	\$ 4,191	-
Leisure Time Activities	682,582	-	-	-
Capital Outlay	-	2,991	8,851	\$ 3,037
Debt Service:				
Interest and Fiscal Charges	30,647	-	-	-
<b>Total Expenditures</b>	<u>713,229</u>	<u>2,991</u>	<u>13,042</u>	<u>3,037</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(588,265)	210,339	(13,042)	(3,037)
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	-	-	6,500	4,500
Operating Transfers Out	(15,000)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(15,000)</u>	<u>-</u>	<u>6,500</u>	<u>4,500</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	(603,265)	210,339	(6,542)	1,463
Fund Balance (Deficit) at Beginning of Year, as Restated, See Note 20	675,808	313,324	12,040	38
<b>Fund Balance at End of Year</b>	<u>\$ 72,543</u>	<u>\$ 523,663</u>	<u>\$ 5,498</u>	<u>\$ 1,501</u>

<u>Street Maintenance and Repair</u>	<u>Bridge Repair Capital</u>	<u>Industrial Development</u>	<u>Street-Road- Bridge Capital</u>	<u>Court Building</u>	<u>Total</u>
-	-	-	-	-	\$ 283,730
-	-	-	-	-	36,264
-	-	-	-	-	18,300
-	-	-	-	\$ 13,346	13,346
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,346</u>	<u>351,640</u>
-	-	-	-	21,753	21,753
-	-	-	-	-	4,191
-	-	-	-	-	682,582
-	-	-	-	-	14,879
-	-	-	-	-	30,647
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,753</u>	<u>754,052</u>
-	-	-	-	(8,407)	(402,412)
-	-	-	-	-	11,000
-	-	-	-	-	(15,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,000)</u>
-	-	-	-	(8,407)	(406,412)
\$ 19	\$ 6,666	\$ 955	\$ 740	35,025	1,044,615
<u>\$ 19</u>	<u>\$ 6,666</u>	<u>\$ 955</u>	<u>\$ 740</u>	<u>\$ 26,618</u>	<u>\$ 638,203</u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
Park Levy Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Taxes	\$ 92,539	\$ 94,577	\$ 2,038
Licenses and Permits	-	18,300	18,300
Intergovernmental	-	12,088	12,088
<b>Total Revenues</b>	<u>92,539</u>	<u>124,965</u>	<u>32,426</u>
<b>Expenditures:</b>			
Current:			
Leisure Time Activities			
Other	135,204	133,805	1,399
Debt Service:			
Principal Retirement	15,000	15,000	-
Interest and Fiscal Charge	45,552	30,647	14,905
<b>Total Expenditures</b>	<u>195,756</u>	<u>179,452</u>	<u>16,304</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(103,217)	(54,487)	48,730
<b>Other Financing Sources (Uses):</b>			
Proceeds from Bonds	666,707	-	(666,707)
<b>Total Other Sources (Uses)</b>	<u>666,707</u>	<u>-</u>	<u>(666,707)</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	563,490	(54,487)	(617,977)
Fund Balances (Deficit) at Beginning of Year	73,833	73,833	-
Fund Balances (Deficit) at End of Year	<u>\$ 637,323</u>	<u>\$ 19,346</u>	<u>\$ (617,977)</u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
Fire Apparatus Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Taxes	\$ 185,079	\$ 189,153	\$ 4,074
Intergovernmental	-	24,177	24,177
<b>Total Revenues</b>	<u>185,079</u>	<u>213,330</u>	<u>28,251</u>
<b>Expenditures:</b>			
Capital Outlay	356,912	2,312	354,600
<b>Total Expenditures</b>	<u>356,912</u>	<u>2,312</u>	<u>354,600</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(171,833)	211,018	382,851
Fund Balances (Deficit) at Beginning of Year	300,510	300,510	-
Fund Balances (Deficit) at End of Year	<u>\$ 128,677</u>	<u>\$ 511,528</u>	<u>\$ 382,851</u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
Property Purchase Improvement Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
General Government			
Legislative and Executive	\$ 4,191	\$ 4,191	-
Capital Outlay	8,939	8,851	\$ 88
<b>Total Expenditures</b>	<u>13,130</u>	<u>13,042</u>	<u>88</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(13,130)	(13,042)	88
<b>Other Financing Sources (Uses):</b>			
Operating Transfers - In	6,500	6,500	-
<b>Total Other Sources (Uses)</b>	<u>6,500</u>	<u>6,500</u>	<u>-</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	(6,630)	(6,542)	88
Fund Balances (Deficit) at Beginning of Year	12,040	12,040	-
Fund Balances (Deficit) at End of Year	<u>\$ 5,410</u>	<u>\$ 5,498</u>	<u>\$ 88</u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
Computer Purchase Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>			
Capital Outlay	\$ 4,500	\$ 3,037	\$ 1,463
<b>Total Expenditures</b>	<u>4,500</u>	<u>3,037</u>	<u>1,463</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(4,500)	(3,037)	1,463
<b>Other Financing Sources (Uses):</b>			
Operating Transfers - In	5,000	4,500	(500)
<b>Total Other Sources (Uses)</b>	<u>5,000</u>	<u>4,500</u>	<u>(500)</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	500	1,463	963
Fund Balances (Deficit) at Beginning of Year	38	38	-
Fund Balances (Deficit) at End of Year	<u>\$ 538</u>	<u>\$ 1,501</u>	<u>\$ 963</u>

**City of Vermilion, Ohio**  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual (Non-GAAP Budget Basis) -  
 Street Maintenance Capital Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>			
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit) at Beginning of Year	\$ <u>19</u>	\$ <u>19</u>	<u>-</u>
Fund Balances (Deficit) at End of Year	\$ <u><u>19</u></u>	\$ <u><u>19</u></u>	<u><u>-</u></u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
Bridge Repair Capital Fund

For the Year Ended December 31, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<b>Total Revenues</b>	-	-	-
<b>Expenditures:</b>			
<b>Total Expenditures</b>	-	-	-
<b>Excess of Revenues Over (Under) Expenditures</b>	-	-	-
<b>Other Financing Sources (Uses):</b>			
Operating Transfers - Out	\$ (6,666)	-	\$ 6,666
<b>Total Other Sources (Uses)</b>	(6,666)	-	6,666
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	(6,666)	-	6,666
Fund Balances (Deficit) at Beginning of Year	6,666	\$ 6,666	-
Fund Balances (Deficit) at End of Year	-	\$ 6,666	\$ 6,666

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
Industrial Development Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
General Government			
Legislative and Executive	\$ 955	-	\$ 955
<b>Total Expenditures</b>	<u>955</u>	<u>-</u>	<u>955</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(955)	-	955
<b>Other Financing Sources (Uses):</b>			
Operating Transfers - In	25,000	-	(25,000)
<b>Total Other Sources (Uses)</b>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	24,045	-	(24,045)
Fund Balances (Deficit) at Beginning of Year	955	\$ 955	-
Fund Balances (Deficit) at End of Year	<u>\$ 25,000</u>	<u>\$ 955</u>	<u>\$ (24,045)</u>

**City of Vermilion, Ohio**  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual (Non-GAAP Budget Basis) -  
 Street-Road-Bridge Capital Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>			
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit) at Beginning of Year	\$ 740	\$ 740	-
Fund Balances (Deficit) at End of Year	<u>\$ 740</u>	<u>\$ 740</u>	<u>-</u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
Court Building Fund

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Fines and Forfeitures	\$ 11,000	\$ 13,064	\$ 2,064
<b>Total Revenues</b>	<u>11,000</u>	<u>13,064</u>	<u>2,064</u>
<b>Expenditures:</b>			
Current:			
Security of Person and Property			
Other	\$ 30,000	22,406	7,594
<b>Total Expenditures</b>	<u>30,000</u>	<u>22,406</u>	<u>7,594</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(19,000)	(9,342)	9,658
Fund Balances (Deficit) at Beginning of Year	34,305	34,305	-
Fund Balances (Deficit) at End of Year	<u>\$ 15,305</u>	<u>\$ 24,963</u>	<u>\$ 9,658</u>

**City of Vermilion, Ohio**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual (Non-GAAP Budget Basis) -  
All Capital Projects Funds

For the Year Ended December 31, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Taxes	\$ 277,618	\$ 283,730	\$ 6,112
Licenses and Permits	-	18,300	18,300
Fines and Forfeitures	11,000	13,064	2,064
Intergovernmental	-	36,265	36,265
<b>Total Revenues</b>	<u>288,618</u>	<u>351,359</u>	<u>62,741</u>
<b>Expenditures:</b>			
Current:			
General Government			
Legislative and Executive	5,146	4,191	955
Security of Person and Property			
Other	30,000	22,406	7,594
Leisure Time Activities			
Other	135,204	133,805	1,399
Capital Outlay	370,351	14,200	356,151
Debt Service:			
Principal Retirement	15,000	15,000	-
Interest and Fiscal Charge	45,552	30,647	14,905
<b>Total Expenditures</b>	<u>601,253</u>	<u>220,249</u>	<u>381,004</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(312,635)	131,110	443,745
<b>Other Financing Sources (Uses):</b>			
Proceeds from Bonds	666,707	-	(666,707)
Operating Transfers - In	36,500	11,000	(25,500)
Operating Transfers - Out	(6,666)	-	6,666
<b>Total Other Sources (Uses)</b>	<u>696,541</u>	<u>11,000</u>	<u>(685,541)</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	383,906	142,110	(241,796)
Fund Balances (Deficit) at Beginning of Year	429,106	429,106	-
Fund Balances (Deficit) at End of Year	<u>\$ 813,012</u>	<u>\$ 571,216</u>	<u>\$ (241,796)</u>

## ENTERPRISE FUNDS

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The enterprise funds are used to account for the City's water, sewer, storm water drainage and port authority operations. They are financed and operated in a manner similar to private sector business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City has 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.

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*Water Fund* - to account for the revenues and expenses of the City owned water system.

*Sewer Fund* - to account for the revenues and expenses of the City owned sewer system.

*Storm Water Drainage Fund* - to account for the revenues and expenses of the City owned storm drainage system.

**City of Vermilion, Ohio**

Combining Balance Sheet - Enterprise Funds

December 31, 2001

	<u>Water</u>	<u>Sewer</u>	<u>Storm Water Drainage</u>	<u>Total</u>
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 2,916,786	\$ 1,020,056	\$ 262,191	\$ 4,199,033
Receivables (net of allowance for uncollectible):				
Accounts	102,315	123,785	26,984	253,084
Materials and Supplies Inventory	3,311	570	-	3,881
Restricted Cash with Trustee	267,351	-	-	267,351
Fixed Assets:				
Building	3,678,647	1,765,144	-	5,443,791
Equipment and Furniture	723,624	1,570,626	389	2,294,639
Land and Land Improvements	89,954	58,935	-	148,889
Infrastructure	2,101,039	2,265,525	293,823	4,660,387
Vehicles	109,275	226,389	-	335,664
Construction in Progress	16,113	574,236	30,175	620,524
Accumulated Depreciation	(3,247,897)	(3,099,253)	(8,602)	(6,355,752)
<b>Total Assets</b>	<u><u>6,760,518</u></u>	<u><u>4,506,013</u></u>	<u><u>604,960</u></u>	<u><u>11,871,491</u></u>
<b>Liabilities:</b>				
Accounts Payable	6,109	7,174	9,328	22,611
Accrued Wages	12,155	11,713	-	23,868
Compensated Absences Payable	61,477	85,007	-	146,484
Pension obligation payable	16,402	18,904	-	35,306
Interfund Payable	-	275,000	-	275,000
Intergovernmental Payable	2,322	2,169	-	4,491
General Obligation Bonds Payable	760,000	1,640,000	-	2,400,000
Refunding Bonds Payable	2,585,000	700,000	-	3,285,000
Accrued Interest Payable	86,359	41,856	-	128,215
OWDA Loans Payable	814,507	874,744	-	1,689,251
Revenue Bonds Payable	2,625,000	-	-	2,625,000
<b>Total Liabilities</b>	<u>6,969,331</u>	<u>3,656,567</u>	<u>9,328</u>	<u>10,635,226</u>
<b>Fund Equity:</b>				
Contributed Capital	574,707	754,138	83,447	1,412,292
Retained Earnings (Deficit): Unreserved	(783,520)	95,308	512,185	(176,027)
<b>Total Fund Equity</b>	<u>(208,813)</u>	<u>849,446</u>	<u>595,632</u>	<u>1,236,265</u>
<b>Total Liabilities and Fund Equity</b>	<u><u>\$ 6,760,518</u></u>	<u><u>\$ 4,506,013</u></u>	<u><u>\$ 604,960</u></u>	<u><u>\$ 11,871,491</u></u>

**City of Vermilion, Ohio**

Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Enterprise Funds

For the Year Ended December 31, 2001

	<u>Water</u>	<u>Sewer</u>	<u>Storm Water Drainage</u>	<u>Total</u>
<b>Operating Revenues:</b>				
Charges for Services	\$ 1,401,091	\$ 1,368,443	\$ 172,777	\$ 2,942,311
Other Operating Revenues	583	2,898	-	3,481
<b>Total Operating Revenue</b>	<u>1,401,674</u>	<u>1,371,341</u>	<u>172,777</u>	<u>2,945,792</u>
<b>Operating Expenses:</b>				
Personal services	594,860	628,167	-	1,223,027
Contractual services	169,799	527,151	30,219	727,169
Materials and Supplies	106,764	59,986	5,686	172,436
Claims and Judgements	2,876	981	15	3,872
Depreciation	243,732	131,116	4,811	379,659
<b>Total Operating Expenses</b>	<u>1,118,031</u>	<u>1,347,401</u>	<u>40,731</u>	<u>2,506,163</u>
<b>Operating Income (Loss)</b>	<u>283,643</u>	<u>23,940</u>	<u>132,046</u>	<u>439,629</u>
<b>Non-Operating Revenues (Expenses):</b>				
Grants	-	357,853	-	357,853
Interest	-	50,777	-	50,777
Loss on Disposal of Fixed Assets	(19)	(172,066)	-	(172,085)
Interest and Fiscal Charges	(302,173)	(108,074)	-	(410,247)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(302,192)</u>	<u>128,490</u>	<u>-</u>	<u>(173,702)</u>
<b>Net Income (Loss)</b>	<u>(18,549)</u>	<u>152,430</u>	<u>132,046</u>	<u>265,927</u>
Depreciation on Fixed Assets Acquired by Contributed Capital	28,083	27,468	1,757	57,308
Retained Earnings (Deficit) at Beginning of Year, as Restated, See Note 20	(793,054)	(84,590)	378,382	(499,262)
Retained Earnings (Deficit) at End of Year	<u>(783,520)</u>	<u>95,308</u>	<u>512,185</u>	<u>(176,027)</u>
Contributed Capital at Beginning of Year	602,790	781,606	85,204	1,469,600
Depreciation on Fixed Assets Acquired by Contributed Capital	(28,083)	(27,468)	(1,757)	(57,308)
Contributed Capital at End of Year	<u>574,707</u>	<u>754,138</u>	<u>83,447</u>	<u>1,412,292</u>
<b>Total Fund Equity at End of Year</b>	<u>\$ (208,813)</u>	<u>\$ 849,446</u>	<u>\$ 595,632</u>	<u>\$ 1,236,265</u>

**City of Vermilion, Ohio**  
Combining Statement of Cash Flows  
All Enterprise Funds

For the Year Ended December 31, 2001

	Water	Sewer	Storm Water Drainage	Total
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 1,413,905	\$ 1,376,346	\$ 174,113	\$ 2,964,364
Cash received from other revenues	583	2,298	-	2,881
Cash payments for employee service and benefits	(622,180)	(620,098)	-	(1,242,278)
Cash payments to goods and services	(279,791)	(593,005)	(104,718)	(977,514)
<b>Net Cash Provided by Operating Activities</b>	512,517	165,541	69,395	747,453
<b>Cash Flows from Noncapital Financing Activities:</b>				
Grants	-	364,576	-	364,576
Advances out	-	(146,184)	-	(146,184)
<b>Net Cash Provided by Noncapital Financing Activities</b>	-	218,392	-	218,392
<b>Cash Flows from Capital Financing Activities:</b>				
Proceeds of bonds	2,585,000	830,000	-	3,415,000
Proceeds of OWDA loans	-	877,760	-	877,760
Payments for capital acquisition	(38,646)	(778,047)	(66,101)	(882,794)
Principal paid on notes	-	(125,000)	-	(125,000)
Principal paid on general obligation bonds	(35,000)	(95,000)	-	(130,000)
Principal paid on revenue bonds	(60,000)	-	-	(60,000)
Principal paid on OWDA loans	(40,913)	(3,016)	-	(43,929)
Interest paid on notes, bonds and OWDA loans	(283,485)	(121,351)	-	(404,836)
<b>Net Cash Provided by Capital Financing Activities</b>	2,126,956	585,346	(66,101)	2,646,201
<b>Cash Flows from Investing Activities:</b>				
Interest income	-	50,777	-	50,777
<b>Net Cash Provided by Investing Activities</b>	-	50,777	-	50,777
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	2,639,473	1,020,056	3,294	3,662,823
<b>Cash and Cash Equivalents at Beginning of Year</b>	544,664	-	258,897	803,561
<b>Cash and Cash Equivalents at End of Year</b>	\$ 3,184,137	\$ 1,020,056	\$ 262,191	\$ 4,466,384

(Continued)

**City of Vermilion, Ohio**  
Combining Statement of Cash Flows  
All Enterprise Funds - Continued

For the Year Ended December 31, 2001

	Water	Sewer	Storm Water Drainage	Total
<b>Reconciliation of Operating Income to</b>				
<b>Net Cash Provided by Operating Activities:</b>				
Operating Income	\$ 283,643	\$ 23,940	\$ 132,046	\$ 439,629
<b>Adjustments to Reconcile Operating Income</b>				
<b>to Net Cash Provided by Operating Activities:</b>				
Depreciation	243,732	131,116	4,811	379,659
<b>Total Adjustments</b>	<b>243,732</b>	<b>131,116</b>	<b>4,811</b>	<b>379,659</b>
<b>Changes in Assets and Liabilities</b>				
(Increase) Decrease in accounts receivable	12,814	7,303	1,336	21,453
(Increase) Decrease in inventory	174	30	-	204
Increase (Decrease) in accounts payable	(507)	(13,719)	(68,798)	(83,024)
Increase (Decrease) in accrued wages	(428)	53	-	(375)
Increase (Decrease) in compensated absences	(28,952)	4,713	-	(24,239)
Increase (Decrease) in due to other governments	(2,897)	(3,471)	-	(6,368)
Increase (Decrease) in pension obligation payable	4,938	6,774	-	11,712
Capitalization of accrued interest payable	-	8,802	-	8,802
<b>Total Adjustments</b>	<b>(14,858)</b>	<b>10,485</b>	<b>(67,462)</b>	<b>(71,835)</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 512,517</b>	<b>\$ 165,541</b>	<b>\$ 69,395</b>	<b>\$ 747,453</b>

## INTERNAL SERVICE FUND

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The 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.

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*Insurance Rotary Trust Fund* - to account for the operation and administration of the City's self insurance program for employee health benefits.

*Claims Rotary Trust Fund* - to account for the payment of health benefits claims from the City's self insurance program.

**City of Vermilion, Ohio**

Combining Balance Sheet - Internal Service Funds

December 31, 2001

	Insurance Rotary Trust	Claims Rotary Trust	Total
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 71,543	\$ 34,758	\$ 106,301
Cash and Cash Equivalents: In Segregated Accounts	-	30,033	30,033
<b>Total Assets</b>	71,543	64,791	136,334
 <b>Liabilities:</b>			
Accounts Payable	1,201	-	1,201
Interfund Payable	-	120,000	120,000
Claims Payable	-	77,222	77,222
<b>Total Liabilities</b>	1,201	197,222	198,423
 <b>Fund Equity:</b>			
Retained Earnings (Deficit): Unreserved	70,342	(132,431)	(62,089)
<b>Total Fund Equity</b>	70,342	(132,431)	(62,089)
 <b>Total Liabilities and Fund Equity</b>	\$ 71,543	\$ 64,791	\$ 136,334

**City of Vermilion, Ohio**

Combining Statement of Revenues, Expenses  
and Changes in Fund Equity - Internal Service Funds

For the Year Ended December 31, 2001

	Insurance Rotary Trust	Claims Rotary Trust	Total
<b>Operating Revenues:</b>			
Charges for Services	\$ 145,900	\$ 452,323	\$ 598,223
<b>Total Operating Revenues</b>	<u>145,900</u>	<u>452,323</u>	<u>598,223</u>
<b>Operating Expenses:</b>			
Claims	144,093	554,543	698,636
<b>Total Operating Expenses</b>	<u>144,093</u>	<u>554,543</u>	<u>698,636</u>
<b>Net Income (Loss)</b>	1,807	(102,220)	(100,413)
Retained Earnings (Deficit) at Beginning of Year	<u>68,535</u>	<u>(30,211)</u>	<u>38,324</u>
Retained Earnings (Deficit) at End of Year	70,342	(132,431)	(62,089)
<b>Total Fund Equity at End of Year</b>	<u>\$ 70,342</u>	<u>\$ (132,431)</u>	<u>\$ (62,089)</u>

**City of Vermilion, Ohio**  
Combining Statement of Cash Flows  
All Internal Service Funds

For the Year Ended December 31, 2001

	<u>Insurance Rotary</u>	<u>Insurance Claim</u>	<u>Total</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 145,900	\$ 597,742	\$ 743,642
Cash payments to goods and services	<u>(142,892)</u>	<u>(571,721)</u>	<u>(714,613)</u>
<b>Net Cash Provided by Operating Activities</b>	3,008	26,021	29,029
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>3,008</u>	<u>26,021</u>	<u>29,029</u>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>68,535</u>	<u>38,770</u>	<u>107,305</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 71,543</u>	<u>\$ 64,791</u>	<u>\$ 136,334</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income	\$ 1,807	\$ (102,220)	\$ (100,413)
<b>Changes in Assets and Liabilities</b>			
(Increase) Decrease in accounts receivable	-	145,419	145,419
Increase (Decrease) in accounts payable	1,201	-	1,201
Increase (Decrease) in claim payable	<u>-</u>	<u>(17,178)</u>	<u>(17,178)</u>
<b>Total Adjustments</b>	<u>1,201</u>	<u>128,241</u>	<u>129,442</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 3,008</u>	<u>\$ 26,021</u>	<u>\$ 29,029</u>

## FIDUCIARY FUNDS

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Fiduciary funds are used to account for the assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the City's fiduciary fund types:

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### **Expendable Trust Fund**

*Miscellaneous Trust Fund* - to account for contributions from private sources whose use is restricted. Compliance accountability is maintained through fund sub classifications.

### **Nonexpendable Trust Fund**

*Cemetery Endowment Fund* - to account for the monies held by the City as an investment whose earnings can be used to purchase maintenance items for the City's cemetery.

### **Agency Funds**

*Municipal Court Fund* - to account for the activity of the City's municipal court.

*Commercial Building Fund* - the City serves as collecting and disbursing agent for all projects constructed under the rules governing Ohio Basic Building Code requirements within the City.

*Street Openings Fund* - to account for money held by the City to insure compliance with various City ordinances regarding street cuts within the City.

*Contractors' Deposit Fund* - to account for money held by the City to insure compliance with various City ordinances regarding mandatory engineering inspection fee incurred during the contraction progress. Any unspent monies held for inspection fee not applied are returned to the contractors.

*State Highway Patrol Fund* - to account for fines collected by the Court and held for the benefit of the Ohio State Highway Patrol.

**City of Vermilion, Ohio**

Combining Balance Sheet - Fiduciary Funds

December 31, 2001

	Expendable Trust	Nonexpendable Trust
	<u>Miscellaneous Trust</u>	<u>Cemetery Endowment</u>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 1	\$ 31,835
Cash and Cash Equivalents: In Segregated Accounts	-	-
Receivables: Intergovernmental	6,250	-
Due from Other Funds	-	-
<b>Total Assets</b>	<u>6,251</u>	<u>31,835</u>
 <b>Liabilities:</b>		
Due to Other Funds	-	-
Intergovernmental Payable	-	-
Undistributed Monies	-	-
Refundable Deposits	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>
 <b>Fund Equity:</b>		
Unreserved-undesignated	6,251	31,835
<b>Total Fund Equity</b>	<u>6,251</u>	<u>31,835</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 6,251</u>	<u>\$ 31,835</u>

Agency Funds						
<u>Municipal Court</u>	<u>Commercial Building</u>	<u>Street Opening</u>	<u>Contractors' Deposits</u>	<u>State Highway Patrol</u>	<u>Total</u>	
-	\$ 148	\$ 16,086	\$ 35,987	\$ 36,370	\$ 120,427	
\$ 61,917	-	-	-	-	61,917	
-	-	-	-	-	-	
-	-	-	-	-	6,250	
-	-	-	-	3,029	3,029	
<u>61,917</u>	<u>148</u>	<u>16,086</u>	<u>35,987</u>	<u>39,399</u>	<u>191,623</u>	
27,668	-	-	-	-	27,668	
-	148	16,086	-	39,399	55,633	
34,249	-	-	-	-	34,249	
-	-	-	35,987	-	35,987	
<u>61,917</u>	<u>148</u>	<u>16,086</u>	<u>35,987</u>	<u>39,399</u>	<u>153,537</u>	
-	-	-	-	-	38,086	
-	-	-	-	-	38,086	
<u>\$ 61,917</u>	<u>\$ 148</u>	<u>\$ 16,086</u>	<u>\$ 35,987</u>	<u>\$ 39,399</u>	<u>\$ 191,623</u>	

**City of Vermilion, Ohio**

Combining Schedule of Change in Assets and  
Liabilities - Agency Funds

For the Year Ended December 31, 2001

	<u>Balance January 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2001</u>
<b>Municipal Court</b>				
<b>Assets:</b>				
Cash in Segregated Accounts	\$ 39,252	823,390	800,725	\$ 61,917
<b>Total Assets</b>	<u>\$ 39,252</u>	<u>823,390</u>	<u>800,725</u>	<u>\$ 61,917</u>
<b>Liabilities:</b>				
Due to Other Funds	\$ 23,500	346,083	341,915	\$ 27,668
Intergovernmental Payable	3,480	383,919	387,399	-
Undistributed Monies	12,272	34,249	12,272	34,249
<b>Total Liabilities</b>	<u>\$ 39,252</u>	<u>764,251</u>	<u>741,586</u>	<u>\$ 61,917</u>
 <b>Commercial Buidling</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 136	352	340	\$ 148
<b>Total Assets</b>	<u>\$ 136</u>	<u>352</u>	<u>340</u>	<u>\$ 148</u>
<b>Liabilities:</b>				
Intergovernmental Payable	136	352	340	\$ 148
<b>Total Liabilities</b>	<u>\$ 136</u>	<u>352</u>	<u>340</u>	<u>\$ 148</u>
 <b>Street Openings</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 14,526	19,910	18,350	\$ 16,086
<b>Total Assets</b>	<u>\$ 14,526</u>	<u>19,910</u>	<u>18,350</u>	<u>\$ 16,086</u>
<b>Liabilities:</b>				
Intergovernmental Payable	\$ 14,526	19,910	18,350	\$ 16,086
<b>Total Liabilities</b>	<u>\$ 14,526</u>	<u>19,910</u>	<u>18,350</u>	<u>\$ 16,086</u>

**City of Vermilion, Ohio**

Combining Schedule of Change in Assets and  
Liabilities - Agency Funds

For the Year Ended December 31, 2001

	Balance January 1, 2001	Additions	Deletions	Balance December 31, 2001
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Contractors' Deposits</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 23,792	19,180	6,985	\$ 35,987
<b>Total Assets</b>	<u>\$ 23,792</u>	<u>19,180</u>	<u>6,985</u>	<u>\$ 35,987</u>
<b>Liabilities:</b>				
Refundable Deposits	\$ 23,792	19,180	6,985	\$ 35,987
<b>Total Liabilities</b>	<u>\$ 23,792</u>	<u>19,180</u>	<u>6,985</u>	<u>\$ 35,987</u>
 <b>State Highway Patrol Transfer</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 28,043	36,370	28,043	\$ 36,370
Due from Other Fund	1,843	3,029	1,843	3,029
<b>Total Assets</b>	<u>\$ 29,886</u>	<u>39,399</u>	<u>29,886</u>	<u>\$ 39,399</u>
<b>Liabilities:</b>				
Intergovernmental Payable	\$ 29,886	39,399	29,886	\$ 39,399
<b>Total Liabilities</b>	<u>\$ 29,886</u>	<u>39,399</u>	<u>29,886</u>	<u>\$ 39,399</u>
 <b>Totals</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 66,497	75,812	53,718	\$ 88,591
Cash in Segregated Accounts	39,252	823,390	800,725	61,917
Due from Other Funds	1,843	3,029	1,843	3,029
<b>Total Assets</b>	<u>\$ 107,592</u>	<u>902,231</u>	<u>856,286</u>	<u>\$ 153,537</u>
<b>Liabilities:</b>				
Due to Other Funds	\$ 23,500	346,083	341,915	\$ 27,668
Intergovernmental Payable	48,028	443,580	435,975	55,633
Undistributed Monies	12,272	34,249	12,272	34,249
Refundable Deposits	23,792	19,180	6,985	35,987
<b>Total Liabilities</b>	<u>\$ 107,592</u>	<u>843,092</u>	<u>797,147</u>	<u>\$ 153,537</u>

## **General Fixed Asset Account Group**

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The general fixed asset account group is used to account for long lived assets not used in the operations of the proprietary funds.

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*City of Vermilion, Ohio*

Schedule of General Fixed Assets by Sources

December 31, 2001

<b>General fixed assets</b>	
Buildings	\$1,588,294
Equipment and Furniture	1,303,643
Land and Land Improvements	1,641,154
Vehicles	<u>2,079,324</u>
<b>Total general fixed assets</b>	<u><u>\$6,612,415</u></u>
<b>Investment in general fixed assets</b>	
General Fund	<u>\$6,612,415</u>
<b>Total investment in general fixed assets</b>	<u><u>\$6,612,415</u></u>

*City of Vermilion, Ohio*

Schedule of Changes in General Fixed Assets by  
Function and Activity

December 31, 2001

	Buildings	Equipment and Furniture	Land and Land Improvements	Vehicles	Total
General Government	\$674,110	\$507,381	\$151,762	\$28,118	\$1,361,371
Community Environment	-	14,675	-	12,090	26,765
Security of Persons and Property	667,926	311,110	100,490	1,479,137	2,558,663
Leisure Time Activity	44,545	182,789	1,296,252	24,721	1,548,307
Transportation	201,713	287,688	92,650	535,258	1,117,309
Total general fixed assets	\$1,588,294	\$1,303,643	\$1,641,154	\$2,079,324	\$6,612,415

*City of Vermilion, Ohio*

Schedule of Changes in General Fixed Assets by  
Function and Activity

For the Year Ended December 31, 2001

	Balance January 1, 2001	Additions	Disposals	Adjustment	Department Transfer In	Department Transfer Out	Balance December 31, 2001
General							
Government	\$1,209,325	\$153,845	(\$1,374)	-	\$625	(\$1,050)	\$1,361,371
Community							
Environment	26,224	541	-	-	-	-	26,765
Security of							
Persons							
and Property	2,494,717	69,934	(2,873)	(3,540)	425	-	2,558,663
Leisure Time							
Activity	896,129	691,984	(39,806)	-	-	-	1,548,307
Transportation	1,062,193	62,110	(6,994)	-	-	-	1,117,309
<b>Total general fixed assets</b>	<b>\$5,688,588</b>	<b>\$978,414</b>	<b>(\$51,047)</b>	<b>(\$3,540)</b>	<b>\$1,050</b>	<b>\$1,050</b>	<b>\$6,612,415</b>

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## STATISTICAL SECTION



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*City of Vermilion, Ohio*

General Government Expenditures by Function (1)

Last Nine Fiscal Years (3)

<u>Year</u>	<u>Security of Persons and Property</u>	<u>Public Health and Welfare</u>	<u>Leisure Time Activities</u>	<u>Community Environment</u>	<u>Basic Utility Services</u>	<u>Transportation</u>
1993	\$1,446,648	\$60,323	\$95,136	\$79,489	\$609,772	\$606,493
1994	1,456,322	53,107	97,536	83,720	613,140	577,767
1995	1,514,657	142,742	102,374	89,289	624,882	529,908
1996	1,660,126	97,348	146,356	124,321	689,073	650,450
1997	1,649,169	67,191	237,373	154,294	677,502	1,628,913
1998	1,719,430	24,096	203,940	173,351	702,984	624,965
1999	1,791,768	80,839	237,481	156,070	786,325	1,205,853
2000	1,818,443	91,566	218,977	158,584	827,648	1,123,941
2001	1,982,386	92,556	850,249	188,112	812,530	1,484,586

General Government	Capital Outlay	(2) Debt Service	Total
\$795,771	\$420,173	\$56,721	\$4,170,526
951,934	440,376	63,769	4,337,671
1,052,466	470,807	741,797	5,268,922
1,182,360	169,569	65,176	4,784,779
1,223,182	906,609	55,545	6,599,778
1,336,900	91,218	116,695	4,993,579
1,917,199	129,640	93,072	6,398,247
1,361,753	422,905	95,575	6,119,392
1,513,237	52,342	249,883	7,225,881

- (1) Includes all governmental fund type and expendable trust fund expenditures.
- (2) Represents all interest paid on bonds and notes in addition to payments made to reduce the principal or the actual amount borrowed. Does not include the gross effect of note rollovers.
- (3) Information prior to fiscal year 1993 is not available.

*City of Vermilion, Ohio*

General Government Revenue by Source (1)

Last Nine Fiscal Years (2)

<u>Year</u>	<u>Local Taxes</u>	<u>Intergovernmental</u>	<u>Charges for Services</u>	<u>Fees, Licenses, Fines &amp; Forfeitures</u>
1993	\$2,428,357	\$828,326	\$788,822	\$224,108
1994	2,602,259	761,320	783,879	245,343
1995	2,188,375	1,302,041	922,926	250,516
1996	2,436,513	1,203,464	857,705	342,824
1997	2,400,063	1,271,399	1,000,228	383,514
1998	2,788,751	1,288,446	1,100,700	432,788
1999	2,705,561	1,582,495	1,072,293	325,491
2000	2,963,790	1,423,170	1,201,257	475,793
2001	3,295,621	1,332,271	1,193,983	508,321

<u>Special Assessment</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
-	\$59,435	\$67,550	\$4,396,598
\$19,934	85,901	83,637	4,582,273
132,664	170,744	66,413	5,033,679
40,461	156,724	63,414	5,101,105
36,501	131,781	38,382	5,261,868
25,513	148,879	127,985	5,913,062
-	163,301	37,432	5,886,573
-	126,443	80,973	6,271,426
16,755	89,063	88,742	6,524,756

(1) Includes all governmental fund type and expendable trust fund revenues.

(2) Information prior to fiscal year 1993 is not available.

*City of Vermilion, Ohio*

Property Tax Levies and Collections

Last Seven Fiscal Years (2)

<u>Collection Year</u>	<u>Current Tax Levy</u>	<u>(1) Current Tax Collections</u>	<u>Percent Levy Collected</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Outstanding Delinquent Taxes To Current Tax Levy</u>
1995	\$1,346,079	\$1,306,566	97.1%	\$39,513	2.9%
1996	1,489,516	1,449,496	97.3	40,020	2.7
1997	1,562,396	1,499,081	95.9	63,315	4.1
1998	1,782,649	1,722,333	96.6	60,316	3.4
1999	1,839,190	1,782,495	96.9	56,695	3.1
2000	1,869,087	1,781,086	95.3	88,001	4.7
2001	2,109,662	2,002,617	94.9	143,270	6.8

(1) Represents amounts collected by the Counties for the City during the year indicated.

(2) Information prior to collection year 1995 is not available from the County Auditors.

Source: Lorain County Auditor and Erie County Auditor

**City of Vermilion, Ohio**

Assessed and Estimated Value of All Taxable Property (1)

Last Ten Fiscal Years

Collection Year	Real Property		Public Utility Tangible Property		Tangible Personal Property		Total		Ratio of Assessed Value to Estimated Actual Value
	Assessed Value	Estimated Value	Assessed Value	Estimated Value	Assessed Value	Estimated Value	Assessed Value	Estimated Value	
1992	\$106,014,760	\$302,899,307	\$6,401,650	\$7,274,602	\$5,853,008	\$23,412,032	\$118,269,418	\$333,585,941	35.45
1993	108,249,470	309,284,193	6,475,930	7,359,001	5,520,371	22,081,484	120,245,771	338,724,678	35.50
1994	115,530,120	316,657,486	6,499,780	7,386,113	5,785,640	23,142,560	123,815,540	349,186,159	35.46
1995	127,361,520	383,690,049	7,185,180	8,164,977	6,247,764	24,991,056	140,794,464	397,046,082	35.46
1996	137,408,880	392,596,797	6,700,800	7,614,545	6,789,108	27,156,432	150,898,788	427,367,774	35.31
1997	140,452,580	401,293,083	6,529,950	7,420,398	9,417,683	37,670,722	156,400,213	446,384,203	35.04
1998	161,718,040	462,222,966	6,744,830	7,664,580	10,360,562	41,442,248	178,823,432	511,329,794	34.97
1999	165,693,780	473,410,799	6,497,530	7,383,557	9,478,247	37,913,988	181,669,557	518,708,344	35.02
2000	168,603,910	481,725,499	6,416,590	7,290,895	10,058,712	40,234,850	185,079,212	529,251,194	34.97
2001	198,374,290	566,783,680	6,311,790	7,172,490	10,457,666	41,830,664	215,143,746	615,786,830	34.94

- (1) The assessed valuation is computed at approximately the following percentage of estimated actual value:
- a) real property – 35%
  - b) public utility tangible property – 88%
  - c) tangible personal property – 1992-2000 – 25%

Source: Lorain County Auditor and Erie County Auditor

*City of Vermilion, Ohio*

Property Tax Rates – Direct and Overlapping Governments  
(Per \$1,000 of Assessed Value)

Last Ten Fiscal Years

Tax Year	Collection Year	City	Lorain County and Special Taxing Districts	Erie County and Special Taxing Districts	Vermilion Township	Brownhelm Township	Firelands School District	Vermilion School District	Lorain County JVS for Firelands LSD	EHOVE JVS For Vermilion LSD	Total
1991	1992	10.75	11.74	6.20	0.45	1.15	45.60	53.05	2.45	3.95	135.34
1992	1993	10.75	11.39	7.00	0.45	1.15	45.60	60.25	2.45	3.95	142.99
1993	1994	10.75	11.49	7.00	0.45	1.15	51.55	60.35	2.45	3.95	149.14
1994	1995	10.75	11.49	7.00	0.45	1.15	50.70	60.35	2.45	3.95	148.29
1995	1996	10.75	12.69	6.80	0.45	1.15	50.60	64.30	2.45	3.95	153.14
1996	1997	10.75	12.69	7.30	0.45	1.15	56.35	60.35	2.45	3.95	155.44
1997	1998	10.75	10.79	7.30	0.45	1.15	53.10	59.55	2.45	3.95	149.49
1998	1999	10.75	10.79	7.30	0.45	1.15	53.10	59.55	2.45	3.95	149.49
1999	2000	10.75	10.79	7.30	0.45	1.15	52.70	67.54	2.45	3.95	157.08
2000	2001	10.75	10.79	7.30	0.45	1.15	51.30	66.85	2.45	3.95	154.99

Source: Lorain County Auditor and Erie County Auditor

*City of Vermilion, Ohio*

Property Tax Rates – Compared to Charter Limitations  
(Per \$1,000 of Assessed Value)

Last Ten Fiscal Years

<u>Tax Year/ Collection Year</u>	<u>General Fund</u>	<u>Recreation Purposes</u>	<u>Fire Equipment</u>	<u>Bond Retirement</u>	<u>Police Pension</u>	<u>Fire Protection</u>	<u>Total City Millage</u>
1991/1992	7.65	0.50	1.00	0.30	0.30	1.00	10.75
1992/1993	7.65	0.50	1.00	0.30	0.30	1.00	10.75
1993/1994	7.65	0.50	1.00	0.30	0.30	1.00	10.75
1994/1995	7.65	0.50	1.00	0.30	0.30	1.00	10.75
1995/1996	7.65	0.50	1.00	0.30	0.30	1.00	10.75
1996/1997	7.65	0.50	1.00	0.30	0.30	1.00	10.75
1997/1998	7.65	0.50	1.00	0.30	0.30	1.00	10.75
1998/1999	7.65	0.50	1.00	0.30	0.30	1.00	10.75
1999/2000	7.65	0.50	1.00	0.30	0.30	1.00	10.75
2000/2001	7.65	0.50	1.00	0.30	0.30	1.00	10.75

Source: Lorain County Auditor and Erie County Auditor

*City of Vermilion, Ohio*

Special Assessment Billings and Collections

Last Ten Fiscal Years

<u>Collection Year</u>	<u>Amount Billed</u>	<u>(1) Amount Collected</u>	<u>Percent Collected</u>
1992	\$57,310	\$35,703	62.30%
1993	54,680	32,596	59.61
1994	55,461	31,027	55.94
1995	46,975	35,153	74.83
1996	50,477	41,729	82.67
1997	46,114	37,078	80.41
1998	41,324	30,337	73.41
1999	40,791	16,951	41.56
2000	42,450	16,191	38.14
2001	44,398	21,426	48.83

(1) Collection made by County Auditors only.

Source: Lorain County Auditor and Erie County Auditor

*City of Vermilion, Ohio*

Computation of Legal Debt Margin – Statutory Debt Limitations

December 31, 2001

**Statutory (direct) debt limitation**

Overall debt limitation 10-1/2% of assessed valuation \$22,590,093

Gross indebtedness \$11,428,251

Less: debt not subject to limitation 7,599,251

Debt within 10-1/2% limitation 3,829,000

Less: amount available in debt service fund 0 3,829,000

**Legal debt margin within 10-1/2% limitation \$18,761,093**

Unvoted debt limitation 5-1/2% of assessed valuation \$11,832,906

Gross indebtedness \$11,428,251

Less: debt not subject to limitation 7,599,251

Debt within 5-1/2% limitation 3,829,000

Less: amount available in debt service fund 0 3,829,000

**Legal debt margin within 5-1/2% limitation 8,003,906**

*City of Vermilion, Ohio*

Computation of Legal Debt Margin – Constitutional Debt Limitations

December 31, 2001

<b>Constitutional (indirect) debt limitation</b>	
Overall debt limitation authorized by Charter	<b>8.7500 mills</b>
Encumbered millage as of December 31, 2000	<u><b>3.6526 mills</b></u>
Available millage as of December 31, 2000	<u><u><b>5.0974 mills</b></u></u>

Assume maturity over a twenty year period with 5.5% annual interest.

*City of Vermilion, Ohio*

Computation of Direct and Overlapping Debt

December 31, 2001

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City of Vermilion, Ohio</u>	<u>Amount Applicable to City of Vermilion, Ohio</u>
City of Vermilion	\$7,252,420	100.00%	\$7,252,420
Erie County	9,425,800	6.07	572,146
Lorain County	<u>(1)</u>	(1)	<u>(1)</u>
Totals	<u>\$16,678,220</u>		<u>\$7,824,566</u>

(1) Information is not available from Lorain County Auditor.

The percentage of gross indebtedness of the City's overlapping political subdivisions was determined by dividing the overlapping subdivision's assessed valuation with the City by its total assessed valuation.

*City of Vermilion, Ohio*

Ratio of Net General Debt to Assessed Value  
and Net Debt Per Capital

Last Nine Fiscal Years (1)

Fiscal Year	Population	Assessed Value	Gross Debt	Special Assessment Debt	General Obligation Debt
1993	11,127	\$120,245,771	\$4,637,833	\$94,764	\$1,308,000
1994	11,127	123,815,540	4,956,005	72,382	1,204,000
1995	11,127	140,794,464	3,294,745	152,520	2,168,480
1996	11,127	150,898,788	5,732,347	130,190	2,047,810
1997	11,127	156,400,213	6,193,135	112,860	2,613,050
1998	11,127	178,823,423	6,283,206	95,530	2,482,470
1999	11,127	181,669,557	6,946,348	93,200	3,236,800
2000	10,927	185,079,212	7,252,420	88,540	3,623,460
2001	10,927	215,143,746	11,428,251	83,880	3,745,120

General Obligation Debt Service Money Available	(2) Net General Obligation Debt	(2) Ratio of Net Debt to Assessed Valuation	(2) Net General Obligation Debt Per Capital
\$35,588	\$1,272,412	1.06	114
33,743	1,170,257	0.95	105
51,260	2,117,220	1.50	190
74,743	1,973,067	1.31	177
102,744	2,510,306	1.61	226
78,366	2,404,104	1.34	216
55,906	3,180,894	1.75	286
39,363	3,584,097	1.94	328
0	3,745,120	1.74	343

(1) Information prior to fiscal year 1993 is not available.

(2) Does not include special assessment debt.

*City of Vermilion, Ohio*

Ratio of Annual Debt Service Expenditures  
for General Bonded Debt to Total General Fund Expenditures

Last Eight Fiscal Years (3)

Year	(1) General Obligation Principal	General Obligation Interest	(2) General Obligation Debt Service	Total General Fund Operating Expenditures	Ratio of General Obligation Debt Service to General Fund Operating Expenditures
1994	\$104,000	\$93,724	\$197,724	\$2,253,734	8.77%
1995	103,000	87,410	190,410	2,379,489	8.00
1996	120,670	143,384	264,054	2,692,471	9.81
1997	120,670	135,633	256,303	2,727,334	9.40
1998	130,670	167,750	298,420	2,894,793	10.31
1999	130,670	159,827	290,497	2,947,527	9.86
2000	163,340	217,603	380,943	2,976,301	12.80
2001	188,340	341,693	530,033	3,268,169	16.22

(1) Does not include the rollover of principal due under bond anticipation notes.

(2) Debt service on General Obligation Bonds and Notes does not include debt service on Special Assessment Bonds and Notes.

(3) Information prior to fiscal year 1994 is not available.

*City of Vermilion, Ohio*

Demographic Statistics

Last Ten Fiscal Years

Year	(1) Population	(2) Vermilion Local School District	(2) Firelands Local School District	(3) Lorain County Unemployment Rate	(3) Erie County Unemployment Rate
1992	11,127	2,322	2,632	8.0	9.0
1993	11,127	2,273	2,742	6.5	6.8
1994	11,127	2,252	2,701	5.2	5.9
1995	11,127	2,176	2,732	4.9	6.4
1996	11,127	2,212	2,770	5.2	6.4
1997	11,127	2,153	2,721	5.1	5.8
1998	11,127	2,214	2,626	4.9	5.0
1999	11,127	2,071	2,296	4.3	4.8
2000	10,927	2,118	2,472	4.4	5.1
2001	10,927	2,530	2,135	5.7	5.3

(1) Census Statistics

(2) Records are not kept for each City by the Schools. School population is for district taken as a whole.

(3) Ohio Bureau of Employment Services Labor Marketing Information Department.

*City of Vermilion, Ohio*

Construction, Bank Deposits and Assessed Property Values

Last Ten Fiscal Years

Year	(1) Resident & Commercial Construction Value	(1) Residential & Commercial Construction Units	(2) County Bank Deposits (In Thousands)	(3 and 4) Total Assessed Property Values
1992	(5)	(5)	\$1,110,250	\$118,269,418
1993	(5)	(5)	996,268	120,245,771
1994	(5)	(5)	1,048,784	123,815,540
1995	(5)	(5)	1,052,214	140,794,464
1996	(5)	(5)	1,134,515	150,898,788
1997	(5)	(5)	1,188,994	156,400,213
1998	(5)	(5)	733,468	178,823,423
1999	\$4,625,000	25	747,281	181,669,557
2000	\$4,625,000	25	792,072	185,079,212
2001	\$5,675,466	37	854,344	215,143,746

(1) City of Vermilion Building Department.

(2) Federal Reserve Bank of Cleveland (total demand, time and saving deposits in Lorain and Erie County).

(3) Lorain and Erie County Auditors' Office.

(4) Represents the values assessed for taxation which range from 25% to 88% of estimated true value.

(5) Records not available prior to fiscal year 1999. Full-time local building department just initiated in 1999.

*City of Vermilion, Ohio*

Principal Taxpayers – Real Property

December 31, 2001

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Arnold Trust	\$ 1,192,060	0.55%
Vermilion Healthcare Co.	1,094,650	0.51
Kingston Healthcare Co.	883,360	0.41
Crystal Shores Apartments	872,630	0.41
Elden Properties LP	853,150	0.40
L&C Lighting Group	769,610	0.36
Liberty Investment Group	741,790	0.35
Vermilion Acres	659,380	0.31
WEC 97F Vermilion	525,000	0.24
Emmons Realty	<u>505,030</u>	<u>0.23</u>
	\$ <u>8,096,660</u>	<u>3.76%</u>
Total assessed valuation	\$ <u>215,143,746</u>	

Sources: Lorain and Erie County Auditors' Office.

*City of Vermilion, Ohio*

Principal Taxpayers – Personal Property

December 31, 2001

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
National Service Industries Inc	\$ 1,912,100	0.89%
Liberty Ford Lincoln	1,836,810	0.85
Parnassos LP	794,370	0.37
Sharpnack Chevrolet Co.	690,680	0.32
Ohio Edison	540,900	0.25
Riser Foods Company	402,910	0.19
Norfolk Western Railroad	361,140	0.17
Rite Aid of Ohio	335,110	0.16
Discount Drug Mart Inc.	328,730	0.15
Martin & Sons Inc	<u>260,560</u>	<u>0.12</u>
	\$ <u>7,463,310</u>	<u>3.47%</u>
Total assessed valuation	\$ <u>215,143,746</u>	

Source: Lorain and Erie County Auditors' Office.

*City of Vermilion, Ohio*

Miscellaneous Statistics

December 31, 2001

Date of incorporation	1961
Form of government	Mayor-Council
Area	15 Square miles
Miles of streets	51
Number of street lights	420
Fire protection:	
Number of stations	2
Number of volunteer firemen and officers	42
Police protection:	
Number of stations	1
Number of full-time policemen and officers	19
Sewers:	
Sanitary sewers	47 miles
Water:	
Water mains	60 miles
Fire hydrants	37
Building permits issued:	
Residential	127
Nonresidential	12
Recreation:	
Number of parks	5
Employees:	
Full-time (classified)	63
Part-time	75

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**CITY OF VERMILION**

**ERIE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 30, 2002**