



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF WASHINGTON
FAYETTE COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

City of Washington
Fayette County
105 N. Main Street
Washington Court House, Ohio 43160

To the City Council:

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

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

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

As described in Note 3, during the year ended December 31, 2001, the City adopted Governmental Accounting Statements No. 33 and 36.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the City, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole

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

Jim Petro
Auditor of State

July 15, 2002

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CITY OF WASHINGTON, OHIO
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2001

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Debt Service
Assets and Other Debits:			
Assets:			
Cash and Cash Equivalents	\$876,700	\$770,170	\$32,233
Cash and Cash Equivalents in Segregated Accounts	150	0	0
Receivables:			
Taxes	890,776	997,528	0
Accounts	0	0	0
Accrued Interest	1,624	0	0
Due from Other Funds	31,760	3,964	0
Due from Other Governments	1,088,074	714,745	0
Materials and Supplies Inventory	0	15,772	0
Prepaid Items	28,701	2,600	0
Notes Receivable	0	113,622	0
Restricted Assets:			
Cash and Cash Equivalents	0	0	0
Investments	0	0	0
Deferred Bond Charges	0	0	0
Fixed Assets, (Net where applicable of Accumulated Depreciation)	0	0	0
Other Debits:			
Amount Available in Debt Service Fund	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0
Total Assets and Other Debits	<u>\$2,917,785</u>	<u>\$2,618,401</u>	<u>\$32,233</u>

See accompanying notes to the general purpose financial statements.

Capital Projects	<i>PROPRIETARY FUND TYPE</i>	<i>FIDUCIARY FUND TYPES</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$2,083,283	\$1,524,610	\$299,788	\$0	\$0	\$5,586,784
0	50	69,889	0	0	70,089
182,129	0	0	0	0	2,070,433
0	592,930	0	0	0	592,930
0	632	0	0	0	2,256
0	0	196	0	0	35,920
19,332	40,019	0	0	0	1,862,170
0	30,514	0	0	0	46,286
0	23,600	0	0	0	54,901
0	0	0	0	0	113,622
0	256,329	0	0	0	256,329
0	775,898	0	0	0	775,898
0	257,565	0	0	0	257,565
0	40,630,867	0	2,874,140	0	43,505,007
0	0	0	0	32,233	32,233
0	0	0	0	4,575,064	4,575,064
<u>\$2,284,744</u>	<u>\$44,133,014</u>	<u>\$369,873</u>	<u>\$2,874,140</u>	<u>\$4,607,297</u>	<u>\$59,837,487</u>

continued

CITY OF WASHINGTON, OHIO
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2001

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Debt Service
Liabilities:			
Accounts Payable	\$22,831	\$26,444	\$0
Contracts Payable	4,465	0	0
Accrued Wages and Benefits	74,045	10,799	0
Compensated Absences Payable	0	0	0
Deferred Revenue	795,858	1,568,255	0
Deposits Held and Due to Others	0	0	0
Due to Other Governments	575	0	0
Due to Other Funds	0	0	0
Undistributed Monies	0	0	0
Accrued Interest Payable	0	0	0
Current Portion of Notes Payable	0	0	0
Current Portion of Capital Leases Payable	0	0	0
Current Portion of OWDA Loan Payable	0	0	0
Current Portion of General Obligation Bonds Payable	0	0	0
Current Portion of Revenue Bonds Payable	0	0	0
Notes Payable (Net of Current Portion)	0	0	0
Capital Leases Payable (Net of Current Portion)	0	0	0
OWDA Loan Payable (Net of Current Portion)	0	0	0
General Obligation Bonds Payable (Net of Current Portion)	0	0	0
Revenue Bonds Payable (Net of Current Portion)	0	0	0
Total Liabilities	897,774	1,605,498	0
Fund Equity and Other Credits:			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings:			
Unreserved	0	0	0
Fund Balance:			
Reserved for Encumbrances	13,020	17,390	0
Reserved for Debt Service	0	0	32,233
Reserved for Inventory	0	15,772	0
Unreserved/Undesignated	2,006,991	979,741	0
Total Fund Equity and Other Credits	2,020,011	1,012,903	32,233
Total Liabilities, Fund Equity and Other Credits	\$2,917,785	\$2,618,401	\$32,233

See accompanying notes to the general purpose financial statements.

Capital Projects	<i>PROPRIETARY FUND TYPE</i>	<i>FIDUCIARY FUND TYPES</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$1,116	\$29,693	\$37,625	\$0	\$0	\$117,709
0	12,605	0	0	0	17,070
0	29,801	0	0	0	114,645
0	152,439	0	0	347,648	500,087
19,332	0	0	0	0	2,383,445
0	0	18,639	0	0	18,639
0	45,520	20,916	0	184,086	251,097
0	0	35,920	0	0	35,920
0	0	12,230	0	0	12,230
0	147,393	0	0	0	147,393
0	25,400	0	0	0	25,400
0	10,000	0	0	0	10,000
0	3,568,564	0	0	0	3,568,564
0	230,000	0	0	0	230,000
0	510,000	0	0	0	510,000
0	1,432,816	0	0	3,440,563	4,873,379
0	85,000	0	0	0	85,000
0	6,628,454	0	0	0	6,628,454
0	835,000	0	0	635,000	1,470,000
0	9,984,226	0	0	0	9,984,226
20,448	23,726,911	125,330	0	4,607,297	30,983,258
0	0	0	2,874,140	0	2,874,140
0	618,909	0	0	0	618,909
0	19,787,194	0	0	0	19,787,194
688,859	0	0	0	0	719,269
0	0	0	0	0	32,233
0	0	0	0	0	15,772
1,575,437	0	244,543	0	0	4,806,712
2,264,296	20,406,103	244,543	2,874,140	0	28,854,229
\$2,284,744	\$44,133,014	\$369,873	\$2,874,140	\$4,607,297	\$59,837,487

CITY OF WASHINGTON, OHIO
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended December 31, 2001

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Debt Service
Revenues:			
Taxes	\$2,924,214	\$658,059	\$64,503
Charges for Services	172,232	77,933	0
Licenses and Permits	19,435	0	0
Fines and Forfeitures	463,845	70,834	0
Intergovernmental	1,437,701	1,524,492	3,056
Interest Earnings	143,481	1,142	0
Other Revenue	111,412	28,978	0
<i>Total Revenues</i>	<u>5,272,320</u>	<u>2,361,438</u>	<u>67,559</u>
Expenditures:			
<i>Current:</i>			
General Government	1,918,807	176,067	0
Security of Persons and Property	2,638,004	351,873	0
Community Environment	603,928	1,008,749	0
Transportation	0	776,575	0
Public Health and Welfare	0	252,923	0
Leisure Time Activities	26,930	0	0
Capital Outlay	0	0	0
Intergovernmental	43,500	0	0
<i>Debt Service:</i>			
Principal Retirement	20,000	39,630	15,000
Interest and Fiscal Charges	14,964	3,331	40,300
<i>Total Expenditures</i>	<u>5,266,133</u>	<u>2,609,148</u>	<u>55,300</u>
Excess of Revenues Over (Under) Expenditures	6,187	(247,710)	12,259
Other Financing Sources (Uses):			
Proceeds of Notes	0	0	0
Operating Transfers - In	505,454	130,000	0
Operating Transfers - Out	(179,600)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>325,854</u>	<u>130,000</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	332,041	(117,710)	12,259
Fund Balances at Beginning of Year, As Restated	1,687,970	1,126,132	19,974
Increase in Reserve for Inventory	<u>0</u>	<u>4,481</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$2,020,011</u></u>	<u><u>\$1,012,903</u></u>	<u><u>\$32,233</u></u>

See accompanying notes to the general purpose financial statements.

***FIDUCIARY
FUND TYPE***

Capital Projects	Expendable Trust	Totals (Memorandum Only)
\$808,690	\$0	\$4,455,466
0	0	250,165
0	0	19,435
0	0	534,679
0	0	2,965,249
0	0	144,623
33,704	2,000	176,094
<u>842,394</u>	<u>2,000</u>	<u>8,545,711</u>
0	0	2,094,874
0	0	2,989,877
0	0	1,612,677
0	0	776,575
0	0	252,923
0	39,488	66,418
1,098,959	0	1,098,959
0	0	43,500
71,318	0	145,948
56,830	0	115,425
<u>1,227,107</u>	<u>39,488</u>	<u>9,197,176</u>
(384,713)	(37,488)	(651,465)
1,500,071	0	1,500,071
0	0	635,454
0	0	(179,600)
<u>1,500,071</u>	<u>0</u>	<u>1,955,925</u>
1,115,358	(37,488)	1,304,460
1,148,938	103,861	4,086,875
0	0	4,481
<u>\$2,264,296</u>	<u>\$66,373</u>	<u>\$5,395,816</u>

CITY OF WASHINGTON, OHIO
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended December 31, 2001

	General		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Taxes	\$2,897,300	\$2,892,145	(\$5,155)
Charges for Services	193,900	172,043	(21,857)
Licenses and Permits	20,000	19,435	(565)
Fines and Forfeitures	570,000	462,896	(107,104)
Intergovernmental	1,210,700	1,055,888	(154,812)
Interest Earnings	150,000	147,091	(2,909)
Other Revenue	213,600	205,551	(8,049)
<i>Total Revenues</i>	<u>5,255,500</u>	<u>4,955,049</u>	<u>(300,451)</u>
Expenditures:			
<i>Current:</i>			
General Government	1,990,244	1,936,440	53,804
Security of Persons and Property	2,697,442	2,637,872	59,570
Community Environment	642,236	608,752	33,484
Transportation	0	0	0
Public Health and Welfare	0	0	0
Leisure Time Activities	30,100	26,930	3,170
Capital Outlay	0	0	0
Intergovernmental	44,500	43,500	1,000
<i>Debt Service:</i>			
Principal Retirement	20,000	20,000	0
Interest and Fiscal Charges	16,200	14,964	1,236
<i>Total Expenditures</i>	<u>5,440,722</u>	<u>5,288,458</u>	<u>152,264</u>
Excess of Revenues Over (Under) Expenditures	(185,222)	(333,409)	(148,187)
Other Financing Sources (Uses):			
Proceeds of Notes	0	0	0
Operating Transfers - In	505,454	505,454	0
Operating Transfers - Out	(274,600)	(179,600)	95,000
<i>Total Other Financing Sources (Uses)</i>	<u>230,854</u>	<u>325,854</u>	<u>95,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	45,632	(7,555)	(53,187)
Fund Balances at Beginning of Year	795,203	795,203	0
Prior Year Encumbrances Appropriated	24,835	24,835	0
Fund Balances (Deficit) at End of Year	<u>\$865,670</u>	<u>\$812,483</u>	<u>(\$53,187)</u>

See accompanying notes to the general purpose financial statements.

GOVERNMENTAL FUND TYPES

Special Revenue			Debt Service		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$676,200	\$650,633	(\$25,567)	\$68,000	\$64,503	(\$3,497)
95,000	76,417	(18,583)	0	0	0
0	0	0	0	0	0
70,200	70,472	272	0	0	0
1,586,718	1,517,449	(69,269)	2,800	3,056	256
0	697	697	0	0	0
47,310	50,574	3,264	0	0	0
<u>2,475,428</u>	<u>2,366,242</u>	<u>(109,186)</u>	<u>70,800</u>	<u>67,559</u>	<u>(3,241)</u>
189,000	176,322	12,678	0	0	0
372,381	367,630	4,751	0	0	0
1,029,456	1,026,749	2,707	0	0	0
885,237	845,324	39,913	0	0	0
269,509	259,499	10,010	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	15,000	15,000	0
0	0	0	40,300	40,300	0
<u>2,745,583</u>	<u>2,675,524</u>	<u>70,059</u>	<u>55,300</u>	<u>55,300</u>	<u>0</u>
(270,155)	(309,282)	(39,127)	15,500	12,259	(3,241)
0	0	0	0	0	0
225,000	130,000	(95,000)	15,000	0	(15,000)
0	0	0	0	0	0
<u>225,000</u>	<u>130,000</u>	<u>(95,000)</u>	<u>15,000</u>	<u>0</u>	<u>(15,000)</u>
(45,155)	(179,282)	(134,127)	30,500	12,259	(18,241)
893,623	893,623	0	19,974	19,974	0
35,300	35,300	0	0	0	0
<u>\$883,768</u>	<u>\$749,641</u>	<u>(\$134,127)</u>	<u>\$50,474</u>	<u>\$32,233</u>	<u>(\$18,241)</u>

continued

CITY OF WASHINGTON, OHIO
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended December 31, 2001

	Capital Projects		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Taxes	\$801,000	\$799,484	(\$1,516)
Charges for Services	0	0	0
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	13,801	13,801	0
Interest Earnings	0	0	0
Other Revenue	33,660	33,704	44
<i>Total Revenues</i>	<u>848,461</u>	<u>846,989</u>	<u>(1,472)</u>
Expenditures:			
<i>Current:</i>			
General Government	0	0	0
Security of Persons and Property	0	0	0
Community Environment	0	0	0
Transportation	0	0	0
Public Health and Welfare	0	0	0
Leisure Time Activities	0	0	0
Capital Outlay	1,884,004	1,790,670	93,334
Intergovernmental	0	0	0
<i>Debt Service:</i>			
Principal Retirement	71,326	71,318	8
Interest and Fiscal Charges	59,372	56,830	2,542
<i>Total Expenditures</i>	<u>2,014,702</u>	<u>1,918,818</u>	<u>95,884</u>
Excess of Revenues Over (Under) Expenditures	(1,166,241)	(1,071,829)	94,412
Other Financing Sources (Uses):			
Proceeds of Notes	1,500,000	1,500,071	71
Operating Transfers - In	0	0	0
Operating Transfers - Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>1,500,000</u>	<u>1,500,071</u>	<u>71</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	333,759	428,242	94,483
Fund Balances at Beginning of Year	737,092	737,092	0
Prior Year Encumbrances Appropriated	217,614	217,614	0
Fund Balances (Deficit) at End of Year	<u>\$1,288,465</u>	<u>\$1,382,948</u>	<u>\$94,483</u>

See accompanying notes to the general purpose financial statements.

FIDUCIARY FUND TYPE

Expendable Trust			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$4,442,500	\$4,406,765	(\$35,735)
0	0	0	288,900	248,460	(40,440)
0	0	0	20,000	19,435	(565)
0	0	0	640,200	533,368	(106,832)
0	0	0	2,814,019	2,590,194	(223,825)
0	0	0	150,000	147,788	(2,212)
2,000	2,957	957	296,570	292,786	(3,784)
<u>2,000</u>	<u>2,957</u>	<u>957</u>	<u>8,652,189</u>	<u>8,238,796</u>	<u>(413,393)</u>
0	0	0	2,179,244	2,112,762	66,482
0	0	0	3,069,823	3,005,502	64,321
0	0	0	1,671,692	1,635,501	36,191
0	0	0	885,237	845,324	39,913
0	0	0	269,509	259,499	10,010
39,500	39,488	12	69,600	66,418	3,182
0	0	0	1,884,004	1,790,670	93,334
0	0	0	44,500	43,500	1,000
0	0	0	106,326	106,318	8
0	0	0	115,872	112,094	3,778
<u>39,500</u>	<u>39,488</u>	<u>12</u>	<u>10,295,807</u>	<u>9,977,588</u>	<u>318,219</u>
(37,500)	(36,531)	969	(1,643,618)	(1,738,792)	(95,174)
0	0	0	1,500,000	1,500,071	71
0	0	0	745,454	635,454	(110,000)
0	0	0	(274,600)	(179,600)	95,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,970,854</u>	<u>1,955,925</u>	<u>(14,929)</u>
(37,500)	(36,531)	969	327,236	217,133	(110,103)
106,082	106,082	0	2,551,974	2,551,974	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>277,749</u>	<u>277,749</u>	<u>0</u>
<u>\$68,582</u>	<u>\$69,551</u>	<u>\$969</u>	<u>\$3,156,959</u>	<u>\$3,046,856</u>	<u>(\$110,103)</u>

CITY OF WASHINGTON, OHIO
Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Enterprise and Nonexpendable Trust Funds
For the Year Ended December 31, 2001

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating Revenues:			
Charges for Services	\$5,255,744	\$13,308	\$5,269,052
Interest Income	0	8,067	8,067
Other Operating Revenue	71,187	0	71,187
<i>Total Operating Revenues</i>	<u>5,326,931</u>	<u>21,375</u>	<u>5,348,306</u>
Operating Expenses:			
Personal Services	1,745,476	0	1,745,476
Contractual Services	818,260	716	818,976
Materials and Supplies	479,417	0	479,417
Utilities	11,828	0	11,828
Depreciation and Amortization	763,772	0	763,772
Other Operating Expense	2,805	0	2,805
<i>Total Operating Expenses</i>	<u>3,821,558</u>	<u>716</u>	<u>3,822,274</u>
Operating Income	1,505,373	20,659	1,526,032
Nonoperating Revenues (Expenses):			
Interest Income	131,384	8,067	139,451
Intergovernmental Grant	40,019	0	40,019
Interest and Fiscal Charges	(843,920)	0	(843,920)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(672,517)</u>	<u>8,067</u>	<u>(664,450)</u>
Income Before Operating Transfers	832,856	28,726	861,582
Operating Transfers - In	49,600	0	49,600
Operating Transfers - Out	(505,454)	0	(505,454)
Net Income	377,002	28,726	405,728
Depreciation on Fixed Assets Acquired by Contributed Capital	11,290	0	11,290
Retained Earnings at Beginning of Year, As Restated	<u>19,398,902</u>	<u>157,511</u>	<u>19,556,413</u>
Retained Earnings at End of Year	19,787,194	186,237	19,973,431
Contributed Capital at End of Year	<u>618,909</u>	<u>0</u>	<u>618,909</u>
Total Fund Equity at End of Year	<u>\$20,406,103</u>	<u>\$186,237</u>	<u>\$20,592,340</u>

See accompanying notes to the general purpose financial statements and accountant's report.

CITY OF WASHINGTON, OHIO
Combined Statement of Cash Flows
All Enterprise and Nonexpendable Trust Funds
For the Year Ended December 31, 2001

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Cash Flows from Operating Activities:			
Cash Received from Customers	\$5,229,527	\$13,308	\$5,242,835
Cash Received from Other Operating Receipts	103,122	0	103,122
Cash Payments for Salaries and Benefits	(1,717,797)	0	(1,717,797)
Cash Payments for Contractual Services	(838,041)	(591)	(838,632)
Cash Payments to Suppliers and Others	(425,503)	0	(425,503)
Cash Payments for Other Operating Expenses	(9,593)	0	(9,593)
<i>Net Cash from Operating Activities</i>	<u>2,341,715</u>	<u>12,717</u>	<u>2,354,432</u>
Cash Flows from Noncapital Financing Activities:			
Transfers-In from Other Funds	49,600	0	49,600
Transfers-Out to Other Funds	(505,454)	0	(505,454)
<i>Net Cash from Noncapital Financing Activities</i>	<u>(455,854)</u>	<u>0</u>	<u>(455,854)</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds Received from Loans	218,342	0	218,342
Interest Paid on Notes, Bonds, Loans and Lease	(727,661)	0	(727,661)
Principal Paid on Notes, Bonds, Loans and Lease	(892,394)	0	(892,394)
Acquisition and Construction of Capital Assets	(802,705)	0	(802,705)
<i>Net Cash from Capital and Related Financing Activities</i>	<u>(2,204,418)</u>	<u>0</u>	<u>(2,204,418)</u>
Cash Flows from Investing Activities:			
Interest Received from Investments	72,937	10,246	83,183
Proceeds from the Sale of Investments	256,329	0	256,329
<i>Net Cash from Investing Activities</i>	<u>329,266</u>	<u>10,246</u>	<u>339,512</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,709	22,963	33,672
Cash and Cash Equivalents at Beginning of Year	<u>1,770,280</u>	<u>155,332</u>	<u>1,925,612</u>
Cash and Cash Equivalents at End of Year	<u><u>\$1,780,989</u></u>	<u><u>\$178,295</u></u>	<u><u>\$1,959,284</u></u>

See accompanying notes to the general purpose financial statements.

continued

CITY OF WASHINGTON, OHIO
Combined Statement of Cash Flows
All Enterprise and Nonexpendable Trust Funds
For the Year Ended December 31, 2001

	<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUND TYPE</u>	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:			
Operating Income (Loss)	\$1,505,373	\$20,659	\$1,526,032
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:			
Depreciation and Amortization	763,772	0	763,772
Interest Income	0	(8,067)	(8,067)
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(44,320)	0	(44,320)
(Increase) Decrease in Due from Other Funds	18,103	0	18,103
(Increase) Decrease in Due from Other Governments	31,935	0	31,935
(Increase) Decrease in Material and Supplies Inventory	87,167	0	87,167
(Increase) Decrease in Prepaid Items	(9,200)	0	(9,200)
Increase (Decrease) in Accounts Payable	8,507	125	8,632
Increase (Decrease) in Contracts Payable	(37,106)	0	(37,106)
Increase (Decrease) in Accrued Wages and Benefits	5,521	0	5,521
Increase (Decrease) in Due to Other Governments	(17,287)	0	(17,287)
Increase (Decrease) in Compensated Absences Payable	37,069	0	37,069
Increase (Decrease) in Due to Other Funds	(7,819)	0	(7,819)
Net Cash from Operating Activities	<u><u>\$2,341,715</u></u>	<u><u>\$12,717</u></u>	<u><u>\$2,354,432</u></u>
Reconciliation of Cash and Cash Equivalents on Balance Sheet to Statement of Cash Flows - Nonexpendable Trust Funds:			
Cash and Cash Equivalents on Balance Sheet - All Fiduciary Funds		\$369,677	
Cash and Cash Equivalents - Expendable Trust and Agency Funds		<u>(191,382)</u>	
Cash and Cash Equivalents on Statement of Cash Flows - Nonexpendable Trust Funds		<u><u>\$178,295</u></u>	

See accompanying notes to the general purpose financial statements.

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

NOTE 1 - DESCRIPTION OF THE ENTITY

The City of Washington (the City) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City operates under a city manager form of government and provides various services including police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, and other governmental services. In addition, the City provides basic utilities in the form of water services and waste water treatment.

As required by generally accepted accounting principles, the combined financial statements presents the City of Washington. The City considered potential component units for inclusion in the financial statements. In determining whether to include a governmental department, agency, commission or organization as a component unit, the City must evaluate each entity as to whether they are legally separate and financially accountable based on criteria set forth by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". Legal separateness is evaluated on the basis of (1) its corporate name, (2) the right to sue or be sued and (3) the right to buy, sell, lease and mortgage property. Financial accountability is based on (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of a specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the City. The City included no component units in the financial statements.

Based on GASB Statement No. 14 criteria, the Carnegie Public Library is considered a related organization and disclosed in Note 15.

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

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

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

The City uses the following fund types and account groups:

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

- ◆ General Fund: The General Fund is the operating fund of the City. This fund accounts for all financial resources not accounted for in another fund. The major sources of revenue are income tax, property tax, state and local government fund revenues, and investment earnings.

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

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

- ◆ **Special Revenue Funds:** These funds are used to account for specific governmental revenues (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative actions.
- ◆ **Debt Service Funds:** These funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general obligation reported in the City's General Long-Term Obligations Account Group.
- ◆ **Capital Projects Funds:** These funds are used to account for the acquisition or construction of major capital facilities and capital improvements other than those financed by proprietary and nonexpendable trust funds. They include projects financed by special assessments.

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

- ◆ **Enterprise Funds:** These funds account for the acquisition, operation, and maintenance of City facilities which are financed primarily by user charges.

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

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

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

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

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

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

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

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Agency funds are purely custodial in nature (assets equal liabilities) and thus do not focus on the measurement of operations.

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

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. The accrual basis of accounting is followed for the proprietary and nonexpendable trust funds.

Revenues - Exchange and Nonexchange Transactions

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.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include municipal income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from municipal income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange 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 fiscal year-end: municipal income taxes, grants, state-levied shared taxes and investment earnings.

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

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

Deferred Revenue

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Under the modified accrual basis, expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due, and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Allocations of cost, such as depreciation and amortization, are not recognized under the modified accrual basis.

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

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established time-table. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All governmental type funds are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of Council.

Tax Budget

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

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

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

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing 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 appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2001.

Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period of January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes spending authority at the fund, department, and object level. The appropriation resolution 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 a resolution of Council. Several supplemental appropriation resolutions were legally enacted by Council during the year. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and 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. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures.

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 fiscal year and need not be reappropriated.

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

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

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances, Budget and Actual (Budget Basis), All Governmental Fund Types and Expendable Trust Funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP).
- (d) Proceeds from and principal payment on bond and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General	Special Revenue	Capital Projects	Expendable Trust
Budget Basis	(\$7,555)	(\$179,282)	\$428,242	(\$36,531)
<i>Adjustments:</i>				
Revenue Accruals	317,271	(4,804)	(4,595)	(957)
Expenditure Accruals and Encumbrances	22,325	66,376	691,711	0
GAAP Basis	\$332,041	(\$117,710)	\$1,115,358	(\$37,488)

The Debt Service Funds are not presented above due to the fact that there were no adjustments between the budget basis and GAAP basis.

Cash and Investments

Cash and investments of the City's funds, except those held in restricted asset accounts, are pooled and invested in short-term investments in order to provide improved cash management. During 2001, the City's funds were invested in interest bearing demand accounts and certificates of deposit with commercial banks, repurchase agreements, the State Treasury Assets Reserve of Ohio (STAR Ohio), commercial paper and U.S. Treasury obligations. For purposes of the combined statement of cash flows, the enterprise and nonexpendable trust funds' portion of cash and cash equivalents is considered a cash equivalent because the City is able to withdraw resources from the enterprise and nonexpendable trust funds without prior notice or penalty.

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

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

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

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

During 2001, the General Fund earned interest revenue of \$143,481, of which \$101,233 was assigned from other funds.

Receivables

Receivables at December 31, 2001 consist of property and income taxes, interest, consumer accounts (billings for user charged services, including unbilled utility services), interfund, notes and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered collectible in full, including accounts receivables which, if delinquent, may be certified and collected as a special assessment, subject to foreclosure for nonpayment.

Notes receivable in the Special Revenue Funds represent low interest loans made by the City for community development projects and small businesses under the Community Development Block Grants (CDBG) program. The notes bear interest at annual rates ranging from 4 to 6 percent. The notes are to be repaid over periods ranging from 3 to 15 years.

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market. The costs of inventory items are recognized as expenditures in governmental funds when purchased and as expenses in the proprietary funds when used. Recorded inventories in the governmental fund types are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2001 are recorded as prepaid items. Under the consumption method, no reserve for prepaids is recorded in the accompanying financial statements.

Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Asset Account Group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

Fixed assets in the General Fixed Assets Account Group and proprietary fund types are depreciated over the estimated useful life of the asset. Depreciation is computed using the straight-line method. Depreciation on general fixed assets is not recorded as an expenditure in governmental funds, but accumulated depreciation is recorded in the General Fixed Assets Account Group.

The following estimated useful lives are used to compute depreciation:

Buildings and Improvements	40 years
Machinery and Equipment	8-20 years
Vehicles	3-5 years
Infrastructure	80 years

Interest is capitalized on proprietary fund fixed assets acquired with tax-exempt debt. There was no interest required to be capitalized during the 2001 fiscal year.

Compensated Absences

The City records a liability for sick leave, vacation, and compensatory time when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "compensated absences payable."

The long-term portion of the liability is reported in the General Long-Term Obligations Account Group. For proprietary funds, the entire amount of unpaid compensated absences is reflected as a liability within the respective funds. The City implemented the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", effective January 1, 1994.

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Obligations Account Group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

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

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

Contributed Capital

Contributed capital represents resources received by the proprietary funds from other governmental funds, other governments, and private resources, and are not subject to repayment. Proprietary fund tap-in fees, in excess of costs, were recorded as contributed capital. Resources restricted for the acquisition or construction of proprietary fixed assets were recorded at cost on the date the asset was acquired. Depreciation on those assets is expensed, and closed to the contributed capital fund equity account and added back to retained earnings. Capital contributions received after December 31, 2000 are recorded as nonoperating revenue in the proprietary funds.

Fund Equity

Reserves represent those portions of fund balance not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent management's tentative plans for future use of financial resources.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, 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.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates

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

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS

The City has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues."

GASB Statement No. 33 establishes accounting and financial reporting guidelines about when to report the results of nonexchange transactions. GASB Statement No. 36 is a modification to the provisions of GASB Statement No. 33 for certain specific nonexchange revenues. The implementation of these statements required prior period adjustments to accrue intergovernmental receivables in the General, Special Revenue, and Capital Project Funds, which increased the fund balance.

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

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS (Continued)

	Previously Reported Balance at December 31, 2000	Adjustment	Restated Fund Balance at January 1, 2001
General	\$1,678,069	\$9,901	\$1,687,970
Special Revenue	1,059,162	66,970	1,126,132
Capital Projects	1,135,137	13,801	1,148,938

The implementation of GASB Statements No. 33 and No. 36 also resulted in prior period adjustments that did not affect the fund balances. These adjustments affected the prior period intergovernmental receivable and deferred revenue balances by increasing each \$335,286, \$721,039, and \$1,528 in the General Fund, Special Revenue Funds, and Capital Project Funds, respectively.

Previously, the City made errors in the reporting of expenditures in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Funds, which resulted in the fund balance in the Special Revenue Funds being overstated by \$66,300 and the fund balance in the Expendable Trust Funds being understated by \$1,304. Prior period adjustments were made to decrease fund balance in the Special Revenue Funds and increase fund balance in the Expendable Trust Funds.

NOTE 4 - CASH DEPOSITS AND INVESTMENTS

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

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

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

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

- (1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

NOTE 4 - CASH DEPOSITS AND INVESTMENTS (Continued)

- (3) Written repurchase agreements in the securities listed above, provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily, and that the term of the agreement must not exceed thirty days;
- (4) Bonds and other obligations of the State of Ohio;
- (5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- (6) The State Treasury Assets Reserve of Ohio (STAR Ohio); and
- (7) Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time.

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

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

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

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

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

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

NOTE 4 - CASH DEPOSITS AND INVESTMENTS (Continued)

The amounts available for deposit and investment are as follows:

* Cash and Cash Equivalents (Carrying Amount)	\$5,586,784
* Cash and Cash Equivalents in Segregated Accounts (Carrying Amount)	70,089
* Restricted Assets: Cash (Carrying Amount)	256,329
* Restricted Assets: Investments (Carrying Amount)	775,898
* Reconciling Items (Net) to Arrive at Bank Balances of Deposits	<u>276,505</u>
Total Available for Deposit and Investment (Bank Balance of Deposits/Carrying Amount of Investments)	<u><u>\$6,965,605</u></u>

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

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

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

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

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

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

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

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

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

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

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

NOTE 4 - CASH DEPOSITS AND INVESTMENTS (Continued)

Based on the above criteria, the City's deposits and investments at December 31, 2001 are classified as follows:

	Category			Bank Balance	Carrying Amount	Fair Value
	1	2	3			
<i>Deposits:</i>						
Demand Deposits	\$583,960	\$0	\$1,946,677	\$2,530,637	\$2,254,132	
Certificates of Deposit	200,000	562,733	0	762,733	762,733	
Total Deposits	<u>\$783,960</u>	<u>\$562,733</u>	<u>\$1,946,677</u>	<u>\$3,293,370</u>	<u>\$3,016,865</u>	
<i>Investments:</i>						
U.S. Treasury Notes			\$775,898	\$0	\$775,898	\$775,898
Repurchase Agreement			143,000	0	143,000	143,000
Government Bonds			1,897,135	0	1,897,135	1,897,135
Money Market Funds			186,728	0	186,728	186,728
State Treasury Assets Reserve of Ohio*			0	0	655,474	655,474
U.S. Treasury Bonds			14,000	0	14,000	14,000
Total Investments			<u>\$3,016,761</u>	<u>\$0</u>	<u>\$3,672,235</u>	<u>\$3,672,235</u>

* The City's investment in the State Treasury Assets Reserve of Ohio (STAR Ohio) is not categorized because it is not evidenced by securities that exist in physical or book entry form.

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. The STAR Ohio and investments with an original maturity of three months or less are treated as cash and cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note is based on criteria set forth in GASB Statement No. 3.

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

NOTE 4 - CASH DEPOSITS AND INVESTMENTS (Continued)

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

	Cash and Cash Equivalents	Investments
Per Combined Balance Sheet	\$5,913,202	\$775,898
Repurchase Agreement	(143,000)	143,000
Government Bonds	(1,897,135)	1,897,135
Money Market Funds	(186,728)	186,728
U.S. Treasury Bonds	(14,000)	14,000
State Treasury Assets Reserve of Ohio (STAR Ohio)	(655,474)	655,474
Per GASB Statement No. 3	\$3,016,865	\$3,672,235

NOTE 5 - PROPERTY TAXES

Property taxes, include amounts levied against all real, public utility, and tangible personal (used in business) property located in the City. Real property taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value. Real property taxes are collected in and intended to finance the year following the year in which they are levied.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). Tangible personal property taxes attach as a lien and are levied January 1 of the current year, the same year in which collections are made. Tangible personal property assessments are 25% of true value.

The assessed value upon which the 2001 taxes were collected was \$194,448,600. The full tax rate for all City operations applied to real property for fiscal year ended December 31, 2001 was \$8.10 per \$1,000 of assessed valuation.

After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$4.99 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$5.83 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the City by the State of Ohio.

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

NOTE 5 - PROPERTY TAXES (Continued)

Real Property - 2000 Valuation:

Residential/Agricultural	\$119,023,190
Commercial/Industrial	41,851,910
Total Real Property	<u>160,875,100</u>

Tangible Personal Property - 2001 Valuation:

General	28,367,180
Public Utilities	5,206,320
Total Personal Property	<u>33,573,500</u>
Total Assessed Valuation	<u><u>\$194,448,600</u></u>

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

Tangible personal property taxes paid by multi-county taxpayers are due September 30. 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 30.

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable as of December 31, 2001. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not intended to finance 2001 operations. The receivable is therefore offset by a credit to deferred revenue.

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

NOTE 6 - INTERFUND RECEIVABLES/PAYABLES

Individual fund interfund receivables and payables balances as of December 31, 2001, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$31,760	\$0
Special Revenue Funds:		
Indigent Driver's Alcohol Treatment	245	0
Enforcement and Education	50	0
Court Computerization	2,621	0
Computerized Legal Research	1,048	0
<i>Total Special Revenue Funds</i>	3,964	0
Agency Funds:		
Law Enforcement Trust	196	0
Municipal Court Agency	0	35,920
<i>Total Agency Funds</i>	196	35,920
<i>Total - All Funds</i>	\$35,920	\$35,920

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

NOTE 7 - FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year:

	Balance January 1, 2001	Additions	Retirements	Balance December 31, 2001
Land	\$646,055	\$20,000	\$0	\$666,055
Buildings and Improvements	1,618,349	0	0	1,618,349
Land Improvements	503,970	14,150	0	518,120
Machinery, Equipment and Vehicles	3,351,458	409,742	52,555	3,708,645
Total Fixed Assets	<u>\$6,119,832</u>	<u>\$443,892</u>	<u>\$52,555</u>	6,511,169
Less: Accumulated Depreciation				<u>3,637,029</u>
Net Fixed Assets				<u><u>\$2,874,140</u></u>

The following is a summary of Enterprise Fund fixed assets at December 31, 2001:

	Sewer	Water	Pool	Totals
Land	\$262,214	\$1,067,410	\$0	\$1,329,624
Buildings, Plant and Facilities	11,820,099	2,188,515	0	14,008,614
Land Improvements	155,405	0	112,900	268,305
Machinery, Equipment and Vehicles	567,058	2,370,745	0	2,937,803
Infrastructure	11,842,972	8,483,433	0	20,326,405
Construction in Progress	5,969,794	6,099,031	0	12,068,825
Capital Leased Assets	0	140,000	0	140,000
Total Fixed Assets	30,617,542	20,349,134	112,900	51,079,576
Less: Accumulated Depreciation	7,520,619	2,815,190	112,900	10,448,709
Net Fixed Assets	<u>\$23,096,923</u>	<u>\$17,533,944</u>	<u>\$0</u>	<u>\$40,630,867</u>

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

NOTE 8 - DEBT OBLIGATIONS

The following is a summary of the City's note obligation activity for the year ended December 31, 2001:

Purpose/ Description	Maturity Date	Interest Rate	Balance January 1, 2001	Issued	Retired	Balance December 31, 2001
<i>Notes Reported in General</i>						
<i>Long-Term Obligations Account Group:</i>						
Municipal Court Building	2002	5.33%	\$282,000	\$0	\$20,000	\$262,000
Fire Truck	2003	4.85%	174,881	0	71,318	103,563
Capital Improvement (TIF) Note	2030	6.00%	1,575,000	0	0	1,575,000
Capital Improvement Note	2031	N/A	0	1,500,000	0	1,500,000
Totals			<u>\$2,031,881</u>	<u>\$1,500,000</u>	<u>\$91,318</u>	<u>\$3,440,563</u>
<i>Notes Payable from Enterprise Funds:</i>						
Sewer Issue II Note	2014	N/A	\$116,561	\$0	\$8,345	\$108,216
Water System Improvement Note	2030	6.00%	1,350,000	0	0	1,350,000
Totals			<u>\$1,466,561</u>	<u>\$0</u>	<u>\$8,345</u>	<u>\$1,458,216</u>

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

NOTE 8 - DEBT OBLIGATIONS (Continued)

The following is a summary of the City's general obligation bonds, revenue bonds and OWDA loan obligations activity for the year ended December 31, 2001:

Purpose/ Description	Maturity Date	Interest Rate	Balance January 1, 2001	Issued	Retired	Balance December 31, 2001
<u><i>G.O. Bonds Reported in General Long-Term Obligations Account Group:</i></u>						
Capital Improvement Bonds	2022	6.20%	\$650,000	\$0	\$15,000	\$635,000
Totals			\$650,000	\$0	\$15,000	\$635,000
<u><i>G.O. Bonds Payable from Enterprise Funds:</i></u>						
Sewer Improvement Bonds	2004	6.00%	\$445,000	\$0	\$100,000	\$345,000
Sewer Improvement Bonds	2007	6.38%	840,000	0	120,000	720,000
Totals			\$1,285,000	\$0	\$220,000	\$1,065,000
<u><i>Revenue Bonds Payable from Enterprise Funds:</i></u>						
Water System Bonds	2019	2.85 - 5.37%	\$10,979,226	\$0	\$485,000	\$10,494,226
Totals			\$10,979,226	\$0	\$485,000	\$10,494,226
<u><i>OWDA Loans Payable from Enterprise Funds:</i></u>						
OWDA Loan	2004	6.40%	\$830,750	\$0	\$106,475	\$724,275
OWDA Loan	2004	8.38%	25,383	0	3,148	22,235
OWDA Loan	2021	3.43%	5,901,150	72,745	0	5,973,895
OWDA Loan	2021	4.38%	3,390,442	145,597	59,426	3,476,613
Totals			\$10,147,725	\$218,342	\$169,049	\$10,197,018

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

NOTE 8 - DEBT OBLIGATIONS (Continued)

Outstanding general obligation bonds consist of street and wastewater treatment plant improvement issues. General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged.

Revenue bonds were issued to acquire the local water utility facilities and infrastructure from private owners. These bonds are direct obligations of the City for which its water utility revenues were pledged to repay these bonds.

The two original Ohio Water Development Authority loans were made to the City in 1981 and 1985 for utility construction projects. Property and revenue of the Enterprise Funds have been pledged to repay these debts. In 2000, the City entered into two agreements with the Ohio Water Development Authority to obtain loans for the purpose of improving the City's wastewater treatment facilities. As of December 31, 2001 the City had a total amount of \$6,866,244 which it could draw down from its first loan, of which \$5,973,895 was drawn. The City had a total amount of \$3,741,057 which it could draw down from the second loan, of which \$3,476,613 was drawn. The amortization of these latest two loans has been estimated at year end and the future funding requirements is included in the summary of the City's future long-term funding requirements that follow. Each of these OWDA loans will be repaid from Enterprise Fund revenues.

The annual requirements to amortize all Enterprise note debt, bonded debt and loans outstanding as of December 31, 2001, are as follows:

Year Ending December 31	Sewer Issue II Note	Water System Improvement Note	Sewer Improvement Bonds	Water System Bonds	OWDA Loans
2002	\$8,325	\$98,068	\$295,574	\$987,773	\$1,041,585
2003	8,325	98,068	286,765	988,803	1,041,585
2004	8,325	98,068	277,560	988,123	1,041,585
2005	8,325	98,068	142,951	990,682	729,961
2006	8,325	98,068	135,300	985,682	729,961
2007 - 2011	41,625	490,339	135,300	4,929,928	3,799,806
2012 - 2016	24,966	490,339	0	4,934,123	3,799,806
2017 - 2039	0	1,471,018	0	2,961,862	3,658,451
	108,216	2,942,036	1,273,450	17,766,976	15,842,740
Less: Amount Representing Interest	0	1,592,036	208,450	7,272,750	5,645,722
Principal Balance	\$108,216	\$1,350,000	\$1,065,000	\$10,494,226	\$10,197,018

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

NOTE 8 - DEBT OBLIGATIONS (Continued)

The annual requirements to amortize all general long-term note and bonded debt outstanding as of December 31, 2001 are as follows. The Capital Improvement Note that was issued in 2001 for \$1,500,000 is not included in the annual requirements below since an amortization schedule has not been finalized.

Year Ending December 31	Municipal Court Building Note	Fire Truck Note	Capital Improvement Note	Capital Improvement Bonds
2002	\$283,338	\$55,001	\$114,430	\$54,370
2003	0	54,881	114,430	53,440
2004	0	0	114,430	57,510
2005	0	0	114,430	56,270
2006	0	0	114,431	55,030
2007 - 2011	0	0	572,151	270,620
2012 - 2016	0	0	572,151	274,390
2017 - 2021	0	0	572,151	277,970
2022 - 2030	0	0	1,144,302	53,100
	283,338	109,882	3,432,906	1,152,700
Less: Amount Representing Interest	21,338	6,319	1,857,906	517,700
Principal Balance	\$262,000	\$103,563	\$1,575,000	\$635,000

The following is a summary of the changes in the City's other long-term obligations for the year ended December 31, 2001:

Obligation	Balance January 1, 2001	Additions	Reductions	Balance December 31, 2001
<i><u>Obligations Reported in General Long-Term Obligations Account Group:</u></i>				
Compensated Absences	\$398,014	\$0	\$50,366	\$347,648
Due to Other Governments	226,554	184,086	226,554	184,086
Capital Leases	39,630	0	39,630	0
Totals	\$664,198	\$184,086	\$316,550	\$531,734
<i><u>Obligations Payable from Enterprise Funds:</u></i>				
Capital Lease	\$105,000	\$0	\$10,000	\$95,000

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

NOTE 9 - CAPITAL LEASES

The City has entered into a lease agreement as lessee for the water storage tank of Fayette County for 20 years. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore has been recorded at the present value of the future minimum lease payments as of the date of inception.

These lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. For governmental funds, capital lease payments are reflected as debt service in the general purpose financial statements. In the proprietary funds, capital lease principal payments reduce the liability and the interest payments are reported as interest and fiscal charges expense.

The following is a schedule of the future minimum lease payments for the water storage tank capital lease, and the present value of the future minimum lease payments at December 31, 2001:

Year Ending December 31	Enterprise
2002	\$17,200
2003	16,400
2004	15,600
2005	14,800
2006	14,000
2007-2009	50,400
Total Future Minimum Lease Payments	128,400
Less: Amount Representing Interest	33,400
Present Value of Future Minimum Lease Payments	\$95,000

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

NOTE 10 - PENSION OBLIGATIONS

Public Employees Retirement System

Plan Description: The City contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefit provisions. The PERS issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 1-800- 222-7377.

Funding Policy: The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement and the City is required to contribute 13.55%. In January 2001, House Bill 416 divided the PERS law enforcement program into two separate division with separate employee contribution rates and benefits. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. All other members of the PERS law enforcement program were placed in a newly named public safety division and continued to contribute at 9%. The City's required contributions to PERS for the years ending December 31, 2001, 2000 and 1999 were \$305,222, \$209,264, and \$282,224, respectively; 76.77% has been contributed for 2001 and 100 percent for years 2000 and 1999. Of the 2001 amount, \$70,903 was unpaid at December 31, 2001 and is recorded as a liability within the Enterprise Funds and the General Long-Term Obligations Account Group, respectively.

Postemployment Benefits: The Public Employees Retirement System of Ohio also provides postemployment health care coverage to age and service retirants with ten (10) or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postemployment health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2001 employer contribution rate for local government employer units was 13.55% of covered payroll; 4.3% was the portion that was used to fund health care for the year 2001. The 2001 employer rate was 16.7% and 4.3% was used to fund health care for both the law enforcement and public safety divisions. Of the employer contributions made by the City for the year 2001, \$141,887 was the amount used to fund postemployment health care.

The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 2000. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2000 was 7.75%. An annual increase of 4.75% compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%. Health care costs were assumed to increase 4.75% annually.

As of December 31, 2000, the actuarial value of net assets available for other postemployment benefits payments was \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14,364.6 million and \$2,628.7 million, respectively. The number of active contributing participants at December 31, 2000 was 411,076.

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

NOTE 10 - PENSION OBLIGATIONS (Continued)

Ohio Police and Fire Pension Fund

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

Funding Policy: Plan members (both policemen and firemen) are required to contribute 10% of their annual covered salary and the employers are required to contribute 19.5% of annual covered payroll for police and 24% of annual covered payroll for firemen. The City's contributions to OP&F for the years ending December 31, 2001, 2000 and 1999 were \$101,110, \$92,834, and \$113,385, for police; \$108,554, \$96,520, and \$87,473, for firemen, respectively; 67.13% has been contributed for 2001 and 100 percent for years 2000 and 1999 for police; and 71.25% has been contributed for 2001 and 100 percent for years 2000 and 1999 for firemen. Of the 2001 amount, \$33,236 for police and \$31,208 for firemen was unpaid at December 31, 2001 and is recorded as a liability within the General Long-Term Obligations Account Group.

Postemployment Benefits: The Ohio Police and Fire Pension Fund provides postemployment health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of eighteen (18) whether or not the child is attending school or under the age of twenty-two (22) if attending school full-time or on a two-thirds (2/3) basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the fund of the OP&F shall be included in the employer's contribution rate which is 19.5% for police and 24% for firemen of covered payroll. The Ohio Revised Code provides the statutory authority allowing the OP&F Board of Trustees to provide health care coverage to all eligible individuals.

Health care funding and accounting are on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.25% and 7.5% of covered payroll in 2000 and 2001, respectively. The allocation is 7.75% in 2002. The portion of the 2001 covered payroll that was used to fund postemployment health care benefits was \$63,194 for police and \$49,343 for firemen. 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 check. As of December 31, 2000 the number of participants eligible to receive health care benefits was 12,853 for police and 10,037 for firemen. The Fund's total health care expenses for the year ended December 31, 2000 were \$106,160,054.

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

NOTE 11 - EMPLOYEE BENEFITS

Compensated Absences

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 16, the City accrues a liability for sick leave and vacation when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined.

Sick leave accumulates at the rate of .0575 hours of sick leave for each hour of work completed with a maximum of 80 hours per pay period. Employees who have ten years of service, hired prior to April 12, 1991 who have sick leave accumulated receive payment upon retirement at a rate of one hour for each hour of accumulated and unused sick leave, to a maximum of 960 hours. Employees who have ten years of service, hired after April 12, 1991 who have sick leave accumulated receives payment upon retirement at a rate of one hour for each four hours of accumulated and unused sick leave, to a maximum of 240 hours. Individuals leaving the employment of the City prior to retirement or at retirement with less than ten years of service lose their accumulated sick leave. A liability has been recognized in the accompanying financial statements for a portion of the sick leave hours of those employees who have ten years of service and are age 50 or older, or have thirty years with local government employment as well as other employees who are expected to become eligible in the future to receive such payments.

A liability for accrued vacation has been recognized based on the amount of unused vacation hours for each employee. Vacation is accumulated based upon length of service as follows:

<u>Employee Service</u>	<u>Vacation Credit</u>
After 1 year	2 weeks
After 10 years	3 weeks
After 15 years	4 weeks
After 22 years	5 weeks

Vacation leave must be used within the current calendar year unless the employee is unable to use his vacation due to the operational needs of the employer. Without this, such excess leave is eliminated from the employee's leave balance. In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation.

At December 31, 2001, the City has accrued a liability of \$152,439 in the Enterprise Funds and \$347,648 in the General Long-Term Obligations Account Group for vacation which is earned and a portion of sick leave which is vested or probable for payment.

Health Care Benefits

The City has elected to provide employee medical/surgical and prescription drug benefits through Medical Mutual of Ohio Insurance Company. The employees share the cost of the monthly premium with the City.

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

NOTE 12 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The City operates three Enterprise Funds. The key financial information for the year ended December 31, 2001 for these enterprise activities are as follows:

	Sewer	Water	Pool	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating Revenues	\$2,449,474	\$2,759,146	\$118,311	\$5,326,931
Operating Expenses before Depreciation	1,629,897	1,243,194	184,695	3,057,786
Depreciation and Amortization	412,257	340,225	11,290	763,772
Operating Income	407,320	1,175,727	(77,674)	1,505,373
Interest Income	14,053	117,331	0	131,384
Intergovernmental Grant	40,019	0	0	40,019
Net Income (Loss)	99,424	305,652	(28,074)	377,002
Fixed Assets:				
Additions	99,884	400,167	0	500,051
Total Assets	24,144,575	19,987,139	1,300	44,133,014
Net Working Capital	(2,810,306)	262,267	(1,021)	(2,549,060)
Net Change in Contributed Capital	0	0	(11,290)	(11,290)
Bonds and Other Long-Term Obligations	4,209,515	14,755,981	0	18,965,496
Total Equity	16,077,102	4,330,022	(1,021)	20,406,103

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

NOTE 13 - INTERGOVERNMENTAL REVENUE

The following is a summary of major intergovernmental revenue:

General Fund:

Local Government Distributions and Reimbursements	\$795,342
Estate Taxes and Other Taxes	562,450
Other Grants and Revenue	79,909
	<hr/>
<i>Total General Fund</i>	<u><u>\$1,437,701</u></u>

Special Revenue Funds:

Street Maintenance Distribution	\$361,364
State Highway Improvement	29,748
County Permissive License	50,000
City Permissive License	85,367
Formula Grant	79,000
Bridge Maintenance Grant	9,505
Downtown Improvement Grant	285,000
CDBG-CHIP-CHIS Grant	492,179
Community Corrections Grant	54,910
Other Grants and Revenue	77,419
	<hr/>
<i>Total Special Revenue Funds</i>	<u><u>\$1,524,492</u></u>

Debt Service Funds:

Tax Increment Revenue	\$3,056
	<hr/>
<i>Total Debt Service Funds</i>	<u><u>\$3,056</u></u>

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

NOTE 14 - CONTRIBUTED CAPITAL

Prior to 2001, contributions for (or of) capital assets to proprietary funds were credited directly to contributed capital. These contributions can include donations from developers, private sources, other governments, and governmental funds of the City. The operating-type contributions or grants are recorded as revenue in the receiving funds. The following is a summary of the changes in the contributed capital account for the year ended December 31, 2001:

Contributed Capital at January 1, 2001	\$630,199
Depreciation Expense	<u>(11,290)</u>
Contributed Capital at December 31, 2001	<u><u>\$618,909</u></u>

NOTE 15 - RELATED ORGANIZATION

The Carnegie Public Library is a related organization of the City. The City is not financially accountable for this fiscally independent organization. The imposition of will or financial benefit/burden relationship criteria outlined in GASB Statement No. 14 do not apply and the City's accountability is limited to the appointment of all members to the governing board of the Library.

NOTE 16 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 17 - ACCOUNTABILITY

Deficit Fund Balances

The following funds had a deficit fund balance as of December 31, 2001:

Special Revenue Funds:

Community Corrections Grant	\$1,089
-----------------------------	---------

Enterprise Funds:

Pool	1,021
------	-------

The deficit fund balances in the Community Corrections Grant Fund and the Pool Fund are the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. These deficits do not exist on the cash basis.

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

NOTE 18 - CONTRACTUAL COMMITMENTS

As of December 31, 2001, the City had the following contractual purchase commitments for Enterprise Fund improvements:

<u>Project</u>	<u>Total Contract Amount</u>	<u>Total Expended</u>	<u>Total Unexpended</u>
Sewer Improvements	\$6,866,244	\$5,969,794	\$896,450
Water Improvements	6,368,557	5,782,505	586,052
Total	<u>\$13,234,801</u>	<u>\$11,752,299</u>	<u>\$1,482,502</u>

NOTE 19 - RISK MANAGEMENT

The City is exposed to various risks of loss torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2001, the City contracted with various commercial carriers for property, auto, crime, and liability insurances, as well as public official bonds. Coverages provided are as follows:

<u>Type of Coverage</u>	<u>Annual Aggregate</u>	<u>Deductible</u>
Buildings and Contents - Replacement Cost	\$33,007,186	\$1,000
General Liability - Per Occurrence/Aggregate	2,000,000/3,000,000	0
Public Official Liability	2,000,000	5,000
Law Enforcement	2,000,000	5,000
Auto Liability	1,000,000	0
Auto Comprehensive	1,000,000	50
Auto Collision	1,000,000	1,000
Flood	135,000,000	1,000
Earthquake	15,000,000	204
Electronic Data Processing Equipment	532,000	500/1,000
Public Officials Bond	Various Amounts up to 250,000	0
Blanket Bond	250,000	0
Contractor's Equipment	173,044	500
Inland Marine	1,562,200	500

The City maintains comprehensive insurance coverage for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured. Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. The City pays all public officials' bonds by statute.

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

NOTE 19 - RISK MANAGEMENT (Continued)

The City has not incurred any significant reductions in insurance coverage from coverage in the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**CITY OF WASHINGTON
Fayette County**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED December 31, 2001**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Ohio Department of Development</i>			
<u>Community Development Block Grants:</u>		14.228	
Formula Allocation	A-F-00-195-1		\$79,025
Downtown Revitalization	A-T-99-195-1		314,241
Community Housing Improvement Program	A-C-99-195-1		484,411
Total CDBG:	A-C-01-195-1		877,677
Total U.S. Department of Housing and Urban Development			877,677
Total Federal Expenditures			\$877,677

The City of Washington administers a Community Development Building Grant Revolving Loan program with funds provided by the U.S. Department of Housing and Urban development. The purpose of the program is to stimulate community development activity by providing low or no interest loans to low income individuals or businesses. As of December 31, 2001, the total amount of loans outstanding was \$113,475.

The accompanying notes to this schedule are an integral part of this schedule.

**CITY OF WASHINGTON
FAYETTE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2001**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

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

City of Washington
Fayette County
105 N. Main Street
Washington Court House, Ohio 43160

To the City Council:

We have audited the general purpose financial statements of the City of Washington, Fayette County, Ohio (the City), as of and for the year ended December 31, 2001, and have issued our report thereon dated, July 15, 2002, in which we noted the City adopted Governmental Accounting Statements No. 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 of Washington's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-20624-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated July 15, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Washington's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2001-20624-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City of Washington in a separate letter dated July 15, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

July 15, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

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

City of Washington
Fayette County
105 North Main Street
Washington Court House, Ohio 43160

Compliance

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

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

In our opinion, the City of Washington complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001.

Internal Control Over Compliance

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

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a stylized, cursive script.

Jim Petro
Auditor of State

July 15, 2002

**CITY OF WASHINGTON
FAYETTE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #14.228 Community Development Block Grant
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

FINDING NUMBER 2001-20624-001

Noncompliance Citation - Reportable Condition

Ohio Rev. Code, Section 5705.41 (D), provides that a subdivision or taxing unit shall not make any contract or order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment.

This section also provides two “exceptions” to the above requirements:

- A. Then and Now Certificate – This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that the fiscal officer is completing the certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- B. Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Thirty percent of the expenditures and obligations made by the City were initiated without obtaining the prior certification of the City Auditor and neither of the exceptions provided were used. This procedure is not only required by Ohio law, but it is also a key control in the disbursement process. Without proper certification of funds, disbursements could be made without adequate current resources being available or disbursements could be made in excess of authorized appropriations. Prior certification of the City Auditor should be provided for all disbursements. In instances when prior certifications are not practical, “then and now” certifications should be made.

CITY OF WASHINGTON
FAYETTE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-20624-001	Failure to prior certify all expenditures.	No	Reissued as Finding Number 2001-20624-001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CITY OF WASHINGTON

FAYETTE 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
AUGUST 20, 2002**