

CITY OF BUCYRUS

CRAWFORD COUNTY

JANUARY 1, 1999 TO DECEMBER 31, 1999

PREPARED BY: PRY CPA SERVICES, INC.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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We have reviewed the Independent Auditor's Report of the City of Bucyrus, Crawford County, prepared by Pry CPA Services, Inc., for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

December 19, 2000

CITY OF BUCYRUS, OHIO
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CITY OF BUCYRUS, OHIO
ELECTED OFFICIALS
AS OF DECEMBER 31, 1999

<u>ELECTED OFFICIAL</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
Douglas E. Wilson	Mayor	1/1/96 - 12/31/99	(C)	\$10,000	7/31/99 - 7/31/00
Randy Tidaback	Council President	1/1/98 - 12/31/99	(C)	10,000	7/31/99 - 7/31/00
Norma Hill	Council Member	6/1/98 - 12/31/99	(C)	10,000	7/31/99 - 7/31/00
Linda L. Presler	Council Member	1/1/98 - 12/31/99	(C)	10,000	7/31/99 - 7/31/00
Dallis Easterday	Council Member	1/1/98 - 12/31/99	(C)	10,000	7/31/99 - 7/31/00
Bruce D. Truka	Council Member	1/1/98 - 12/31/99	(C)	10,000	7/31/99 - 7/31/00
Michael W. Jacobs	Council Member	1/1/98 - 12/31/99	(C)	10,000	7/31/99 - 7/31/00
Richard Strickland	Council Member	1/1/98 - 12/31/99	(C)	10,000	7/31/99 - 7/31/00
Richard E. Rockwell, Jr.	Council Member	1/1/98 - 12/31/99	(C)	10,000	7/31/99 - 7/31/00
Carol A. Wagner	Auditor	1/1/96 - 12/31/99	(A) (C)	10,000 10,000	1/1/96 - 12/31/99 7/31/99 - 7/31/00
Joyce M. Schifer	Treasurer	1/1/98 - 12/31/01	(C)	10,000	7/31/99 - 7/31/00
J. Andrew Motter	Law Director	1/1/96 - 12/31/99	(B) (C)	1,000 10,000	1/1/96 - 12/31/99 7/31/99 - 7/31/00

- (A) Western Surety Insurance Company
(B) The Hamilton Mutual Insurance Company
(C) St. Paul Mercury Insurance Company

CITY OF BUCYRUS, OHIO
APPOINTED OFFICIALS
AS OF DECEMBER 31, 1999

<u>APPOINTED OFFICIAL</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
Karen Beck	Assistant Auditor	8/17/98 - 12/31/99	(A)	10,000	8/17/98 - 12/31/99
Regina Zomes	Clerk of Council	1/1/99 - 12/31/99	(B)	10,000	7/31/99 - 7/31/00
Shirley Assenheimer	Service-Safety Director	2/19/99 - 12/31/99	(B)	10,000	8/1/99 - 7/31/00

(A) Ohio Farmers Insurance Company

(B) St. Paul Mercury Insurance Company

CITY OF BUCYRUS, OHIO
INDEX OF FUNDS

GOVERNMENTAL FUND TYPES

General Funds

General Fund
Income Tax Fund
Parking Fund

Special Revenue Funds

Municipal Motor Vehicle License Fund
Street Maintenance and Repair Fund
State Highway Maintenance and Repair Fund
Parks and Recreational Lands Fund
Swimming Pool Fund
COPS Hiring Grant Fund
Law Enforcement Block Grant Fund
DARE Grant Fund
Police Department Donations Fund
ODOT Airport Grant Fund
Access 19 Fund
Drug Law Enforcement Fund
Police Pension Fund
Fire Pension Fund

Debt Service Funds

General Bond Retirement Fund
Ohio Drive/Whetstone Assessment Fund

Capital Projects Funds

Aumiller Pool Improvement Fund
Community Development Block Grant Fund '96
Community Development Block Grant Fund '97
Water Towers Construction
Sewage Disposal Treatment Plant Fund
Marion Road Assessment Construction Fund
Issue I - Aumiller Park Playground Fund
Issue I - Service Garage Facilities Fund
1996 Fire Levy Fund

PROPRIETARY FUND TYPE

Enterprise Funds

Waterworks Fund
Waterworks Replacement Fund
Reservoir #4 Fund
Water Towers Construction Fund
Waterworks Consumer Trust Fund
Sewage Disposal Fund
Sewage Replacement Fund
Sewage Disposal Trust & Capital Improvement Fund
Sanitary Sewer Fund
Solid Waste Management Fund

CITY OF BUCYRUS, OHIO
INDEX OF FUNDS (CONTINUED)

FIDUCIARY FUND TYPE

Agency Funds

- Street & Alley Vacating Fund
- Street & Sewer Opening Fund
- Derelict Building Liability Fund
- Sewers & Drains Fund

ACCOUNT GROUPS

- General Long-Term Obligations Account Group
- General Fixed Assets Account Group



INDEPENDENT AUDITOR'S REPORT

Members of Council
City of Bucyrus, Ohio

We have audited the accompanying general purpose financial statements of the City of Bucyrus, Ohio, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of City of Bucyrus, Ohio's, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Bucyrus, Ohio, as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 8, 2000, on our consideration of the City of Bucyrus, Ohio'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.

This report is intended solely for the information and use of City Council, management, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than those specified parties.

Pry CPA Services, Inc.

Findlay, Ohio
November 8, 2000

CITY OF BUCYRUS, OHIO
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1999

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
<u>Assets and Other Debits</u>			
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$2,553,741	\$2,476,535	\$153,456
Cash and Cash Equivalents in Segregated Accounts	1,465		
Cash and Cash Equivalents with Fiscal and Escrow Agents		51,012	
Receivables:			
Taxes	703,672	175,835	208,653
Accounts (net, where applicable, of allowance for uncollectibles)		20,379	
Interfund	80,637		
Special Assessments			181,906
Accrued Interest	8,348		
Due from Other Funds	180,336		
Due from Other Governments	128,893	86,676	33,081
Materials and Supplies Inventory	9,261	45,358	
Prepaid Items	22,896	2,819	
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents			
Cash and Cash Equivalents with Fiscal Agents			
Cash and Cash Equivalents with Escrow Agents			
Unamortized Bond Issuance Costs			
Fixed Assets (net, where applicable, of accumulated depreciation)			
<u>Other Debits</u>			
Amount to be Provided from:			
General Government Resources			
Special Assessments			
Total Assets and Other Debits	\$3,689,249	\$2,858,614	\$577,096

See Accompanying Notes to the General Purpose Financial Statements.

PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
		GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
\$1,733,218	\$1,601			\$6,918,551
10,519				1,465 10,519 51,012
519,248				1,088,160 519,248 20,379 80,637 181,906 8,348
1,579				181,915
53,306				301,956
154,117				208,736
16,913				42,628
434,005				434,005
472,266				472,266
12,547				12,547
75,540				75,540
13,237,123				13,237,123
		\$6,080,900		6,080,900
			\$888,971	888,971
			115,520	115,520
<u>\$16,720,381</u>	<u>\$1,601</u>	<u>\$6,080,900</u>	<u>\$1,004,491</u>	<u>\$30,932,332</u>

CITY OF BUCYRUS, OHIO
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1999
 (CONTINUED)

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
<u>Liabilities, Fund Equity and Other Credits</u>			
<u>Liabilities</u>			
Accounts Payable	\$105,624	\$16,432	
Contracts Payable	7,637	350,178	\$10,740
Interfund Payable		57,000	23,637
Accrued Wages Payable	104,124	6,609	
Retainage Payable		67,256	
Due to Other Funds	590		
Due to Other Governments	74,774	6,033	19,081
Deferred Revenue	545,535	99,474	390,559
Deposits Held and Due To Others			
Matured Interest Payable			
Accrued Interest Payable			9,434
Notes Payable			680,000
Payable from Restricted Assets:			
Deposits Held and Due To Others			
Accrued Interest Payable			
Notes Payable			
Mortgage Revenue Bonds Payable			
Police and Fire Pension Liability			
Compensated Absences Payable	10,271	392	
OWDA Loans Payable			
OPWC Loans Payable			
Loan Payable			
General Obligation Revenue Bonds			
Payable (net, where applicable, of unamortized discount and unamortized loss on advance refunding, see Note 15)			
Mortgage Revenue Bonds Payable			
Capital Leases Payable			
Special Assessment Debt with Governmental Commitment			
Total Liabilities	848,555	603,374	1,133,451
<u>Fund Equity and Other Credits</u>			
Investment in General Fixed Assets			
Contributed Capital			
Retained Earnings:			
Reserved:			
Reserved for Revenue Bond Current Debt Service			
Reserved for Revenue Bond Renewal and Replacement			
Unreserved			
Fund Balance:			
Reserved for Encumbrances	431,819	176,657	47,041
Reserved for Inventory	9,261	45,358	
Unreserved:			
Undesignated Balance (Deficit)	2,399,614	2,033,225	(603,396)
Total Fund Equity (Deficit) and Other Credits	2,840,694	2,255,240	(556,355)
Total Liabilities, Fund Equity and Other Credits	\$3,689,249	\$2,858,614	\$577,096

See Accompanying Notes to the General Purpose Financial Statements.

PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
		GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
ENTERPRISE	AGENCY			
\$36,326				\$158,382
143,040				511,595
				80,637
42,531				153,264
12,547				79,803
181,325				181,915
98,726			\$146,670	345,284
				1,035,568
	\$1,601			1,601
10,519				10,519
75,744				85,178
770,543				1,450,543
131,768				131,768
18,453				18,453
54,457				54,457
95,000				95,000
			346,846	346,846
142,309			333,166	486,138
3,592,389				3,592,389
414,320				414,320
			33,334	33,334
4,430,033				4,430,033
880,000				880,000
			28,955	28,955
35,480			115,520	151,000
11,165,510	1,601	\$0	1,004,491	14,756,982
		6,080,900		6,080,900
2,920,897				2,920,897
110,750				
79,610				
2,443,614				2,443,614
				655,517
				54,619
				3,829,443
5,554,871	0	6,080,900	0	15,984,990
\$16,720,381	\$1,601	\$6,080,900	\$1,004,491	\$30,932,332

CITY OF BUCYRUS, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL (MEMORANDUM ONLY)
<u>Revenues:</u>					
Property Taxes	\$448,505	\$80,835		\$185,915	\$715,255
Municipal Income Tax	2,385,066	1,192,533			3,577,599
Other Local Taxes	23,464	62,760			86,224
Intergovernmental	747,421	1,005,091		466,946	2,219,458
Charges for Services	346,030	95			346,125
Fees, Licenses and Permits	33,099	108,003			141,102
Fines and Forfeitures	62,961				62,961
Special Assessments				6,080	6,080
Interest	238,919	123,208		4,126	366,253
Miscellaneous	39,567	10,117		105	49,789
Total Revenues	4,325,032	2,582,642	\$0	663,172	7,570,846
<u>Expenditures:</u>					
Current:					
Security of Persons and Property	2,494,388	379,513		5,147	2,879,048
Public Health	347,475	275		6,000	353,750
Leisure Time Activities	108,796				108,796
Basic Utility Services	44,493				44,493
Transportation	44,373	2,590,275			2,634,648
General Government	1,192,824	40,176		15,878	1,248,878
Interest and Fiscal Charges	17,161		9,769	48,603	75,533
Capital Outlay				468,150	468,150
Debt Service:					
Debt Retirement	11,692	66,666	115,520		193,878
Total Expenditures	4,261,202	3,076,905	125,289	543,778	8,007,174
Revenues Over (Under) Expenditures	63,830	(494,263)	(125,289)	119,394	(436,328)
<u>Other Financing Sources (Uses):</u>					
Inception of Capital Lease	20,373				20,373
Proceeds of Bonds			115,520		115,520
Operating Transfers - In	1,330	238,056	9,769	123,320	372,475
Operating Transfers - Out	(361,376)		(15,567)	(11,224)	(388,167)
Total Other Financing Sources (Uses)	(339,673)	238,056	109,722	112,096	120,201
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(275,843)	(256,207)	(15,567)	231,490	(316,127)
Fund Balances (Deficit), Beginning of Year	3,115,203	2,493,411	15,567	(787,845)	4,836,336
Increase in Reserve for Inventory	1,334	18,036			19,370
Fund Balances (Deficit), End of Year	\$2,840,694	\$2,255,240	\$0	(\$556,355)	\$4,539,579

See Accompanying Notes to the General Purpose Financial Statements.

CITY OF BUCYRUS, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND GAAP-
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Revenues:</u>						
Property Taxes	\$451,600	\$448,505	(\$3,095)	\$73,610	\$80,835	\$7,225
Municipal Income Tax	2,100,000	2,385,166	285,166	1,050,000	1,192,583	142,583
Other Local Taxes	20,000	23,016	3,016	57,000	62,839	5,839
Intergovernmental	626,825	718,681	91,856	521,352	952,097	430,745
Charges for Services	291,600	334,798	43,198		95	95
Fees, Licenses and Permits	22,100	32,999	10,899	80,800	87,624	6,824
Fines and Forfeitures	60,000	65,003	5,003			
Special Assessments						
Interest	250,000	238,715	(11,285)	95,000	123,208	28,208
Miscellaneous	94,825	37,249	(57,576)		10,117	10,117
Total Revenues	3,916,950	4,284,132	367,182	1,877,762	2,509,398	631,636
<u>Expenditures:</u>						
Current:						
Security of Persons and Property	2,887,886	2,729,592	158,294	431,008	381,146	49,862
Public Health	376,302	353,920	22,382	500	315	185
Leisure Time Activities	144,535	125,483	19,052			
Basic Utility Services	47,637	44,625	3,012			
Transportation	65,170	51,825	13,345	3,211,355	3,015,758	195,597
General Government	1,645,661	1,425,997	219,664	165,388	149,999	15,389
Debt Service:						
Debt Retirement	1,500	943	557			
Total Expenditures	5,168,691	4,732,385	436,306	3,808,251	3,547,218	261,033
Excess of Revenues Over (Under) Expenditures	(1,251,741)	(448,253)	803,488	(1,930,489)	(1,037,820)	892,669
<u>Other Financing Sources (Uses):</u>						
Other Financing Sources	2,000	2,343	343			
Proceeds of Bonds						
Proceeds of Notes						
Sale of Fixed Assets		300	300			
Advances - In	65,000	125,000	60,000			
Advances - Out	(200,565)	(148,637)	51,928	57,000		(57,000)
Operating Transfers - In			0	266,765	238,056	(28,709)
Operating Transfers - Out	(401,765)	(361,376)	40,389	(43,000)		43,000
Total Other Sources (Uses)	(535,330)	(382,370)	152,960	280,765	238,056	(42,709)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,787,071)	(830,623)	956,448	(1,649,724)	(799,764)	849,960
Fund Balances, Beginning of Year	2,560,924	2,560,924	0	2,003,774	2,003,774	0
Prior Year Encumbrances Appropriated	285,922	285,922	0	721,324	721,324	0
Fund Balances (Deficit), End of Year	\$1,059,775	\$2,016,223	\$956,448	\$1,075,374	\$1,925,334	\$849,960

See Accompanying Notes to the General Purpose Financial Statements.

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS			TOTAL (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
			\$175,000	\$185,915	\$10,915	\$700,210	\$715,255	\$15,045
						3,150,000	\$3,577,749	427,749
			614,784	498,865	(115,919)	77,000	\$85,855	8,855
						1,762,961	\$2,169,643	406,682
						291,600	\$334,893	43,293
						102,900	\$120,623	17,723
						60,000	\$65,003	5,003
				6,080	6,080	0	\$6,080	6,080
				4,126	4,126	345,000	\$366,049	21,049
	\$105	\$105				94,825	\$47,471	(47,354)
\$0	105	105	789,784	694,986	(94,798)	6,584,496	7,488,621	904,125
			13,756	13,703	53	3,332,650	3,124,441	208,209
			6,000	6,000	0	382,802	360,235	22,567
			32,565	23,637	8,928	177,100	149,120	27,980
			297,254	297,254	0	344,891	341,879	3,012
			210,000	210,000	0	3,486,525	3,277,583	208,942
			34,162	33,954	208	1,845,211	1,609,950	235,261
878,375	876,128	2,247	13,000	11,515	1,485	892,875	888,586	4,289
878,375	876,128	2,247	606,737	596,063	10,674	10,462,054	9,751,794	710,260
(878,375)	(876,023)	2,352	183,047	98,923	(84,124)	(3,877,558)	(2,263,173)	1,614,385
						2,000	2,343	343
160,000	151,000	(9,000)				160,000	151,000	(9,000)
450,000	450,000	0				450,000	450,000	0
						0	300	300
				23,637	23,637	65,000	148,637	83,637
			(32,565)		32,565	(176,130)	(148,637)	27,493
272,160	275,023	2,863			0	538,925	513,079	(25,846)
(15,567)	(15,567)	0	(151,725)	(151,703)	22	(612,057)	(528,646)	83,411
866,593	860,456	(6,137)	(184,290)	(128,066)	56,224	427,738	588,076	160,338
(11,782)	(15,567)	(3,785)	(1,243)	(29,143)	(27,900)	(3,449,820)	(1,675,097)	1,774,723
15,567	15,567	0	51,094	51,094	0	4,631,359	4,631,359	0
			73,724	73,724	0	1,080,970	1,080,970	0
\$3,785	\$0	(\$3,785)	\$123,575	\$95,675	(\$27,900)	\$2,262,509	\$4,037,232	\$1,774,723

CITY OF BUCYRUS, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND EQUITY - ALL ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 1999

<u>Operating Revenues:</u>	
Charges for Services	\$4,471,488
Other Operating Revenues	84,428
	<hr/>
Total Revenues	4,555,916
<u>Operating Expenses:</u>	
Personal Services	1,614,462
Contractual Services	438,704
Travel and Transportation	60
Materials and Supplies	947,483
Bad Debt	6,749
Other Operating Expenses	260,527
Depreciation	325,739
	<hr/>
Total Operating Expenses	3,593,724
Operating Income	962,192
<u>Non-Operating Revenues (Expenses)</u>	
Interest Income	24,772
Grants	53,306
Loss on Disposal of Fixed Assets	(64,050)
Interest Expense	(833,501)
	<hr/>
Total Non-Operating Revenues (Expenses)	(819,473)
Income Before Operating Transfers	142,719
Operating Transfer - In	17,022
Operating Transfer - Out	(1,330)
	<hr/>
Net Income	158,411
Depreciation on Fixed Assets Acquired by Contributed Capital	14,266
Retained Earnings, Beginning of Year	<hr/> 2,461,297
Retained Earnings, End of Year	2,633,974
Contributed Capital, Beginning of Year	2,385,274
Intergovernmental	224,431
Developers	216,711
Special Assessments	108,747
Depreciation on Fixed Assets Acquired by Contributed Capital	(14,266)
	<hr/>
Contributed Capital, End of Year	2,920,897
Total Fund Equity, End of Year	<hr/> <hr/> \$5,554,871

See Accompanying Notes to the General Purpose Financial Statements.

CITY OF BUCYRUS, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND EQUITY - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 ALL ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 1999

	ENTERPRISE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Revenues:</u>			
Charges for Services	\$4,203,300	\$4,498,894	\$295,594
Proceeds of Bonds	5,125,000		(5,125,000)
Proceeds of Notes	680,000	825,000	145,000
Proceeds of OWDA Loan	1,000,000	928,012	(71,988)
Proceeds of OPWC Loan		293,460	293,460
Interest		6,882	6,882
Grants	6,150,000	9,000	(6,141,000)
Miscellaneous	50,750	145,653	94,903
Total Revenues	17,209,050	6,706,901	(10,502,149)
<u>Expenses:</u>			
Personal Services	1,702,965	1,600,419	102,546
Contractual Services	855,062	756,008	99,054
Travel and Transportation	1,000	60	940
Materials and Supplies	459,761	411,139	48,622
Other	313,970	308,134	5,836
Capital Outlay	7,730,136	7,310,962	419,174
Debt Service:			
Debt Retirement	2,456,194	2,444,277	11,917
Total Expenses	13,519,088	12,830,999	688,089
Total Revenue Over Expenses	3,689,962	(6,124,098)	(9,814,060)
<u>Other Financing Sources (Uses):</u>			
Operating Transfer - In		15,567	(15,567)
Advances - In	125,000	125,000	0
Advances - Out	(125,000)	(125,000)	0
Total Other Financing Sources (Uses)	0	15,567	(15,567)
Excess of Revenues Over (Under)			
Total Other Financing Sources (Uses)	3,689,962	(6,108,531)	9,798,493
Fund Equity, Beginning of Year	1,775,991	1,775,991	0
Prior Year Encumbrances Appropriated	604,071	604,071	0
Fund Equity, End of Year	\$6,070,024	(\$3,728,469)	(\$9,798,493)

See Accompanying Notes to the General Purpose Financial Statements.

CITY OF BUCYRUS, OHIO
 COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 1999

Increases (Decreases) in Cash and Cash Equivalents

Cash Flows from Operating Activities:

Cash Received from Customers	\$4,498,894
Cash Payments for Personal Services	(1,600,419)
Cash Payments for Contractual Services	(691,326)
Cash Payments to Vendors for Materials and Supplies	(708,892)
Cash Payments for Quasi-External Operating Transactions with Other Funds	(248,519)
Cash Received from Other Revenues	82,467
Cash Received from Deposits	63,186
Cash Payments for Deposits Refunded	<u>(58,839)</u>

Net Cash Provided by Operating Activities 1,336,552

Cash Flows from Noncapital Financing Activities:

Grants	9,000
Advances - In	125,000
Advances - Out	(125,000)
Operating Transfers - In	15,567
Operating Transfers - Out	<u>(1,330)</u>

Net Cash Provided by Noncapital Financing Activities 23,237

Cash Flows from Capital and Related Financing Activities:

Principal Paid on Bond Anticipation Notes	(1,115,000)
Principal Paid on OWDA Loans	(199,210)
Principal Paid on OPWC Loans	(13,766)
Principal Paid on General Obligation Revenue Bonds	(225,000)
Principal Paid on Mortgage Revenue Bonds	(90,000)
Interest Paid on Bond Anticipation Notes	(65,787)
Interest Paid on OWDA Loans	(325,019)
Interest Paid on OPWC Loans	(23,340)
Interest Paid on General Obligation Revenue Bonds	(313,094)
Interest Paid on Mortgage Revenue Bonds	(66,890)
Proceeds of Notes	825,000
Proceeds of OWDA Loans	928,012
Proceeds of OPWC Loans	293,460
Acquisition of Fixed Assets	(1,165,661)
Contributed Capital - Special Assessments	(7,875)
Lease Principal	<u>(1,842)</u>

Net Cash Used for Capital and Related Financing Activities (1,566,012)

Cash Flows from Investing Activities:

Interest	<u>27,106</u>
----------	---------------

Net (Decrease) in Cash and Cash Equivalents (179,117)

Cash and Cash Equivalents, Beginning of Year 2,841,672

Cash and Cash Equivalents, End of Year \$2,662,555

See Accompanying Notes to the General Purpose Financial Statements.

CITY OF BUCYRUS, OHIO
 COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 1999
 (CONTINUED)

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities

Operating Income \$962,192

Adjustments to Reconcile Operating Income to Net Cash

Provided by Operating Activities:

Allowance for Uncollectibles	6,749
Depreciation	325,739
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	27,024
Increase in Due from Other Funds	(1,579)
Decrease in Materials and Supplies Inventory	11,574
Increase in Prepaid Items	(3,002)
Decrease in Accounts Payable	(121,435)
Decrease in Accrued Wages Payable	(1,043)
Decrease in Contracts Payable	74,905
Increase in Retainage Payable	11,107
Increase in Due to Other Funds	12,221
Increase in Due to Other Governments	20,042
Increase in Deposits Held and Due to Others	4,347
Increase in Compensated Absences Payable	7,711

Net Cash Provided by Operating Activities \$1,336,552

Non Cash Capital Transactions

In 1999, developers constructed water lines, in the amount of \$216,711, and donated them to the City. In addition, water lines were constructed in the Community Development Block Grant, Issue II, and Marion Road Assessment capital projects fund, in the amount of \$60,631, \$163,800, and \$19,093, respectively. All of these water lines were capitalized and recorded as contributed capital in the Water enterprise fund.

In 1999, sewer lines were constructed in the Marion Road Assessment capital projects fund, in the amount of \$81,779, and donated to the Sewer enterprise fund. These sewer lines were capitalized and recorded as contributed capital in the Sewer enterprise fund.

See Accompanying Notes to the General Purpose Financial Statements.

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 1 - DESCRIPTION OF THE CITY OF BUCYRUS AND THE REPORTING ENTITY

A. THE CITY

The City of Bucyrus is a statutory municipal corporation operating under the laws of the State of Ohio. Bucyrus became a Village in 1822 and was incorporated as a City on February 21, 1883.

The City operates under a mayor-council form of government. Legislative power is vested in a seven-member council and a council president, each elected to two-year terms. The mayor is elected to a four-year term and is the chief executive officer of the City. All City officials except the service-safety director, administrator of city income taxes, and the clerk of courts are elected positions. The service-safety director is appointed by the mayor, the administrator of city income taxes is appointed by the city auditor, and the clerk of courts is appointed by city council.

The City of Bucyrus is divided into various departments and financial management and control systems. Services provided include police protection, fire protection, health services, parks and recreation, airport facilities, street maintenance and repair, and water, sewer, and sanitation services as well as a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures.

B. REPORTING ENTITY

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

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the City. For the City of Bucyrus, this includes the City Health Department, Access, and all departments and activities that are directly operated by the elected City officials.

CITY HEALTH DEPARTMENT

The City Health Department was established according to the provisions of the Ohio Revised Code. The City Health Department is governed by a five-member board of health appointed by the Mayor and approved by the City Council. City Council retains all corporate powers for the health department. Resources for the operation of the department are provided by City Council through the budgetary process.

ACCESS

The City Council established a local volunteer board known as the Bucyrus Access Board and charged them with the responsibility of general operation and management of all local public access facilities (known as Access). The Board is comprised of ten members; seven, designated by the City Council, are representatives from certain community organizations, and three are appointed by the Mayor. Operations of the local public access channel are financed by a portion of a five percent franchise fee collected from MultiChannel TV Cable Company, Inc., the local cable provider.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to influence significantly the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or can provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. There were no component units of the City of Bucyrus in 1999.

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 1 - DESCRIPTION OF THE CITY OF BUCYRUS AND THE REPORTING ENTITY (Continued)

The City of Bucyrus is associated with the Bucyrus Public Library to the extent that the Mayor appoints the Library's Board of Trustees. However, the City of Bucyrus is not financially accountable for the Bucyrus Public Library. The library is presented as a related organization to the City of Bucyrus in Note 19 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The City also applies Financial Accounting Standards Board Statements and Interpretations issued on or before November 31, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements.

A. FUND ACCOUNTING

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

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

Funds are classified into three types: governmental, proprietary, and fiduciary. Each type, in turn, is divided into separate funds. The following types and funds are used by the City:

GOVERNMENTAL FUND TYPES

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

GENERAL FUND

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

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) whose use is restricted. The uses and limitations of each special revenue fund are specified by City ordinances or federal and state statutes.

DEBT SERVICE FUNDS

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

A. FUND ACCOUNTING (Continued)

CAPITAL PROJECTS FUNDS

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

PROPRIETARY FUND TYPE

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

ENTERPRISE FUNDS

The enterprise funds are used to account for the City's water, sewer, and sanitation operations. These funds are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUND TYPES

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City does not have any trust funds. The City's agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

ACCOUNT GROUPS

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

GENERAL FIXED ASSETS ACCOUNT GROUP

The general fixed assets account group is used to account for all fixed assets of the City, other than those accounted for in the enterprise funds. These assets do not represent financial resources available for expenditure.

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

The general long-term obligations account group is used to account for all unmatured long-term obligations of the City, except those accounted for in the enterprise funds.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the combined 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.

All enterprise 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. Enterprise Fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

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

The modified accrual basis of accounting is followed for governmental fund types and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The available period for the City is thirty-one days after year-end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: income taxes withheld by employers, intergovernmental revenues (including motor vehicle license fees, gasoline tax, and local government assistance), reimbursements due from federally funded projects for which corresponding expenditures have been made, charges for current services, fines and forfeitures, and earnings on investments. Other revenues, including income taxes other than those withheld by employers, fees, licenses and permits, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The City reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of December 31, 1999, and delinquent property taxes, whose availability is indeterminable and which are not intended to finance 1999 operations, have also been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in governmental fund types.

The enterprise funds are reported using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. Unbilled service charges receivable are recognized as revenue at year-end.

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations 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 funds, other than agency funds, are legally required to be budgeted and appropriated.

Budgetary information of the Work Release Program special revenue fund is not reported because it is not included in the entity for which the "appropriation budget" is adopted.

TAX BUDGET

A budget of estimated revenues and expenditures for all funds 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. The budget includes proposed expenditures and the means of financing for all funds. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETARY PROCESS (Continued)

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

ESTIMATED RESOURCES

The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The County Budget 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 estimated beginning of year fund balance and 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 the actual unencumbered fund balances from the preceding year. The certificate may be amended further during the year if the City Auditor determines that revenue to be collected will be greater than or less than prior estimates and the County Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the financial statements represent estimates from the final amended certificate issued during 1999.

APPROPRIATIONS

A temporary appropriation ordinance to control the level of expenditures for all funds may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. Appropriations may not exceed estimated resources as established in the amended official certificate of estimated resources. The allocation of appropriations among departments and objects within a fund may be modified during the year with City Council action. Several supplemental appropriation ordinances were legally enacted by City Council during the year. The budget figures, which appear in the statements of budgetary comparisons, represent the appropriated budgeted amounts and all supplemental appropriations.

BUDGETED LEVEL OF EXPENDITURES

Administrative control is maintained through the establishment of detailed line-item budgets. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by the City Council. For all funds, council appropriations are made to personal services, travel and transportation, contractual services, materials and supplies, capital outlay, other expenditures, debt retirement, and transfer accounts for each department. The appropriations set by the City Council must remain fixed unless amended by City Council ordinance. More detailed appropriation allocations may be made by the City Auditor as long as the allocations are within the City Council's appropriated amount.

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 for governmental fund types and are reported in the notes to the general purpose financial statements for the enterprise funds.

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 appropriation. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not reappropriated.

D. CASH AND CASH EQUIVALENTS

To improve cash management, cash received by the City, except cash held by a trustee or held by fiscal or escrow agents is pooled and invested. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

Cash and cash equivalents that are held separately for the City by fiscal or escrow agents and not held with the City Treasurer are recorded on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agents" or as restricted assets, "Cash and Cash Equivalents with Escrow Agents."

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. CASH AND CASH EQUIVALENTS (Continued)

The City utilizes financial institutions as trustees to service its mortgage revenue bonded debt as principal and interest payments

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

come due. Money held by trustees is invested in mutual funds and is presented on the combined balance sheet as restricted assets, "Cash and Cash Equivalents with Fiscal Agents."

Investments are reported at fair value, except for non-negotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. 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, 1999.

The City allocates interest earnings according to the Ohio Constitution and State statutes. Interest revenue credited to the General fund during 1999 was \$238,919, which includes \$118,814 assigned from other City funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the City are considered to be cash and cash equivalents.

E. MATERIALS AND SUPPLIES INVENTORY

Inventories of materials and supplies of governmental funds are stated at cost while inventories of enterprise funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the enterprise funds when used. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable financial resources even though it is a component of net current assets.

F. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

G. RESTRICTED ASSETS

Restricted assets represent certain resources which are segregated from other resources of the City to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of the City or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific uses.

The City has utility deposits from customers that are classified as restricted assets on the combined balance sheet because their use is limited to the payment of unpaid utility bills or refunding of the deposit to the customer.

In addition, the City has utility deposits from customers that are classified as restricted assets on the balance sheet because their use is limited to the payment of unpaid utility bills or the refunding of the deposit to the customer.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. UNAMORTIZED BOND DISCOUNT/ISSUANCE COSTS

For governmental fund types, issuance costs and bond discounts are recognized in the current period. For enterprise funds, issuance costs and bond discounts are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges. Bond discounts are presented

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1999

as a reduction of the face amount of bonds payable.

I. FIXED ASSETS

The fixed asset values were initially determined at December 31, 1991, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at fair market value on the date donated.

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

GENERAL FIXED ASSETS

General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental fund types, and the related assets are reported in the general fixed assets account group at historical cost or estimated historical cost. Assets in the general fixed assets account group are not depreciated.

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

ENTERPRISE FUND FIXED ASSETS

Fixed assets reflected in the enterprise funds are stated at historical cost or estimated historical cost and are updated for the cost of additions and retirements during the year. Depreciation expense on assets constructed or acquired through capital grants is closed to contributed capital.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	45 years
Improvements Other Than Buildings	4 - 45 years
Water and Sewer Lines	50 years
Office Equipment	3 - 30 years
Furniture and Fixtures	10 - 20 years
Vehicles	3 - 10 years

J. INTERFUND RECEIVABLES/PAYABLES

Short-term interfund loans or the short-term portion of advances are classified as "Interfund Receivables/Payables." Receivables and payables arising between funds for goods provided or services rendered are classified as "Due from Other Funds" or "Due to Other Funds" on the combined balance sheet.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. COMPENSATED ABSENCES

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

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's manpower and union contracts. The City records a liability for accumulated unused sick leave for all employees with ten or more years of service with the City.

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

L. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and the long-term pension obligation that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than thirty-one days after year-end are considered not to have used current available financial resources. The police and fire pension liability and capital leases are reported as liabilities of the general long-term obligations account group until due. Long-term debt and other obligations financed by the enterprise funds are reported as liabilities in the appropriate funds.

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles require the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the City's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

M. UNAMORTIZED GAIN/LOSS ON ADVANCE REFUNDING

For advance refundings resulting in the defeasance of debt reported in the enterprise funds, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. The accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt. At December 31, 1999, these bonds are presented in the combined balance sheet net of an unamortized loss in the amount of \$566,957. The loss is being amortized over the remaining thirteen-year life of the bonds.

N. CONTRIBUTED CAPITAL

Contributed capital represents contributions made by the City and other governments, donations made by developers, tap-in fees, and assets whose construction was financed by special assessments. These assets are recorded at their fair market value on the date contributed and are not subject to repayment.

N. CONTRIBUTED CAPITAL (Continued)

Because the City had not prepared financial statements in accordance with generally accepted accounting principles prior to 1992, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying general purpose financial statements. All other fund equity amounts pertaining to enterprise funds have been classified as retained earnings.

O. RESERVES OF FUND EQUITY

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

The City records reservations for portions of fund balances that are segregated for specific future uses or which do not represent available expendable financial resources and, therefore, are not available for expenditure. Undesignated fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and inventory or supplies related to governmental fund types.

Reservations have been established in the enterprise funds to segregate the resources necessary to comply with various covenants of bond financing agreements.

P. INTERGOVERNMENTAL REVENUES

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements, and shared revenues are recorded as receivables and revenues when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants, entitlements, and shared revenues received for enterprise fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital.

Q. INTERFUND TRANSACTIONS

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

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. Residual equity transfers also include the transfer of fixed assets between the enterprise funds and the general fixed asset account group. Fixed assets transferred into enterprise fund are recorded as capital contributions rather than residual equity transfers in and as additions to fixed assets in the general fixed asset account group.

All other interfund transfers are reported as operating transfers.

R. 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 general purpose financial statements and accompanying notes. Actual results may differ from those estimates.

S. MEMORANDUM ONLY - TOTAL COLUMNS ON GENERAL PURPOSE FINANCIAL STATEMENTS

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

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. ACCOUNTABILITY

FUND EQUITY DEFICITS

The deficits in the Issue I-Aumiller Park and Fire Levy '96 capital projects funds, in the amount of \$23,637 and \$92,564, respectively, were created by the application of generally accepted accounting principles. The General fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

CITY OF BUCYRUS, OHIO
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The deficit in the Service Garage Facility capital projects fund, in the amount of \$456,646 was caused by the requirement to report the bond anticipation note liability in the fund receiving the note proceeds. The deficit will be alleviated when the bonds are issued or when the notes are paid.

The deficit in the Sewer enterprise fund, in the amount of \$1,164,029, is the result of accumulating operating losses. The City is reviewing the operation of the fund to determine how best to alleviate the deficit.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principals (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types and the Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Budget and Actual (Non-GAAP Budgetary Basis) - All Enterprise Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budgetary basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures/expenses (budgetary basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis). Material encumbrances are disclosed in the notes for enterprise funds (GAAP basis).
4. Proceeds from and principal payments on bond anticipation notes are reported on the operating statement (budgetary basis) rather than as balance sheet transactions (GAAP basis).
5. For the enterprise funds, the acquisition and construction of capital assets are reported on the operating statement (budgetary basis) rather than as balance sheet transactions (GAAP basis).
6. The City does not budget for the activity of the trustee who receives and holds restricted assets used for the retirement of mortgage revenue bonds in the Water enterprise fund. However, the activity of the trustee is included in the Water enterprise fund for GAAP reporting purposes.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

Adjustments necessary to convert the results of operations for the year on the GAAP basis to the budgetary basis are as follows:

CITY OF BUCYRUS, OHIO
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FOR THE YEAR ENDED DECEMBER 31, 1999

Excess of Revenues and Other Financing Sources Over
(Under) Expenditures And Other Financing Uses
All Governmental Fund Types

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	(\$275,843)	(\$256,207)	(\$15,567)	\$231,490
Increases (Decreases) Due To:				
Revenue Accruals:				
Accrued 1998, Received in Cash 1999	438,956	110,172		65,000
Accrued 1999, Not Yet Received In Cash	(475,714)	(183,416)		(33,081)
Expenditure Accruals:				
Accrued 1998, Paid in Cash 1999	(260,167)	(316,406)		(73,663)
Accrued 1999, Not Yet Paid in Cash	303,020	395,888		78,790
Cash Adjustments:				
Unrecorded Activity 1999	(1,806)			
Change in Prepaid Items	1,745	1,406		
Proceeds of Notes			450,000	
Proceeds of Bonds			151,000	
Note Principal Retirement			(820,055)	(9,000)
Advances - In	125,000			23,637
Advances - Out	(148,637)			
Reallocation of Debt Activity			219,055	(254,535)
Encumbrances Outstanding at Year End (Budgetary Basis)	<u>(537,177)</u>	<u>(551,201)</u>		<u>(57,781)</u>
Budgetary Basis	<u>(\$830,623)</u>	<u>(\$799,764)</u>	<u>(\$15,567)</u>	<u>(\$29,143)</u>

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Income/Excess of Revenues Under Expenses
 All Enterprise Funds

	Enterprise
GAAP Basis	\$158,411
Increase (Decreases) Due To:	
Revenues Accruals:	
Accrued 1998, Received In Cash 1999	608,994
Accrued 1999, Not Yet Received In Cash	(627,855)
Expense Accruals:	
Accrued 1998, Paid In Cash 1999	(791,918)
Accrued 1999, Not Yet Paid In Cash	792,176
Material and Supplies Inventory	11,574
Changes in Prepaid Items	(3,002)
Acquisition of Fixed Assets	(1,173,536)
Depreciation Expense	325,739
Loss on Disposal of Fixed Assets	64,050
Advances - In	125,000
Advances - Out	(125,000)
Proceeds of Notes	825,000
Proceeds of OWDA Notes	928,012
Proceeds of OPWC Notes	293,460
Note Principal Retirement	(1,115,000)
Bond Principal Retirement	(315,000)
OWDA Loan Principal Retirement	(199,210)
OPWC Loan Principal Retirement	(13,766)
Lease Principal Retirement	(1,842)
Amortization of Bond Issuance Costs	3,263
Amortization of Bond Discount	4,300
Amortization of Loss on Advance Refunding	29,188
Deposits Received	63,186
Deposits Refunded	(58,839)
Encumbrances Outstanding at Year-End (Budgetary Basis)	(5,895,692)
Excess of Revenues Over Expenses of Financial Activity with Bond Trustees	(20,224)
Budgetary Basis	(\$6,108,531)

NOTE 5 - 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.

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

Interim monies could be invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligations or securities by the United States, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in the securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool, STAR Ohio.

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

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

Investments in stripped principle 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.

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1999

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.

At year end, the City had \$2,840 in undeposited cash on-hand which is included on the combined balance sheet as part of "Equity in Pooled Cash and Cash Equivalents."

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

At year-end, the carrying amount of the City's deposits was \$2,229,720 and the bank balance was \$2,453,995. Of the bank balance, \$382,793 was covered by federal depository insurance and \$2,071,202 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

	Fair Value
STAR Ohio	\$5,195,539
Mututal Funds	472,266
	\$5,667,805

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

A reconciliation between the classifications of cash and investments on the general purpose financial statements and the classifications of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$7,900,365	
Cash On-Hand	(\$2,840)	
Investments:		
STAR Ohio	(\$5,195,539)	\$5,195,539
Mutual Funds	(472,266)	472,266
GASB Statement No. 3	\$2,229,720	\$5,667,805

NOTE 6 - PROPERTY TAXES

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1999

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Real property tax revenues received in 1999 represent the collection of 1998 taxes. For 1999, real property taxes were levied after October 1, 1999, on the assessed values as of January 1, 1999, the lien date. These taxes will be collected in and are intended to finance 2000 operations. Assessed values for real property taxes are established by State statute at 35 percent of the appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1994. Real property taxes are payable annually or semiannually. The first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes were levied after October 1, 1999, on the assessed values as of December 31, 1998, the lien date. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenue received in 1999 (other than public utility property) represent the collection of 1999 taxes. For 1999, tangible personal property taxes were levied after October 1, 1998, on the true value as of December 31, 1998. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. The first payment is due April 30, with the remainder payable September 20.

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 1999. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 1999 operations.

The full tax rate for all City operations for the year ended December 31, 1999 was \$5.80 per \$1,000 of assessed value. The assessed values of real property, tangible personal property, and public utilities upon which 1999 property tax receipts were based are as follows:

Categories	Amount
Real Property:	
Agricultural	\$331,020
Residential	77,993,360
Commercial	20,476,560
Industrial	10,362,780
Tangible Personal Property	35,624,025
Public Utility Property:	
Real	37,830
Personal	9,370,110
Total Assessed Value	\$154,195,685

NOTE 7 - MUNICIPAL INCOME TAXES

The City levies and collects an income tax of one and one-half percent based on all income earned within the City as well as on

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1999

income of residents earned outside the City. In the latter case, the City allows a credit of one hundred percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

The City's income tax rate includes one percent authorized by state statutes and levied by the City Council and an additional one-half percent levied with voter approval for a period of five years, expiring in 2001. The additional one-half percent is restricted solely for street improvements and is recorded in the Street Maintenance and Repair special revenue fund. The remaining income tax revenues and all related expenditures for administration and collection are accounted for in the General Fund.

NOTE 8 - RECEIVABLES

Receivables at December 31, 1999, consisted of taxes; special assessments; accounts (billings for user charged services, including unbilled utility services); interfund; accrued interest; services charged to other funds; and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are considered fully collectible, except for accounts receivable related to utility services.

A summary of accounts receivable related to utility services is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total Enterprise Funds</u>
Accounts Receivable	\$281,236	\$216,300	\$75,434	\$572,970
Less: Allowance for Uncollectibles	<u>(26,275)</u>	<u>(20,350)</u>	<u>(7,097)</u>	<u>(53,722)</u>
Net Accounts Receivable	<u>\$254,961</u>	<u>\$195,950</u>	<u>\$68,337</u>	<u>\$519,248</u>

NOTE 8 - RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables follows:

CITY OF BUCYRUS, OHIO
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 FOR THE YEAR ENDED DECEMBER 31, 1999

	Amount
General Fund:	
Estate Tax	\$97,897
Fines and Forfeitures	2,825
Local Government	24,387
Local Government Revenue Assistance	3,721
Liquor Permits	63
Total General Fund	128,893
Special Revenue Funds:	
Permissive Motor Vehicle License Tax	4,545
Street Maintenance and Repair	
Gasoline Tax	21,171
Motor Vehicle License Tax	6,176
Total Street Maintenance and Repair	27,347
State Highway	
Gasoline Tax	1,717
Motor Vehicle License Tax	537
Total State Highway	2,254
COPS Grant	43,740
DARE Grant	8,790
Total Special Revenue Funds	86,676
Capital Projects Fund:	
CDBG	14,000
Issue II	19,081
Total Capital Projects Fund	33,081
Enterprise Fund:	
Sewer Fund - OWDA	53,306
Total All Funds	\$301,956

By statute, local property taxes have been reduced 10 percent, with additional reductions for the elderly and the disabled. The amount of these reductions, estimated to be approximately \$88,195, will be paid to the City by the State of Ohio in the latter part of 2000.

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 9 - FIXED ASSETS

A. GENERAL FIXED ASSETS

A summary of the changes in general fixed assets during 1999 is as follows:

	Balance January 1, 1999	Additions	Reductions	Balance December 31, 1999
Land	\$474,762	\$21,000		\$495,762
Buildings	1,591,821		\$12,400	1,579,421
Improvements Other Than Buildings	897,052	500	43,830	853,722
Machinery and Equipment	1,565,589	190,542	115,094	1,641,037
Furniture and Fixtures	32,150		780	31,370
Vehicles	1,451,399	75,289	55,738	1,470,950
Construction in-Process	0	8,638		8,638
Total General Fixed Assets	<u>\$6,012,773</u>	<u>\$295,969</u>	<u>\$227,842</u>	<u>\$6,080,900</u>

B. ENTERPRISE FUND FIXED ASSETS

A summary of the enterprise funds' fixed assets at December 31, 1999, follows:

	Water	Sewer	Solid Waste	Total Enterprise Funds
Land	\$922,475	\$47,422		\$969,897
Buildings	946,500	1,397,946		2,344,446
Improvements Other Than Buildings	5,248,036	17,191		5,265,227
Water and Sewer Lines	4,891,610	5,345,644		10,237,254
Machinery and Equipment	2,110,295	728,516	\$30,337	2,869,148
Furniture and Fixtures	6,259			6,259
Vehicles	140,447	167,491	223,246	531,184
Construction in-Process	312,072	1,008,128		1,320,200
Total	<u>14,577,694</u>	<u>8,712,338</u>	<u>253,583</u>	<u>23,543,615</u>
Less: Accumulated Depreciation	<u>(5,109,390)</u>	<u>(5,029,711)</u>	<u>(167,391)</u>	<u>(10,306,492)</u>
Total Fixed Assets Net of Accumulated Depreciation	<u>\$9,468,304</u>	<u>\$3,682,627</u>	<u>\$86,192</u>	<u>\$13,237,123</u>

NOTE 10 - INTERFUND TRANSACTIONS

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1999

Interfund balances at December 31, 1999, consisted of the following individual fund receivables and payables:

<u>Fund Type/Fund</u>	<u>RECEIVABLE</u>		<u>PAYABLE</u>	
	<u>Due from</u>	<u>Interfund</u>	<u>Due to</u>	<u>Interfund</u>
General Fund	\$180,336	\$80,637	\$590	
Special Revenue Fund:				
COPS Grant				\$57,000
Capital Projects Fund:				
Issue I -Aumiller Park				23,637
Enterprise Funds:				
Water	1,579		60,112	
Sewer			61,101	
Solid Waste			60,112	
Total Enterprise Funds	<u>1,579</u>	<u>0</u>	<u>181,325</u>	<u>0</u>
Total All Funds	<u>\$181,915</u>	<u>\$80,637</u>	<u>\$181,915</u>	<u>\$80,637</u>

NOTE 11 – SIGNIFICANT CONTRACTUAL COMMITMENTS

The City has several outstanding contracts for professional services. The following amounts remain on these contracts as of December 31, 1999:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid as of 12/31/99</u>	<u>Outstanding Balance</u>
Kirk Brothers	\$292,000	\$11,500	\$280,500
Knox Electrical	130,250	\$0	130,250
Mosser Construction	4,253,400	329,083	3,924,317
Wagner Smith Construction	746,000	\$0	746,000

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The City contributes to the Public Employees Retirement System of Ohio (the "System"), a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 13.55 percent; 9.35 percent was the portion used to fund pension obligations. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's contribution to the System for the years ended December 31, 1999, 1998, and 1997, were \$189,734, \$177,451 and \$159,295, respectively; 68 percent has been contributed for 1999 and 100 percent has been contributed for 1998 and 1997. The unpaid contribution for 1999, in the amount of \$61,347, is recorded as a liability within the respective funds and the general long-term obligations account group.

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

B. POLICE AND FIREMEN'S DISABILITY AND PENSION FUND

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police (12.5 percent was the portion used to fund pension obligations); and 24 percent for firefighters (17 percent was the portion used to fund pension obligations). Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 1999, 1998, and 1997, were \$222,863, \$219,186, and \$198,729, respectively; 68 percent has been contributed for 1999 and 100 percent has been contributed for 1998 and 1997. The unpaid contribution for 1999, in the amount of \$71,801, is recorded as a liability within the respective funds and the general long-term obligations account group.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (the "System") provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers." A portion of each employer's contribution to the System is set aside for the funding of postretirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care.

Benefits are funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investments earnings. The contributions allocated to retiree health, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

During 1999, OPEB expenditures made by the System were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through the System was 118,062. The City's actual contributions for 1999 which were used to fund OPEB were \$85,228.

B. POLICE AND FIREMEN'S DISABILITY AND PENSION FUND

The Police and Fireman's Disability and Pension Fund of Ohio (the "Fund") provides postretirement health care coverage to any person who received or is eligible to receive a monthly benefit check, or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18, whether or not the child is attending school, or under the age of 22 if attending school full-time or on a two-thirds basis.

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

B. POLICE AND FIREMEN'S DISABILITY AND PENSION FUND (Continued)

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Fund's Board of Trustees to provide health care coverage and states that health care cost paid from the Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate was 19.5 percent of covered payroll and the total firefighter employer contribution rate was 24 percent; 7 percent was the portion used to fund health care for 1999. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1998, the date of the last actuarial valuation available, was 11,424 for police and 9,186 for firefighters. The City's actual contributions for 1999 that were used to fund postemployment benefits were \$58,984 for police and \$48,396 for firefighters. The Fund's total health care expenses for the year ending December 31, 1998, the latest information available, was \$78,596,790.

NOTE 14 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave components are derived from negotiated agreements and state laws.

City employees earn vacation at varying rates depending on length of service. Current policy credits vacation leave on the employee's anniversary date. City employees are paid for 100 percent of earned, unused vacation leave upon termination.

Sick leave is earned at various rates as defined by City policy and union contracts. Any employee with ten through twenty-four years of service with the City, who elects to retire, is entitled to receive one-fourth of the value of their accumulated unused sick leave up to a maximum of 240 hours for all employees, except for police, who may accumulate a maximum of 280 hours. Any employee with more than twenty-four years of full-time service with the City, who elects to retire, is entitled to receive one-hundred percent of the value of their accumulated unused sick leave up to a maximum number of hours as defined by City policy or union contracts ranging from 1,080 to 1,320 hours.

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 15 - NOTES PAYABLE

The City's note transactions and balances for the year ended December 31, 1999, are as follows:

	Interest Rate	Balance December 31, 1998	Issued	Retired	Balance December 31, 1999
<u>Tax Anticipation Note</u>					
Capital Projects Fund:					
1996 Fire Levy	4.70%	\$345,000		\$115,000	\$230,000
General Obligation Bond					
<u>Anticipation Notes:</u>					
Capital Projects Fund:					
1998 Service Garage	4.24%	550,000		550,000	0
1999 Service Garage	4.38%	0	450,000		450,000
Total Capital Projects Fund		550,000	450,000	550,000	450,000
Enterprise Funds:					
1998 Waterworks System Facilities	3.88%	135,000		135,000	0
1998 Sewer System Facilities	4.00%	930,000		930,000	0
1999 Sewer System Facilities	4.45%		530,000		530,000
1998 Waterworks System Facilities	4.00%	50,000		50,000	0
Total Enterprise Funds		1,115,000	530,000	1,115,000	530,000
Total General Obligation Bond Anticipation Notes		1,665,000	980,000	1,665,000	980,000
Special Assessment Bond					
<u>Anticipation Notes:</u>					
Capital Projects Fund:					
1998 Marion Road Sanitary Sewer	4.10%	9,000		9,000	0
Enterprise Fund:					
1999 State Route 4	3.74%	0	295,000		295,000
Total Special Assessment Bond Anticipation Notes		9,000	295,000	9,000	295,000
Total Notes Payable		<u>\$2,019,000</u>	<u>\$1,275,000</u>	<u>\$1,789,000</u>	<u>\$1,505,000</u>

According to Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. The liability for all notes is presented in the fund receiving the proceeds.

The tax anticipation note was issued in anticipation of the proceeds from a 1.5 mill tax levy for the purpose of acquiring fire apparatus and related equipment. The notes will be retired in four equal annual installments.

All of the City's bond anticipation notes are backed by the full faith and credit of the City and have a maturity of one year. In the event that an assessed property owner fails to make payments on the special assessment bond anticipation notes, the City will be required to pay the related debt.

The special assessment note will be paid from the proceeds of special assessments levied against benefitted property owners.

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 16 - LONG-TERM OBLIGATIONS

The City's long-term activity for the year ended December 31, 1999, is as follows:

	Interest Rate	Balance 12/31/1998	Additions/ Issued	Reductions/ Retired	Balance 12/31/1999
<u>General Long-Term Obligations:</u>					
Special Assessment Note:					
1998 Marion Road Sewer	4.10%	\$115,520		\$115,520	\$0
Special Assessment Bond:					
1999 Marion Road Sewer	5.00%	0	\$115,520		115,520
Other Long-Term Obligations:					
Due to Other Governments		\$117,584	146,670	117,584	146,670
Compensated Absences Payable		260,061	73,105		333,166
Police Pension Liability		163,883		1,938	161,945
Fire Pension Liability		187,113		2,212	184,901
Loan Payable		66,667		33,333	33,334
Capital Leases Payable		19,854	20,373	11,272	28,955
Total Other Long-Term Obligations		815,162	240,148	166,339	888,971
Total General Long-Term Obligations		930,682	355,668	281,859	1,004,491
<u>Enterprise Fund Long-Term Obligations:</u>					
Special Assessment Note:					
1998 Marion Road Sewer	4.10%	35,480		35,480	0
Special Assessment Bond:					
1999 Marion Road Sewer	5.00%	0	35,480		35,480
General Obligation Revenue Bonds:					
1993 Sanitary Sewer Refunding	2.75%-5.9%	3,370,000		165,000	3,205,000
1992 Waterworks System Facilities	3.25-6.5%	1,950,000		60,000	1,890,000
Total General Obligation Revenue Bonds		5,320,000	0	225,000	5,095,000
Mortgage Revenue Bond:					
1977 Waterworks First Mortgage	5.5-6.375%	1,065,000		90,000	975,000
Other Long-Term Obligations:					
OWDA Loans:					
#0632 Water	11.35%	2,863,587	0	199,210	2,664,377
#108DW Water	11.35%	0	61,517	0	61,517
#509SRF Sewer	4.02%	0	866,495	0	866,495
OPWC Loans:					
#CP023 Water	0%	134,626		7,276	127,350
#CP09C Sewer	0%	0	163,650	0	163,650
#CP08C Sewer	0%	0	129,810	6,490	123,320
Compensated Absences		134,598	7,711		142,309
Capital Leases Payable		1,842		1,842	0
Total Other Long-Term Obligations		3,134,653	1,229,183	214,818	4,149,018
Total Enterprise Fund Long-Term Obligations		9,555,133	1,264,663	565,298	10,254,498
Total Long-Term Obligations		\$10,485,815	\$1,620,331	\$847,157	\$11,258,989

SPECIAL ASSESSMENT BONDS

The special assessment bonds are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments or insufficient amounts are assessed to fund the debt, the City will be required to pay the related debt.

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

DUE TO OTHER GOVERNMENTS

The due to other governments liability, representing the City's long-term pension obligation, will be paid from the fund which the employees' salaries are paid.

COMPENSATED ABSENCES PAYABLE

Compensated absences are presented at net because it is not practical to determine the actual increases and decreases. The compensated absences liability will be paid from the fund from which the employees' salaries are paid.

POLICE AND FIRE PENSION LIABILITY

The City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire personnel in 1967. The liability is payable semiannually from the general fund or property tax revenues received in the Police Pension and Fire Pension special revenue funds.

LOAN PAYABLE

In 1998, the City entered into a loan agreement with the Crawford County Development Board, in the amount of \$100,000, for the acquisition of a pond at the Crossroads Industrial Park. The loan is being retired in three equal annual installments.

CAPITAL LEASES PAYABLE

Capital lease obligations will be paid from the fund that maintains custody of the related asset.

GENERAL OBLIGATION REVENUE BONDS

The general obligation revenue bonds are liabilities of the Water and Sewer enterprise funds and pledge their respective revenues for repayment. The bonds also pledge the full faith, credit, and taxing ability of the City in the event that the enterprise funds' revenues are not sufficient to meet the debt principal and interest requirements. The bonds are reported on the combined balance sheet net of the unamortized discount of \$37,800 in the Water Fund and \$60,211 in the Sewer Fund, as well as net of unamortized loss on advance refunding of \$566,956 in the Sewer Fund.

Fund assets, whose uses are restricted under the bond indenture, are presented as restricted assets on the combined balance sheet. Restricted assets relating to the 1992 waterworks system facilities general obligation revenue bonds at December 31, 1999, were the following:

Restricted Assets Held By the City	
General Obligation Revenue Bond Construction	\$247,780

1993 Sanitary Sewer Refunding Bonds

The Sanitary Sewer Refunding general obligation revenue bonds include serial and term bonds. The term bonds have annual mandatory sinking fund redemption requirements and there are optional redemption provisions for the serial bonds. The term bonds mature on October 15, 2012, in the amount of \$1,510,000, at a redemption price equal to 100 percent of the principal plus accrued interest to the redemption date. The serial bonds maturing on or after October 15, 2004 are subject to early redemption, at the sole option of the City, either in whole on any date or in part on any interest payment date, on or after October 15, 2003, in multiples of \$5,000, at the following redemption prices, plus accrued interest:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
October 15, 2003 through October 14, 2004	102 percent
October 15, 2004 through October 14, 2005	101 percent
October 15, 2005 and thereafter	100 percent

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1999

The sanitary sewer refunding bonds defeased in-substance \$3,960,000 in sewer system mortgage revenue bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's general purpose financial statements. At December 31, 1999, \$3,205,000 of this debt was still outstanding.

1992 Waterworks System Facilities Bonds.

The Waterworks System Facilities general obligation revenue bonds include serial and term bonds. The term bonds have annual mandatory sinking fund redemption requirements and there are optional redemption provisions for the serial bonds. The term bonds mature on October 15, 2012, in the amount of \$635,000 and 2017 in the amount of \$750,000 at a redemption price equal to 100% of the principal plus accrued interest to the redemption date. The serial bonds maturing on or after October 15, 2003, are subject to early redemption, at the sole option of the City, either in whole on any date or in part (in inverse order or maturity) on any interest payment date, on or after October 15, 2002, in multiples of \$5,000, at the following redemption prices, plus accrued interest as follows:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
October 15, 2002 through October 14, 2003	102 percent
October 15, 2003 through October 14, 2004	101 percent
October 14, 2004 and thereafter	100 percent

MORTGAGE REVENUE BONDS

Mortgage revenue bonds are special obligations of the City secured by a mortgage upon all assets of the respective systems. These bonds are payable solely from the gross revenues of the water system after provisions for reasonable operating and maintenance expenses. The bond indentures have certain restrictive covenants and principally require that bond reserve funds be maintained and charges for services to customers be in sufficient amounts to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemptions of principal, and maintenance of properties.

Fund assets, whose use are restricted under the bond indentures are presented as restricted assets on the balance sheet. Restricted assets relating to the water mortgage revenue bonds at December 31, 1999, were as follows:

<u>Restricted Assets Held By The Trustee</u>	
Mortgage Revenue Bond Current Debt Service	\$224,203
Mortgage Revenue Bond Future Debt Service	\$248,065

1977 Waterworks First Mortgage Revenue Bonds

The Waterworks First Mortgage revenue bonds have optional redemption provisions which, at the sole option of the City, are callable either in whole or in part (in inverse order) on any interest payment date, on or after March 15, 1987, at the following redemption prices, plus accrued interest to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
March 15, 1997 through September 15, 2001	101 percent
March 15, 2002 and thereafter	100 percent

OWDA LOANS

OWDA Loans consist of money owed to the Ohio Water Development Authority for the construction of an upground storage reservoir and upgrades to the City's water and sewer treatment plants. OWDA loans are payable solely from the gross revenues of the water and sewer systems.

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1999

OPWC LOANS

OPWC loans consist of money owed to the Ohio Public Works Commission for the replacement of a water line and upgrades to the City's sewer treatment plant. The loans are interest free. OPWC loans are payable solely from the gross revenues for the water and sewer systems.

The City's overall legal debt margin was \$15,477,213 at December 31, 1999.

The water and sewer treatment plant upgrades funded by OWDA loans have not been completed. An amortization schedule for the repayment of the loans will not be available until the projects are completed, and therefore, are not included in the following schedules.

The following is a summary of the City's future annual debt service requirements for general long-term obligations:

<u>Year</u>	<u>Speical Assessment Bonds</u>	<u>Police and Fire Pension Liability</u>	<u>Total</u>
2000	\$11,131	\$19,024	\$30,155
2001	10,863	19,024	29,887
2002	10,595	19,024	29,619
2003	10,328	19,024	29,352
2004	10,060	19,024	29,084
2005-2009	47,049	95,120	142,169
2010-2014	42,842	95,120	137,962
2015-2019	35,193	95,120	130,313
2020-2024	0	95,120	95,120
2025-2035	0	198,891	198,891
	<u>\$178,061</u>	<u>\$674,491</u>	<u>\$852,552</u>

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

The City's future annual debt service requirements, including mandatory sinking fund requirements, payable from the enterprise funds were as follows:

Year	Special Assessment Bonds	General Obligation Revenue Bonds	Mortgage Revenue Bonds	OWDA Loans	OPWC Loans	Total
2000	\$3,419	\$536,723	\$154,093	\$524,227	\$20,259	\$1,238,721
2001	3,337	539,471	157,753	524,227	36,624	1,261,412
2002	3,255	541,026	155,900	524,227	36,624	1,261,032
2003	3,172	536,471	153,728	524,227	36,624	1,254,222
2004	3,090	536,066	156,078	524,227	36,624	1,256,085
2005-2009	14,451	2,682,625	466,596	1,572,680	176,630	4,912,982
2010-2014	13,158	1,970,637			52,755	2,036,550
2015-2019	10,806	543,700			18,180	572,686
	<u>\$54,688</u>	<u>\$7,886,719</u>	<u>\$1,244,148</u>	<u>\$4,193,815</u>	<u>\$414,320</u>	<u>\$13,793,690</u>

NOTE 17 - CAPITAL LEASES - LESSEE DISCLOSURE

The City has entered into capitalized leases for equipment. The leases 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 risks of ownership to the lessee. New capital leases are reflected in the accounts "Capital Outlay" and "Inception of Capital Lease" in the funds which will be making the lease payment. Capital lease payments are reflected as debt service expenditures in the general purpose financial statements for the governmental funds and as a reduction of the liability in the enterprise funds. General fixed assets consisting of equipment have been capitalized in the general fixed assets account group in the amount of \$38,843. These amounts represent the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group and in the enterprise funds. Principal payments in 1999 totaled \$7,542 in the governmental funds and \$1,842 in the enterprise funds. During 1999, a capital lease was terminated which resulted in a reduction in the capital lease liability of \$3,730.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 1999:

<u>Year</u>	<u>GLTOAG</u>
2000	\$8,490
2001	8,490
2002	8,490
2003	5,520
2004	377
Total	31,367
Less: Amount Representing Interest	(2,412)
Present Value of Net Minimum Lease Payments	<u>\$28,955</u>

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 18 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has entered into contracts with various insurance agencies for insurance with the following coverages and deductibles:

<u>Description of Coverage</u>	<u>Amount</u>	<u>Deductible</u>
Boiler and Machinery	\$50,000,000	\$1,000
Property (building and contents)	19,276,776	1,000
Property (extra expense)	120,000	1,000
Earthquake	20,000,000	10,000
Flood	1,000,000	10,000
Computer Equipment	100,000	250
Data, Media, Extra Expense	20,000	250
Accounts Receivable	100,000	0
Building Ordinances of Laws	100,000	0
Newly Acquired Property (building limit)	1,000,000	0
Newly Acquired Property (business personal property limit)	500,000	0
Valuable Records Research	100,000	0
Employee Benefits Liability (aggregate)	3,000,000	*
Employee Benefits Liability (each occurrence)	1,000,000	1,000
Health Care Facility Medical (aggregate)	3,000,000	0
Health Care Facility Medical (each occurrence)	1,000,000	0
Public Entity Management (aggregate)	2,000,000	*
Public Entity Management (each occurrence)	1,000,000	5,000
Police Professional Liability (aggregate)	2,000,000	*
Police Professional Liability (each occurrence)	1,000,000	5,000
Commercial Umbrella (aggregate)	9,000,000	0
Commercial Umbrella (per occurrence)	9,000,000	0
Commercial Umbrella (products - completed operations)	9,000,000	0
General Liability (aggregate)	3,000,000	0
General Liability (per occurrence)	1,000,000	0
General Liability (products and completed work)	1,000,000	0
General Liability (personal injury - each person)	1,000,000	0
General Liability (advertising injury - each person)	1,000,000	0
General Liability (premises damage limit)	500,000	0
Contractor's Equipment	1,627,765	250
Auto Fleet Liability/Physical Damage (each accident)	1,000,000	250/500
Blanket Public Employee Dishonesty	10,000	0
Monies and Securities Protection	10,000	0

* Deductibles are on a pre-occurrence basis. Therefore, total deductible depends on total number of occurrences.

There has been no significant reductions in insurance coverage from 1998, and no insurance settlement has exceeded insurance coverage during the last three years.

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 18 - RISK MANAGEMENT (Continued)

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

NOTE 19 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains three enterprise funds which are intended to be self-supporting through user fees charged for services provided to consumers for water, sewer and sanitation services. Financial segment information for the year ended December 31, 1999, was as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$2,255,208	\$1,741,776	\$558,932	\$4,555,916
Depreciation Expense	125,117	185,373	15,249	325,739
Operating Income (Loss)	977,487	7,572	(22,867)	962,192
Grants		53,306		53,306
Operating Transfers-In		17,022		17,022
Operating Transfers-Out	(953)		(377)	(1,330)
Net Income (Loss)	466,177	(283,421)	(24,345)	158,411
Current Capital Contributions:				
Intergovernmental	224,431			224,431
Developers	216,711			216,711
Special Assessments	26,968	81,779		108,747
Fixed Assets:				
Additions	1,112,200	585,758	17,592	1,715,550
Reductions	116,531	106,044	71,768	294,343
Net Working Capital	459,499	(53,490)	175,652	581,661
Bonds and Other Long-Term Obligations (long-term portion only):				
Compensated Absences Payable	87,137	30,933	21,480	139,550
OWDA Loans Payable	2,504,074	866,495		3,370,569
OPWC Loans Payable	120,074	273,989		394,063
General Obligation Revenue Bonds Payable (net of unamortized discount and unamortized loss on advance refunding)	1,792,200	2,402,833		4,195,033
Special Assessment Debt with Governmental Commitment		33,835		33,835
Mortgage Revenue Bonds Payable	880,000			880,000
Total Assets	11,564,271	4,798,384	357,726	16,720,381
Total Equity	5,205,245	109,262	240,364	5,554,871
Encumbrances Outstanding at Year End (Budgetary Basis)	592,956	5,294,438	8,298	5,895,692

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 20 - RELATED ORGANIZATION

The Bucyrus Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is Governed by a Board of Trustees appointed by the Mayor. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the City for operational subsidies. Although the City does serve as the taxing authority and issues tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Library Trustees. The Library is not considered part of the City and its operations are not included within the accompanying financial statements. Financial information can be obtained from the Bucyrus Public Library, Bob Segal, Clerk/Treasurer, 200 East Mansfield Street, Bucyrus, Ohio 44820.

NOTE 21 - CONTINGENT LIABILITIES

A. LITIGATION

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

B. FEDERAL AND STATE GRANTS

For the period January 1, 1999, to December 31, 1999, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 22 - SUBSEQUENT EVENTS

On March 15, 2000, the City issued \$180,000 in bond anticipation notes to retire notes previously issued for construction of water and sewer lines and a pump station. The notes have an interest rate of 4.75 percent and mature on November 16, 2000.

On July 11, 2000, the City issued \$350,000 in bond anticipation notes to retire notes previously issued for the construction of a service garage. The notes have an interest rate of 5.1 percent and mature on July 18, 2001.

CITY OF BUCYRUS, OHIO
STATUS OF PRIOR YEAR CITATIONS AND RECCOMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 1999

CITATIONS - None

RECOMMENDATIONS - None



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

Members of Council
City of Bucyrus, Ohio

We have audited the general purpose financial statements of City of Bucyrus, Ohio, as of and for the year ended December 31, 1999, and have issued our report thereon dated November 8, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Bucyrus, Ohio's, general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of City of Bucyrus, Ohio, in a separate letter dated November 8, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Bucyrus, Ohio's, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of City of Bucyrus, Ohio, in a separate letter dated November 8, 2000.

This report is intended solely for the information and use of City Council, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Pry CPA Services, Inc.

Findlay, Ohio
November 8, 2000

CITY OF BUCYRUS, OHIO
SCHEDULE OF FINDINGS
DECEMBER 31, 1999

A. SUMMARY OF AUDIT RESULTS

The auditor's report expresses an unqualified opinion on the financial statements of City of Bucyrus, Ohio.

No reportable conditions were disclosed during the audit of the financial statements of City of Bucyrus, Ohio.

No instances of noncompliance material to the financial statements of City of Bucyrus, Ohio, were disclosed during the audit.

For 1999, City of Bucyrus, Ohio, is not required to have a Single Audit performed in accordance with Office of Management and Budget Circular A-133.

B. FINDINGS – AUDIT OF FINANCIAL STATEMENTS

MATERIAL NONCOMPLIANCE - None

CITY OF BUCYRUS, OHIO
GENERAL COMMENTS

Pry CPA Services, Inc. wishes to thank City of Bucyrus personnel for their cooperation during the audit. We found the personnel to be friendly and readily available when needed.

CITY OF BUCYRUS, OHIO
CONCLUSION STATEMENT

The audit report, including recommendations and citations, was reviewed with and acknowledged by the following officials on December 6, 2000:

Joyce M. Schifer, City Auditor
Carol A. Wagner, ex-City Auditor
Glenn T. Achermann, Mayor
J. Andrew Motter, Law Director
Jeff Campbell, Service-Safety Director
Mike L. Corwin, Police Chief
Sylvia M. See, Council Member

These officials were informed that they had five days from the date of the post-audit conference to respond to, or contest, in writing, the citations made. No written comments were received.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
Facsimile 614-466-4490

CITY OF BUCYRUS

CRAWFORD 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
DECEMBER 28, 2000**