

CITY OF EAST PALESTINE
ANNUAL REPORT
YEAR ENDED DECEMBER 31, 1999

**CITY OF EAST PALESTINE
COLUMBIANA COUNTY**

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Honorable Mayor and Members of City Council
City of East Palestine
82 Garfield Avenue
East Palestine, Ohio 44413

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



JIM PETRO
Auditor of State

July 26, 2000

WOLFE, WILSON, & PHILLIPS, INC.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of City Council
City of East Palestine
East Palestine, Ohio 44413

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

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of City of East Palestine as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund 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 June 16, 2000, on our consideration of City of East Palestine's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the financial statements of the City, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. The Schedules of General Fixed Assets, and Combining Statement of Changes in Assets and Liabilities – Agency Funds are presented for purposes of additional analysis and are not a required part of the financial statements. The information in those schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Wolfe, Wilson, & Phillips, Inc.

Zanesville, Ohio
June 16, 2000

Brad Wolfe, J.D., M.B.A., CPA
Joseph W. Wilson, M.B.A., CPA, CMA
Kenneth B. Phillips, CPA

THE CITY OF EAST PALESTINE, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999

	Governmental			Proprietary			Fiduciary			Account			Totals (Memorandum Only)
	Fund Types			Fund Types			Fund Types			Groups			
General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	Long-Term Obligations	General	Long-Term Obligations	Memorandum Only		
Assets:													
Cash and Cash Equivalents	\$147,632	\$299,892	\$34,866	\$332,297	\$21,113	\$1,513	\$0	\$0	\$0	\$0	\$1,165,730		
Investments	210,306	245,434	0	365,957	0	0	0	0	0	0	821,697		
Receivables (net of allowance for doubtful accounts):													
Taxes	239,225	203,711	0	0	0	0	0	0	0	0	462,936		
Accounts	40,316	110	0	0	92	0	0	0	0	0	127,649		
Interest	16,280	272	0	0	62	0	0	0	0	0	16,614		
Loans	0	17,653	0	0	0	0	0	0	0	0	17,653		
Special Assessments	0	0	22,223	0	0	0	0	0	0	0	22,223		
Interfund Loans Receivables	30,088	0	0	0	0	833,954	0	0	0	0	864,042		
Intergovernmental Receivables	4,109	0	0	0	0	0	0	0	0	0	4,325		
Inventory of Supplies at Cost	0	4,173	0	0	0	0	0	0	0	0	5,562		
Prepaid Items	22,892	0	0	0	591	0	0	0	0	0	23,483		
Restricted Assets:													
Cash and Cash Equivalents	0	0	0	0	0	2,197,782	0	0	0	0	2,197,782		
Fixed Assets (net of accumulated depreciation)	0	0	0	0	0	0	4,097,893	0	0	0	7,218,709		
Other Debits:													
Amount Available in Debt Service Fund	0	0	0	0	0	0	0	0	0	34,866	34,866		
Amount to be Provided for													
General Long-Term Obligations	0	0	0	0	0	0	0	0	0	575,017	575,017		
Total Assets and Other Debits	\$730,848	\$771,245	\$57,089	\$698,254	\$3,538,622	\$21,705	\$4,097,893	\$609,883	\$4,097,893	\$609,883	\$13,558,288		

(Continued)

	Governmental			Proprietary			Fiduciary			Account		
	Fund Types			Fund Types			Fund Types			Groups		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	Long-Term Obligations	Totals (Memorandum Only)		
Liabilities and Other Credits:												
Liabilities:												
Accounts Payable	\$16,007	\$203,333	\$0	\$51,039	\$46,006	\$0	\$0	\$0	\$0	\$0	\$0	\$316,385
Accrued Wages and Benefits	61,110	14,091	0	0	12,004	0	0	0	0	0	0	87,205
Interfund Loans Payables	0	138,896	0	725,146	0	0	0	0	0	0	0	864,042
Intergovernmental Payables	387	995	0	0	0	0	0	0	0	0	0	1,382
Due to Others	0	0	0	0	0	0	1,513	0	0	0	0	1,513
Accrued Interest Payable	0	0	0	0	48,096	0	0	0	0	0	0	48,096
Deferred Revenue	146,026	221,364	22,223	0	37,674	0	0	0	0	0	0	427,287
General Obligation Note Payable	0	32,000	0	0	0	0	0	0	0	0	0	32,000
Compensated Absences Payable	0	0	0	0	51,778	0	0	0	0	0	0	285,055
Capital Leases Payable	0	0	0	0	0	0	0	0	0	0	0	303,866
General Obligation Bonds Payable	0	0	0	0	2,320,000	0	0	0	0	0	0	2,320,000
Special Assessment Bonds Payable	0	0	0	0	0	0	0	0	0	0	0	45,000
Ohio Water Development Authority Loan Payable	0	0	0	0	1,777,085	0	0	0	0	0	0	1,777,085
Ohio Public Works Commission Loan Payable	0	0	0	0	0	0	0	0	0	0	0	27,740
Farmers Home Administration Loan	0	0	0	0	2,321,000	0	0	0	0	0	0	2,321,000
Total Liabilities	223,530	610,679	22,223	776,185	6,613,643	0	1,513	0	609,883	0	609,883	8,857,656
Equity and Other Credits:												
Investment in General Fixed Assets	0	0	0	0	0	0	0	4,097,893	0	0	0	4,097,893
Contributed Capital	0	0	0	0	1,608,148	0	0	0	0	0	0	1,608,148
Retained Earnings:												
Unreserved	0	0	0	0	(4,683,169)	21,205	0	0	0	0	0	(4,661,964)
Fund Balances:												
Reserved for Encumbrances	13,090	40,094	0	227,439	0	0	0	0	0	0	0	280,623
Reserved for Supplies Inventory	0	4,173	0	0	0	0	0	0	0	0	0	4,173
Reserved for Prepaid Items	22,892	0	0	0	0	0	0	0	0	0	0	22,892
Reserved for Debt Service	0	0	34,866	0	0	0	0	0	0	0	0	34,866
Reserved for Restricted Assets	0	0	0	0	0	0	2,197,782	0	0	0	0	2,197,782
Unreserved:												
Undesignated	(471,336)	116,299	0	(305,370)	0	0	833,954	0	0	0	0	1,116,219
Total Equity and Other Credits	507,318	160,566	34,866	(77,931)	(3,075,021)	21,205	3,031,736	4,097,893	0	0	0	4,700,632
Total Liabilities, Equity and Other Credits	\$730,848	\$771,245	\$57,089	\$698,254	\$3,538,622	\$21,205	\$3,033,249	\$4,097,893	\$609,883	\$0	\$609,883	\$13,558,288

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

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

	<i>Governmental Fund Types</i>				Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	
Revenues:					
Taxes	\$919,175	\$228,815	\$0	\$0	\$1,147,990
Intergovernmental Revenues	244,652	570,401	0	167,306	982,359
Charges for Services	156,491	81,497	0	105,746	343,734
Licenses and Permits	54,409	0	0	0	54,409
Investment Earnings	298,676	4,348	0	0	303,024
Special Assessments	0	0	22,007	0	22,007
Fines and Forfeitures	18,944	959	0	0	19,903
All Other Revenues	27,060	15,402	0	0	42,462
Total Revenues	1,719,407	901,422	22,007	273,052	2,915,888
Expenditures:					
Current:					
Security of Persons and Property	941,361	64,149	0	0	1,005,510
Public Health and Welfare Services	43,122	0	0	0	43,122
Leisure Time Activities	0	198,191	0	0	198,191
Community Environment	0	497,740	0	0	497,740
Basic Utilities	782	0	0	0	782
Transportation	0	307,182	0	0	307,182
General Government	464,205	41,719	0	0	505,924
Capital Outlay	0	23,043	0	2,070,810	2,093,853
Debt Service:					
Principal Retirements	0	0	16,460	0	16,460
Interest and Fiscal Charges	0	3,100	6,613	47,047	56,760
Total Expenditures	1,449,470	1,135,124	23,073	2,117,857	4,725,524
Excess (Deficiency) of Revenues Over (Under) Expenditures	269,937	(233,702)	(1,066)	(1,844,805)	(1,809,636)
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	2,719	0	0	0	2,719
Proceeds from Ohio Public Works Commission	0	0	0	29,200	29,200
Operating Transfers In	119,105	174,983	2,312,165	4,037,535	6,643,788
Operating Transfers Out	(323,817)	(65,948)	(2,324,920)	0	(2,714,685)
Other Financing Sources-Capital Leases	0	0	0	300,801	300,801
Total Other Financing Sources (Uses)	(201,993)	109,035	(12,755)	4,367,536	4,261,823
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	67,944	(124,667)	(13,821)	2,522,731	2,452,187
Fund Balance (Deficit) Beginning of Year Restated	439,374	291,307	48,687	(2,600,662)	(1,821,294)
Decrease in Inventory Reserve	0	(6,074)	0	0	(6,074)
Fund Balance (Deficit) End of Year	\$507,318	\$160,566	\$34,866	(\$77,931)	\$624,819

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

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

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$833,025	\$918,652	\$85,627	\$203,450	\$231,555	\$28,105
Intergovernmental Revenues	219,063	238,497	19,434	588,945	570,401	(18,544)
Charges for Services	109,600	156,457	46,857	73,500	81,497	7,997
Licenses and Permits	52,000	51,866	(134)	0	0	0
Investment Earnings	210,000	282,551	72,551	5,000	4,076	(924)
Special Assessments	0	0	0	0	0	0
Fines and Forfeitures	30,000	19,355	(10,645)	650	940	290
All Other Revenues	23,500	25,402	1,902	25,500	15,515	(9,985)
Total Revenues	1,477,188	1,692,780	215,592	897,045	903,984	6,939
Expenditures:						
Current:						
Security of Persons and Property	943,997	931,770	12,227	65,200	64,428	772
Public Health and Welfare Services	45,677	43,484	2,193	0	0	0
Leisure Time Activities	0	0	0	202,740	195,260	7,480
Community Environment	0	0	0	520,000	498,769	21,231
Transportation	0	0	0	378,101	307,070	71,031
General Government	534,259	502,903	31,356	176,789	80,334	96,455
Capital Outlay	0	0	0	23,043	23,043	0
Debt Service:						
Principal Retirement	0	0	0	40,000	40,000	0
Interest and Fiscal Charges	0	0	0	3,100	3,100	0
Total Expenditures	1,523,933	1,478,157	45,776	1,408,973	1,212,004	196,969
Excess (Deficiency) of						
Revenues Over (Under) Expenditures	(46,745)	214,623	261,368	(511,928)	(308,020)	203,908

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

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	1,000	2,719	1,719	0	0	0
Proceeds from General Obligation Notes	0	0	0	32,000	32,000	0
Proceeds from General Obligation Bonds	0	0	0	0	0	0
Operating Transfers In	233,800	119,105	(114,695)	187,818	174,983	(12,835)
Operating Transfers Out	(462,418)	(323,817)	138,601	(150,343)	(65,948)	84,395
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	108,808	108,808	0
Other Financing Sources - Capital Leases	0	0	0	0	0	0
Total Other Financing Sources (Uses)	(227,618)	(201,993)	25,625	178,283	249,843	71,560
Excess (Deficiency) of Revenues and						
Other Financing Sources Over (Under)						
Expenditures and Other Financing Uses	(274,363)	12,630	286,993	(333,645)	(58,177)	275,468
Fund Balance at Beginning of Year	341,522	341,522	0	332,912	332,912	0
Residual Equity Transfer	0	0	0	0	0	0
Prior Year Encumbrances	15,501	15,501	0	6,084	6,084	0
Fund Balance at End of Year	\$82,660	-\$369,653	\$286,993	\$5,351	\$280,819	\$275,468

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

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

<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0	\$1,036,475	\$1,150,207	\$113,732
0	0	0	167,306	167,306	0	975,314	976,204	890
0	0	0	70,500	105,746	35,246	253,600	343,700	90,100
0	0	0	0	0	0	52,000	51,866	(134)
0	0	0	0	0	0	215,000	286,627	71,627
22,000	22,007	7	0	0	0	22,000	22,007	7
0	0	0	0	0	0	30,650	20,295	(10,355)
0	0	0	0	0	0	49,000	40,917	(8,083)
22,000	22,007	7	237,806	273,052	35,246	2,634,039	2,891,823	257,784
0	0	0	0	0	0	1,009,197	996,198	12,999
0	0	0	0	0	0	45,677	43,484	2,193
0	0	0	0	0	0	202,740	195,260	7,480
0	0	0	0	0	0	520,000	498,769	21,231
0	0	0	0	0	0	378,101	307,070	71,031
0	0	0	0	0	0	711,048	583,237	127,811
0	0	0	2,591,599	2,421,036	170,563	2,614,642	2,444,079	170,563
2,318,000	2,316,460	1,540	0	0	0	2,358,000	2,356,460	1,540
23,000	21,533	1,467	0	0	0	26,100	24,633	1,467
2,341,000	2,337,993	3,007	2,591,599	2,421,036	170,563	7,865,505	7,449,190	416,315
(2,319,000)	(2,315,986)	3,014	(2,353,793)	(2,147,984)	205,809	(5,231,466)	(4,557,367)	674,099

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

<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>			<i>(Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
0	0	0	0	0	0	1,000	2,719	1,719
0	0	0	0	0	0	32,000	32,000	0
2,300,000	2,312,165	12,165	0	0	0	2,300,000	2,312,165	12,165
0	0	0	2,062,856	1,649,770	(413,086)	2,484,474	1,943,858	(540,616)
(10,000)	(10,000)	0	0	0	0	(622,761)	(399,765)	222,996
0	0	0	90,000	90,000	0	90,000	90,000	0
0	0	0	(75,000)	(75,000)	0	33,808	33,808	0
0	0	0	0	83,625	83,625	0	83,625	83,625
2,290,000	2,302,165	12,165	2,077,856	1,748,395	(329,461)	4,318,521	4,098,410	(220,111)
(29,000)	(13,821)	15,179	(275,937)	(399,589)	(123,652)	(912,945)	(458,957)	453,988
29,649	29,649	0	251,838	251,838	0	955,921	955,921	0
0	0	0	0	0	0	0	0	0
0	0	0	586,565	586,565	0	608,150	608,150	0
\$649	\$15,828	\$15,179	\$562,466	\$438,814	(\$123,652)	\$651,126	\$1,105,114	\$453,988

THE CITY OF EAST PALESTINE, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>Enterprise Funds</i>	<i>Internal Service Fund</i>	<i>Non- Expendable Trust Funds</i>	<i>Totals (Memorandum Only)</i>
<u>Operating Revenues:</u>				
Charges for Services	\$1,301,252	\$71,500	\$0	\$1,372,752
Other Operating Revenues	0	72,013	0	72,013
Total Operating Revenues	1,301,252	143,513	0	1,444,765
<u>Operating Expenses:</u>				
Personal Services	296,669	162,791	0	459,460
Materials and Supplies	53,017	0	0	53,017
Contractual Services	182,067	0	0	182,067
Utilities	129,416	0	0	129,416
Depreciation	138,089	0	0	138,089
Total Operating Expenses	799,258	162,791	0	962,049
Operating Income (Loss)	501,994	(19,278)	0	482,716
<u>Nonoperating Revenues (Expenses):</u>				
Investment Earnings	4,319	0	0	4,319
Interest and Fiscal Charges	(318,839)	0	0	(318,839)
Other Nonoperating Revenues	2,385	6,328	77	8,790
Loss on Disposal of Fixed Asset	(684)	0	0	(684)
Total Nonoperating Revenues (Expenses)	(312,819)	6,328	77	(306,414)
Income (Loss) Before Operating Transfers	189,175	(12,950)	77	176,302
<u>Operating Transfers:</u>				
Operating Transfers In	17,504	0	2,519	20,023
Operating Transfers Out	(3,949,126)	0	0	(3,949,126)
Total Operating Transfers	(3,931,622)	0	2,519	(3,929,103)
Net Income (Loss)	(3,742,447)	(12,950)	2,596	(3,752,801)
Retained Earnings (Accumulated Deficit)/ Fund Balance at Beginning of Year	(940,722)	34,155	3,029,140	2,122,573
Retained Earnings (Accumulated Deficit)/ Fund Balance at End of Year	<u>(\$4,683,169)</u>	<u>\$21,205</u>	<u>\$3,031,736</u>	<u>(\$1,630,228)</u>

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

THE CITY OF EAST PALESTINE, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>Enterprise Funds</i>	<i>Internal Service Fund</i>	<i>Non- Expendable Trust Funds</i>	<i>Totals (Memorandum Only)</i>
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$1,303,711	\$77,736	\$77	\$1,381,524
Cash Payments for Goods and Services	(337,237)	0	0	(337,237)
Cash Payments to Employees	(281,780)	(162,791)	0	(444,571)
Other Operating Revenue	0	72,013	0	72,013
Net Cash Provided (Used) for Operating Activities	684,694	(13,042)	77	671,729
<u>Cash Flows from Noncapital Financing Activities:</u>				
Advances In from Other Funds	0	0	75,000	75,000
Transfers In from Other Funds	17,504	0	2,519	20,023
Transfers Out to Other Funds	(3,876,281)	0	(198,808)	(4,075,089)
Net Cash Used for Noncapital Financing Activities	(3,858,777)	0	(121,289)	(3,980,066)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(15,115)	0	0	(15,115)
Proceeds from General Obligation Bond	2,380,000	0	0	2,380,000
Proceeds from Ohio Water Development Authority Loan	1,237,264	0	0	1,237,264
Principal Paid on General Obligation Bond	(60,000)	0	0	(60,000)
Principal Paid on Farmers Home Administration Loan	(25,000)	0	0	(25,000)
Principal Paid on Ohio Water Development Authority Loan	(41,525)	0	0	(41,525)
Interest Paid on All Debt	(384,910)	0	0	(384,910)
Net Cash Provided by Capital and Related Financing Activities	3,090,714	0	0	3,090,714
<u>Cash Flows from Investing Activities:</u>				
Receipts of Interest	7,366	0	0	7,366
Net Cash Provided by Investing Activities	7,366	0	0	7,366
Net Decrease in Cash and Cash Equivalents	(76,003)	(13,042)	(121,212)	(210,257)
Cash and Cash Equivalents at Beginning of Year	404,420	34,155	2,318,994	2,757,569
Cash and Cash Equivalents at End of Year	\$328,417	\$21,113	\$2,197,782	\$2,547,312
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet</u>				
Cash and Cash Equivalents	\$328,417	\$21,113	\$0	\$349,530
Add: Restricted Cash and Cash Equivalents	0	0	2,197,782	2,197,782
Cash and Cash Equivalents at End of Year	\$328,417	\$21,113	\$2,197,782	\$2,547,312

THE CITY OF EAST PALESTINE, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>Enterprise Funds</i>	<i>Internal Service Fund</i>	<i>Non- Expendable Trust Funds</i>	<i>Totals (Memorandum Only)</i>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	\$501,994	(\$19,278)	\$0	\$482,716
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	138,089	0	0	138,089
Non-Operating Revenues	2,385	6,328	77	8,790
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	28,796	(92)	0	28,704
Increase in Inventory	(914)	0	0	(914)
Increase in Prepaid Items	(591)	0	0	(591)
Increase in Accounts Payable	28,804	0	0	28,804
Increase in Accrued Wages and Benefits	234	0	0	234
Increase in Compensated Absences	14,655	0	0	14,655
Decrease in Deferred Revenue	(28,722)	0	0	(28,722)
Decrease in Intergovernmental Payables	(36)	0	0	(36)
Total Adjustments	<u>182,700</u>	<u>6,236</u>	<u>77</u>	<u>189,013</u>
Net Cash Provided (Used) for Operating Activities	<u>\$684,694</u>	<u>(\$13,042)</u>	<u>\$77</u>	<u>\$671,729</u>

Schedule of Noncash Investing, Capital and Financing Activities:

During 1999, the Water Fund and Sewer Fund received \$77,795 and \$73,616, respectively, of contributed capital assets from other City funds.

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

THE CITY OF EAST PALESTINE, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of East Palestine, Ohio (the "City") is a home rule municipal corporation created under the laws of the State of Ohio. East Palestine was first incorporated as a village on February 27, 1876. The City currently operates under and is governed by its own Charter. The current Charter, which provides for a Council-City Manager form of government, was adopted in 1990.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the City's ability to impose its will over the organization, or the possibility that the organization will provide a financial benefit to or impose a financial burden on the City. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the City's reporting entity. Based on the foregoing, the reporting entity of the City includes the following services: police and fire protection, emergency medical, parks, recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and operates a water treatment and distribution system and a wastewater treatment and collection system, which are reported as enterprise funds.

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies:

B. Basis of Presentation - Fund Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds - The governmental funds are those funds through which most governmental functions are typically 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 flow" (sources, uses and balances of financial resources). The following are the City's governmental fund types:

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

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

Debt Service Fund - This fund is used for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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

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

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

Internal Service Fund - This fund is used to account for the financing of services provided by one department to other departments or agencies of the governmental unit, or to other governmental units on a cost reimbursement basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City maintains agency funds and two nonexpendable trust funds. The nonexpendable trust funds are accounted for and reported similarly to proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

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

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

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

C. Basis of Accounting

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Property taxes measurable as of December 31, 1999 but which are not intended to finance 1999 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

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

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

D. Budgetary Process

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

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by ordinance of the City Council.

1. Tax Budget

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. During 1999, several supplemental appropriations were necessary to budget the use of contingency funds and various note proceeds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)6. Budgetary Basis of Accounting (Continued)

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

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds
GAAP Basis (as reported)	\$67,944	(\$124,667)	(\$13,821)	\$2,522,731
Increase (Decrease):				
Accrued Revenues at December 31, 1999 received during 2000	(173,904)	(382)	0	0
Accrued Revenues at December 31, 1998 received during 1999	147,367	2,944	0	0
Accrued Expenditures at December 31, 1999 paid during 2000	77,504	327,227	0	776,185
Accrued Expenditures at December 31, 1998 paid during 1999	(87,386)	(20,880)	0	(1,120,027)
Fund Debt:				
Note Proceeds	0	32,000	0	0
Note Retirements	0	(40,000)	0	(2,300,000)
1998 Prepays for 1999	21,920	0	0	0
1999 Prepays for 2000	(22,892)	0	0	0
Outstanding Encumbrances	(17,923)	(234,419)	0	(278,478)
Budget Basis	<u>\$12,630</u>	<u>(\$58,177)</u>	<u>(\$13,821)</u>	<u>(\$399,589)</u>

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, the State Treasurer's Assets Reserve (STAR Ohio), repurchase agreements and certificates of deposit. The repurchase agreements and STAR Ohio are considered cash equivalents because of their highly liquid nature.

The City pools a majority of its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds' shares of equity in pooled repurchase agreements and certificates of deposit are considered to be cash equivalents. See Note 4, "Cash, Cash Equivalents and Investments."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost.

The City has invested funds in the STAR Ohio during 1999. 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. See Note 4, "Cash, Cash Equivalents and Investments."

G. Inventory

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

H. Fixed Assets and Depreciation

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

1. Property, Plant and Equipment - General Governmental Purposes

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

2. Property, Plant and Equipment - Proprietary Funds

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

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

Description	Estimated Lives (Years)
Buildings	30 - 40
Improvements Other Than Buildings	50
Machinery, Equipment, Furniture and Fixtures	5 - 15

I. Long-Term Obligations

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

Obligation	Fund
Ohio Water Development Authority Loans	Water Fund
	Wastewater Fund
Farmers Home Administration Loan	Wastewater Fund
Special Assessment Bond	General Bond Retirement Fund
Compensated Absences	General Fund
	Street Construction,
	Maintenance and Repair Fund
	Water Fund
Capital Leases	Wastewater Fund
	General Fund
	Capital Improvement Fund

J. Compensated Absences

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

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

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

Compensated absences are expensed in the Water and Sewer Funds when earned, and the related liability is reported within the fund.

K. Pensions

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

L. Interfund Transactions

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

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. There were no residual equity transfers performed in 1999.

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

M. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for supplies inventory, prepaid items, debt service, restricted assets and encumbered amounts which have not been accrued at year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Contributed Capital

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

O. Total Columns on Combined Financial Statements - Overview

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

NOTE 2 - PRIOR PERIOD ADJUSTMENTS

The beginning balances of the special revenue and capital projects fund types were restated to correct errors in accounting for the reporting of expenditures. The retained earnings balance of the enterprise funds at December 31, 1998 was restated to correct an accounting error in the recording of an Ohio Water Development Authority loan payable. The accounting errors have resulted in the restatement of beginning fund balance/retained earnings at December 31, 1998 as follows:

<u>Fund Type</u>	<u>Fund Balance/ Retained Earnings as Reported 12/31/98</u>	<u>Accounting Error Adjustment Increase/ (Decrease)</u>	<u>Fund Balance/ Retained Earnings as Restated 12/31/98</u>
Special Revenue Funds	\$124,002	\$167,305	\$291,307
Capital Projects Funds	(2,433,357)	(167,305)	(2,600,662)
Enterprise Funds	(961,484)	20,762	(940,722)

In addition to the above noted changes to fund balance the prior period adjustments had the following effect on prior year excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses:

<u>Fund Type</u>	<u>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses as Reported 12/31/98</u>	<u>Accounting Error Adjustment Increase/ (Decrease)</u>	<u>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses as Restated 12/31/98</u>
Special Revenue Funds	(\$203,225)	\$167,305	(\$35,920)
Capital Projects Funds	(1,119,189)	(167,305)	(1,286,494)

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at December 31, 1999 of \$24,240 in the Police Pension Fund, \$240,871 in the Community Development Block Grant Fund (special revenue funds) and \$159,094 in the Capital Improvement Fund (capital projects fund) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The retained earnings deficit of \$5,054,005 in the Sewer Fund (enterprise fund) results from the recognition of the Farmers Home Administration Loan and Various Purpose Bonds as liabilities within the fund that are not recognized under the cash basis of accounting. The general fund provides operating transfers when cash is required, not when accruals occur.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

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

- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*," collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

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

Deposits:

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

Investments:

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

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

A. Deposits

At year end the carrying amount of the City's deposits was \$823,982 and the bank balance \$870,409. The Federal Deposit Insurance Corporation (FDIC) covered \$557,565 of the bank balance. All remaining deposits were classified as Category 3.

Investment earnings of \$267,711 earned by other funds were credited to the General Fund as required by state statute.

B. Investments

The City's investments at December 31, 1999 are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Fair Value</u>
Pension Obligation Note	\$32,000	\$0	\$32,000
Repurchase Agreement	0	484,947	484,947
Total Categorized Investments	32,000	484,947	516,947
<u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	2,844,280
Total Investments	\$32,000	\$484,947	\$3,361,227

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$3,363,512	\$821,697
Certificates of Deposit (with maturities of more than 3 months)	789,697	(789,697)
Investments:		
STAR Ohio	(2,844,280)	2,844,280
Repurchase Agreement	(484,947)	484,947
Per GASB Statement No. 3	\$823,982	\$3,361,227

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 1999 were levied after October 1, 1998 on assessed values as of January 1, 1998 the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1995. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually. The first payment is due April 30; the remainder is payable by September 20.

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

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

The full property tax rate for all City operations for the year ended December 31, 1999 was \$7.40 per \$1,000 of assessed value. The assessed value upon which the 1999 tax receipts was based was \$52,787,610. This amount constitutes \$43,085,450 in real property assessed value, \$3,604,260 in public utility assessed value, and \$6,097,900 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .74% (7.4 mills) of assessed value.

The City levies a tax of 1.0% on all salaries, wages, commissions and other compensation, on net profits earned within the City and on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

NOTE 6 - RECEIVABLES

Receivables at December 31, 1999 consisted of taxes, interest, accounts receivable, CDBG loans, special assessments, interfund receivables and intergovernmental receivables.

NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 1999:

Fund	Transfer In	Transfer Out
General Fund	\$119,105	\$323,817
Special Revenue Funds:		
Street, Construction and Maintenance Fund	105,250	33,500
Parks and Recreation Fund	48,300	28,537
Community Development Block Grant	1,392	0
Revolving Loan Fund	0	1,392
Cemetery Fund	20,000	2,519
Downtown Revitalization Fund	41	0
Total Special Revenue Funds	174,983	65,948
Debt Service Fund:		
General Bond Retirement Fund	2,312,165	2,324,920
Capital Projects Fund:		
Capital Improvement Fund	4,037,535	0
Enterprise Funds:		
Water Fund	7,504	221,708
Sewer Fund	0	3,727,418
Sewer Project II Fund	10,000	0
Total Enterprise Funds	17,504	3,949,126
Nonexpendable Trust Fund:		
Cemetery Trust Fund	2,519	0
Totals	\$6,663,811	\$6,663,811

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of interfund loans receivable and payable for all funds for 1999:

Fund	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$30,088	\$0
Special Revenue Funds:		
Community Development Block Grant Fund	0	30,088
Downtown Revitalization Fund	0	108,808
Total Special Revenue Funds	0	138,896
Capital Projects Fund:		
Capital Improvement Fund	0	725,146
Non-Expendable Trust Fund:		
Electric Trust Fund	833,954	0
Totals	\$864,042	\$864,042

NOTE 9 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in General Fixed Assets:

Category	December 31, 1998	Additions	Deletions	December 31, 1999
Land	\$175,335	\$0	\$0	\$175,335
Buildings	1,568,059	0	0	1,568,059
Improvements Other than Buildings	69,688	5,135	0	74,823
Machinery and Equipment	2,124,456	209,950	(54,730)	2,279,676
Totals	<u>\$3,937,538</u>	<u>\$215,085</u>	<u>(\$54,730)</u>	<u>\$4,097,893</u>

Schedule of General Fixed Assets at December 31, 1999:

General Fixed Assets		Investment in General Fixed Assets	
Land	\$175,335	General Fund	\$567,127
Buildings	1,568,059	Special Revenue Funds	449,078
Improvements Other than Buildings	74,823	Capital Projects Funds	1,251,150
Machinery and Equipment	2,279,676	Proprietary Funds	462,687
Total	<u>\$4,097,893</u>	Donations	1,367,851
		Total	<u>\$4,097,893</u>

B. Proprietary Fixed Assets

Summary by Category at December 31, 1999:

Category	Historic Cost	Accumulated Depreciation	Book Value
Land	\$177,511	\$0	\$177,511
Buildings and Improvements	2,274,108	(1,002,541)	1,271,567
Utility Structures in Services	1,710,349	(1,028,774)	681,575
Machinery and Equipment	1,175,512	(185,349)	990,163
Property, Plant and Equipment	<u>\$5,337,480</u>	<u>(\$2,216,664)</u>	<u>\$3,120,816</u>

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

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

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 1999 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.35% to fund the pension and 4.2% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the PERS of Ohio for the years ending December 31, 1999, 1998 and 1997 were \$132,218, \$124,934 and \$110,886, respectively, which were equal to the required contributions for each year.

The PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 1999 employer contribution rate (identified above) that was used to fund health care for the year 1999 was 4.2% of covered payroll which amounted to \$40,983.

Other Postemployment Benefits (OPEB) are financed through employer contributions and investment earnings thereon. Funding and accounting were on a pay-as-you-go basis. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. Expenditures for other postemployment benefits during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 1999, 1998 and 1997 were \$57,494, \$47,569 and \$45,822 for police and \$10,128, \$9,775 and \$9,501 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 1999 covered payroll that was used to fund postemployment health care benefits was \$20,639 representing 7.00% of covered payroll for police and \$2,954 representing 7.00% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 1998, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 11,424 for police and 9,186 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 1998 were \$78,596,790, which was net of member contributions of \$5,331,515.

NOTE 11 - COMPENSATED ABSENCES

The City provides a liability for accumulated unpaid sick leave, vacation and compensatory time benefits when earned by employees.

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

Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. The liability increased \$35,200 from the beginning year balance of \$198,077 to a year end balance of \$233,277.

At December 31, 1999, the total accumulated unpaid sick leave time recorded in the General Long-Term Obligations Account Group was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	24,507	\$185,951
Vacation/Compensatory Time	<u>3,225</u>	<u>47,326</u>
Total	<u>27,732</u>	<u>\$233,277</u>

The portion attributable to the enterprise funds has been recorded within the respective fund and is not included in the figures presented above.

NOTE 12 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable no later than, those principal maturities required if the bonds had been issued at the expiration of the initial five year period.

Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources. The City is retiring its notes by the issuance of one year renewal notes with a portion of the principal being retired in accordance with the above provisions.

NOTE 12 - NOTES PAYABLE (Continued)

The following general obligation notes were payable at December 31, 1999:

	Balance January 1, 1999	Issued (Retired)	Balance December 31, 1999
General Obligation Notes Payable:			
7.75% Pension Obligation Note	\$40,000	(\$40,000)	\$0
7.75% Pension Obligation Note	0	32,000	32,000
4.76% Water Improvement Note	150,000	(150,000)	0
3.75% Various Purpose Note	2,150,000	(2,150,000)	0
Total Notes Payable	<u>\$2,340,000</u>	<u>(\$2,308,000)</u>	<u>\$32,000</u>

NOTE 13 - CAPITAL LEASES

The City leases an ambulance, ambulette, jet cleaner, backhoe, copier, computer equipment, two lawn mowers, three trucks, and four police vehicles under capital leases. The cost of the equipment obtained under the capital lease is included in the General Fixed Assets Account Group and the related liability in the General Long-Term Obligations Account Group.

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 1999:

Year Ending December 31,	Capital Leases
2000	\$104,949
2001	102,251
2002	76,025
2003	60,975
Minimum Lease Payments	<u>344,200</u>
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(40,334)</u>
Present value of minimum lease payments	<u>\$303,866</u>

NOTE 14 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 1999 were as follows:

		Balance December 31, 1998	Issued (Retired)	Balance December 31, 1999
Enterprise Funds Long-Term Debt:				
General Obligation Bond:				
Various Purpose Bond	1999	\$0	\$2,380,000 (60,000)	2,320,000
Loans Payable:				
Farmers Home Administration (FHA) Loan	1990	2,346,000	(25,000)	2,321,000
Ohio Water Development Authority (OWDA) Loan	1992	581,346	(41,525)	539,821
Ohio Water Development Authority (OWDA) Loan	1999	0	1,237,264	1,237,264
Total Loans Payable		<u>2,927,346</u>	<u>1,170,739</u>	<u>4,098,085</u>
Total Enterprise Long-Term Debt		<u>\$2,927,346</u>	<u>\$3,490,739</u>	<u>\$6,418,085</u>
General Long-Term Debt:				
Special Assessment Bond:				
(with Governmental Commitment)				
Water/Sewer Special Assessment Improvements	1984	\$60,000	(\$15,000)	\$45,000
Loan Payable:				
Ohio Public Works Commission (OPWC) Loan		0	29,200 (1,460)	27,740
Total General Long-Term Debt		<u>60,000</u>	<u>12,740</u>	<u>72,740</u>
Other Long-Term Obligations:				
Compensated Absences		198,077	35,200	233,277
Capital Leases		118,350	300,801 (115,285)	303,866
Total Other Long-Term Obligations		<u>316,427</u>	<u>220,716</u>	<u>537,143</u>
Total General Long-Term Debt and Other Long-Term Obligations		<u>\$376,427</u>	<u>\$233,456</u>	<u>\$609,883</u>

Special assessment debt service is financed by assessments to affected property owners. However, the City is ultimately responsible for the debt service if the assessments are not collected. The fund balance of \$34,866 in the Bond Retirement Fund at December 31, 1999 is reserved for the retirement of outstanding special assessment bonds.

NOTE 14 - LONG-TERM OBLIGATIONS (Continued)

A. Principal and Interest Requirements

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 1999, follows:

Years	Special Assessment Bond		OPWC Loan		OWDA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$15,000	\$4,612	\$1,460	\$0	\$66,316	\$51,941
2001	15,000	3,075	2,920	0	91,928	61,724
2002	15,000	1,538	2,920	0	93,043	57,602
2003	0	0	2,920	0	94,183	53,456
2004	0	0	2,920	0	95,347	49,285
2005-2009	0	0	14,600	0	495,131	182,936
2010-2014	0	0	0	0	445,320	79,046
2015-2019	0	0	0	0	357,827	26,182
2020-2035	0	0	0	0	37,990	411
Totals	\$45,000	\$9,225	\$27,740	\$0	\$1,777,085	\$562,583

Years	General Obligation Bond		FHA Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$80,000	\$110,870	\$26,000	\$142,160	\$188,776	\$309,583
2001	85,000	107,350	29,000	140,569	223,848	312,718
2002	85,000	103,610	30,000	138,792	225,963	301,542
2003	90,000	99,870	32,000	136,955	219,103	290,281
2004	95,000	95,910	34,000	134,995	227,267	280,190
2005-2009	535,000	413,110	204,000	641,042	1,248,731	1,237,088
2010-2014	680,000	272,500	274,000	570,422	1,399,320	921,968
2015-2019	670,000	85,750	369,000	475,730	1,396,827	587,662
2020-2035	0	0	1,323,000	533,916	1,360,990	534,327
Totals	\$2,320,000	\$1,288,970	\$2,321,000	\$2,914,581	\$6,490,825	\$4,775,359

NOTE 15 - CONTRIBUTED CAPITAL

A schedule of changes in contributed capital is presented below:

	Water Fund	Sewer Fund	Totals
Balance at Beginning of Year	\$52,018	\$1,404,719	\$1,456,737
Additions:			
Contributions by Other Funds	77,795	73,616	151,411
Balance at End of Year	\$129,813	\$1,478,335	\$1,608,148

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Included in the services provided by the City financed primarily by user charges are water treatment and distribution and wastewater collection and treatment. Key financial information for the year ended December 31, 1999 for these enterprise activities is indicated below:

	Water	Sewer	Sewer Project II	Total
Operating Revenues	\$429,027	\$872,225	\$0	\$1,301,252
Depreciation	58,921	79,168	0	138,089
Operating Income	108,900	405,209	0	501,994
Operating Transfers In	7,504	0	10,000	17,504
Operating Transfer Out	(221,708)	(3,727,418)	0	(3,949,126)
Net Income(Loss)	(164,935)	(3,591,831)	14,319	(3,742,447)
Property, Plant and Equipment:				
Additions	81,610	84,916	0	166,526
Deletions	1,500	1,140	0	2,640
Current Capital Contributions	77,795	73,616	0	151,411
Assets	1,141,083	2,248,345	149,194	3,538,622
Net Working Capital	35,776	114,450	149,194	299,420
Bonds and Loans Payable	685,621	5,732,464	0	6,418,085
Total Equity (Deficit)	351,455	(3,575,670)	149,194	(3,075,021)

NOTE 17 - INSURANCE AND RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City carries commercial insurance policies to cover comprehensive liability, official and employee errors and omissions, and property and equipment. Settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Worker's Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Worker's Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

The City maintains a self-funded health insurance program with claims processed by Professional Risk Management Administrators on behalf of the City. A separate Self Insurance Fund (an internal service fund) was created in 1991 to account for and finance the health insurance program. As an integral part of the health insurance program, a reinsurance policy has been purchased covering claims in excess of \$10,000 per individual per year up to a maximum of \$1,000,000 per individual per lifetime. Settled claims have not exceeded the commercial coverage limits for the past three fiscal years.

NOTE 17 - INSURANCE AND RISK MANAGEMENT (Continued)

All funds of the City from which employee salaries are paid participate in the health insurance program. Payments are made to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and amounts needed to establish a reserve for catastrophic losses. The reserve was \$21,205 at December 31, 1999. A claims liability does not exist in the Self Insurance Fund at December 31, 1999. A claims liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonable estimated. Changes in the Fund's claims liability amount in fiscal years 1998 and 1999 were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
1998	\$1,282	\$112,152	(\$113,434)	\$0
1999	0	162,791	(162,791)	0

NOTE 18 - CONTINGENCIES

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

NOTE 19 - CONSTRUCTION COMMITMENTS

The City had the following contractual commitment at December 31, 1999:

Project	Remaining Contractual Commitment	Expected Date of Completion
Phase II Sewer Line Replacement	\$187,740	02/28/2000

THE CITY OF EAST PALESTINE, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Balance December 31, 1998	Additions	Deductions	Balance December 31, 1999
<u>Mayor's Court</u>				
Assets:				
Cash and Cash Equivalents	\$1,887	\$25,467	(\$26,118)	\$1,236
Total Assets	<u>\$1,887</u>	<u>\$25,467</u>	<u>(\$26,118)</u>	<u>\$1,236</u>
Liabilities:				
Due to Others	\$1,887	\$25,467	(\$26,118)	\$1,236
Total Liabilities	<u>\$1,887</u>	<u>\$25,467</u>	<u>(\$26,118)</u>	<u>\$1,236</u>
<u>Food Service</u>				
Assets:				
Cash and Cash Equivalents	\$2,252	\$7,025	(\$9,000)	\$277
Total Assets	<u>\$2,252</u>	<u>\$7,025</u>	<u>(\$9,000)</u>	<u>\$277</u>
Liabilities:				
Due to Others	\$2,252	\$7,025	(\$9,000)	\$277
Total Liabilities	<u>\$2,252</u>	<u>\$7,025</u>	<u>(\$9,000)</u>	<u>\$277</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$4,139	\$32,492	(\$35,118)	\$1,513
Total Assets	<u>\$4,139</u>	<u>\$32,492</u>	<u>(\$35,118)</u>	<u>\$1,513</u>
Liabilities:				
Due to Others	\$4,139	\$32,492	(\$35,118)	\$1,513
Total Liabilities	<u>\$4,139</u>	<u>\$32,492</u>	<u>(\$35,118)</u>	<u>\$1,513</u>

*THE CITY OF EAST PALESTINE, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 1999*

General Fixed Assets:

Land	\$175,335
Buildings	1,568,059
Improvements Other Than Buildings	74,823
Machinery and Equipment	<u>2,279,676</u>
Total General Fixed Assets	<u>\$4,097,893</u>

Investment in General Fixed Assets:

General Fund	\$567,127
Special Revenue Funds	449,078
Capital Projects Funds	1,251,150
Proprietary Funds	462,687
Donated	<u>1,367,851</u>
Total Investment in General Fixed Assets	<u>\$4,097,893</u>

THE CITY OF EAST PALESTINE, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
DECEMBER 31, 1999

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Total
General Government:					
Administration	\$52,164	\$1,173,154	\$0	\$53,562	\$1,278,880
Finance	0	0	0	51,827	51,827
Total	<u>52,164</u>	<u>1,173,154</u>	<u>0</u>	<u>105,389</u>	<u>1,330,707</u>
Security of Persons and Property:					
Police	21,878	0	0	307,387	329,265
Fire	63,357	216,576	396	1,081,878	1,362,207
Total	<u>85,235</u>	<u>216,576</u>	<u>396</u>	<u>1,389,265</u>	<u>1,691,472</u>
Transportation:					
Street	<u>2,362</u>	<u>93,367</u>	<u>10,270</u>	<u>389,791</u>	<u>495,790</u>
Public Health and Welfare:					
Health	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,053</u>	<u>2,053</u>
Leisure Time Activities:					
Parks	<u>35,574</u>	<u>84,962</u>	<u>64,157</u>	<u>393,178</u>	<u>577,871</u>
Total General Fixed Assets	<u>\$175,335</u>	<u>\$1,568,059</u>	<u>\$74,823</u>	<u>\$2,279,676</u>	<u>\$4,097,893</u>

THE CITY OF EAST PALESTINE, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 1999

<u>Function and Activity</u>	December 31, 1998	Transfers	Additions	Deletions	December 31, 1999
<u>General Government:</u>					
Administration	\$1,266,807	\$12,073	\$0	\$0	\$1,278,880
Finance	38,884	12,588	355	0	51,827
Total	<u>1,305,691</u>	<u>24,661</u>	<u>355</u>	<u>0</u>	<u>1,330,707</u>
<u>Security of Persons and Property:</u>					
Police	267,404	(27,550)	107,542	(18,131)	329,265
Fire	1,372,913	0	21,893	(32,599)	1,362,207
Total	<u>1,640,317</u>	<u>(27,550)</u>	<u>129,435</u>	<u>(50,730)</u>	<u>1,691,472</u>
<u>Transportation:</u>					
Street	427,781	0	72,009	(4,000)	495,790
<u>Public Health and Welfare:</u>					
Health	1,654	0	399	0	2,053
<u>Leisure Time Activities:</u>					
Parks	562,095	2,889	12,887	0	577,871
Total General Fixed Assets	<u>\$3,937,538</u>	<u>\$0</u>	<u>\$215,085</u>	<u>(\$54,730)</u>	<u>\$4,097,893</u>

**CITY OF EAST PALESTINE
COLUMBIANA COUNTY**

**SCHEDULE OF FEDERAL AWARD EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	OR AWARD AMOUNT	RECEIPTS	DISBURSEMENTS
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>					
(Direct Award):					
Community Development Block Grant	14.228	A-W-96-116-1	\$500,000	\$167,305	\$23,044
		A-W-98-116-1	\$500,000	<u>258,467</u>	<u>310,000</u>
Total U.S. Department of Housing And Urban Development				\$425,772	\$333,044
<u>U.S. DEPARTMENT OF JUSTICE</u>					
(Direct Award):					
Law Enforcement Block Grant	16.592	98-LE-LEB-3168	\$5,000	\$5,000	\$2,577
Troops to COPS 99	16.711	1999TCWX0165	\$2,539	-	2,539
COPS Universal	16.710	95-CF-WX-1966	\$300,000	<u>45,714</u>	<u>39,304</u>
Total U.S. Department of Justice				\$50,714	\$44,420
TOTAL FEDERAL AWARD EXPENDITURES				<u>\$476,486</u>	<u>\$377,464</u>

See notes to schedule of Federal Awards Expenditures.

**CITY OF EAST PALESTINE
COLUMBIANA COUNTY**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A – Significant Account Policies

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

WOLFE, WILSON, & PHILLIPS, INC.

CERTIFIED PUBLIC ACCOUNTANTS

37 S. SEVENTH STREET • ZANESVILLE, OHIO 43701
(740) 453-9600 • FAX - (740) 453-9763

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

Honorable Mayor and Members of City Council
City of East Palestine
East Palestine, Ohio 44413

We have audited the general-purpose financial statements of City of East Palestine as of and for the year ended December 31, 1999, and have issued our report thereon dated June 16, 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 East Palestine'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 have noted certain immaterial instances of noncompliance which have been reported to management in a separate letter dated June 16, 2000.

Internal Control Over Financial Reporting

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

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

Wolfe, Wilson, & Phillips, Inc.

Zanesville, Ohio
June 16, 2000

Brad Wolfe, J.D., M.B.A., CPA
Joseph W. Wilson, M.B.A., CPA, CMA
Kenneth B. Phillips, CPA

WOLFE, WILSON, & PHILLIPS, INC.

CERTIFIED PUBLIC ACCOUNTANTS

37 S. SEVENTH STREET • ZANESVILLE, OHIO 43701

(740) 453-9600 • FAX - (740) 453-9763

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

Honorable Mayor and Members of City Council
City of East Palestine
East Palestine, Ohio 44413

Compliance

We have audited the compliance of East Palestine with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1999. East Palestine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of East Palestine management. Our responsibility is to express an opinion on East Palestine compliance based on our audit.

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

In our opinion, East Palestine complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

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

Brad Wolfe, J.D., M.B.A., CPA

Joseph W. Wilson, M.B.A., CPA, CMA

Kenneth B. Phillips, CPA

Internal Control Over Compliance (Continued)

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

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

Wolfe, Wilson, & Phillips, Inc.

Zanesville, Ohio
June 16, 2000

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A - 133 SECTION .505**

**FINANCIAL CONDITION
CITY OF EAST PALESTINE
DECEMBER 31, 1999**

1. AUDITOR'S RESULTS

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

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

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

FORM **SF-SAC**
(8-97)U.S. DEPARTMENT OF COMMERCE - BUREAU OF THE CENSUS
ACTING AS COLLECTING AGENT FOR
OFFICE OF MANAGEMENT AND BUDGET

Data Collection Form for Reporting on

AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS

Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

RETURN TO Single Audit Clearinghouse
1201 E. 10th Street
Jeffersonville, IN 47132**PART I** GENERAL INFORMATION (To be completed by auditee, except for item 7)

1. Fiscal year ending date for this submission Month Day Year 12 / 31 / 1999		2. Type of Circular A-133 audit 1 <input checked="" type="checkbox"/> Single audit 2 <input type="checkbox"/> Program-specific audit	
3. Audit period covered 1 <input checked="" type="checkbox"/> Annual 3 <input type="checkbox"/> Other Months 2 <input type="checkbox"/> Biennial		4. Date received by Federal clearinghouse	
5. Employer Identification Number (EIN)			
a. Auditee EIN		b. Are multiple EINs covered in this report?	
3 4 6 0 0 0 9 1 1		1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	

6. AUDITEE INFORMATION		7. AUDITOR INFORMATION (To be completed by auditor)	
a. Auditee name CITY OF EAST PALESTINE		a. Auditor name WOLFE, WILSON & PHILLIPS INC.	
b. Auditee address (Number and street) 82 GARFIELD AVE City EAST PALESTINE State OHIO ZIP Code 44413-2009		b. Auditor address (Number and street) 37 S. SEVENTH ST. City ZANESVILLE State OHIO ZIP Code 43701	
c. Auditee contact Name CONSTANCE L. ROBINSON Title FINANCE DIRECTOR		c. Auditor contact Name KENNETH B PHILLIPS Title PARTNER	
d. Auditee contact telephone (330) 426 - 4367		d. Auditor contact telephone (740) 453 - 9600	
e. Auditee contact FAX (Optional) (330) 426 - 7066		e. Auditor contact FAX (Optional) (740) 453 - 9763	
f. Auditee contact E-mail (Optional)		f. Auditor contact E-mail (Optional)	

g. AUDITEE CERTIFICATION STATEMENT - This is to certify that, to the best of my knowledge and belief, the auditee has: (1) Engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in Parts I, II, and III of this data collection form is accurate and complete. I declare that the foregoing is true and correct.

g. AUDITOR STATEMENT - The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, items 5 and 6, was transferred from the auditor's report(s) for the period described in Part I, items 1 and 3, and is **not a substitute** for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in Parts II and III of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

Signature of certifying official
Constance L. Robinson
Date
Month Day Year
6/15/00
Name/Title of certifying official
CONSTANCE L. ROBINSON FINANCE DIRECTOR

Signature of auditor
Kenneth B. Phillips
Date
Month Day Year
6/16/00

PART I GENERAL INFORMATION - Continued

8. Indicate whether the auditee has either a Federal cognizant or oversight agency for audit. (Mark (X) one box)

- 1 Cognizant agency
- 2 Oversight agency

9. Name of Federal cognizant or oversight agency for audit. (Mark (X) one box)

- | | | | |
|--|--|---|--|
| 01 <input type="checkbox"/> African Development Foundation | 83 <input type="checkbox"/> Federal Emergency Management Agency | 16 <input type="checkbox"/> Justice | 08 <input type="checkbox"/> Peace Corps |
| 02 <input type="checkbox"/> Agency for International Development | 34 <input type="checkbox"/> Federal Mediation and Conciliation Service | 17 <input type="checkbox"/> Labor | 59 <input type="checkbox"/> Small Business Administration |
| 10 <input type="checkbox"/> Agriculture | 39 <input type="checkbox"/> General Services Administration | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 96 <input type="checkbox"/> Social Security Administration |
| 11 <input type="checkbox"/> Commerce | 53 <input type="checkbox"/> Health and Human Services | 89 <input type="checkbox"/> National Archives and Records Administration | 19 <input type="checkbox"/> State |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 14 <input checked="" type="checkbox"/> Housing and Urban Development | 05 <input type="checkbox"/> National Endowment for the Arts | 20 <input type="checkbox"/> Transportation |
| 12 <input type="checkbox"/> Defense | 03 <input type="checkbox"/> Institute for Museum Services | 06 <input type="checkbox"/> National Endowment for the Humanities | 21 <input type="checkbox"/> Treasury |
| 84 <input type="checkbox"/> Education | 04 <input type="checkbox"/> Inter-American Foundation | 07 <input type="checkbox"/> Office of National Drug Control Policy | 82 <input type="checkbox"/> United States Information Agency |
| 81 <input type="checkbox"/> Energy | 15 <input type="checkbox"/> Interior | | 64 <input type="checkbox"/> Veterans Affairs |
| 66 <input type="checkbox"/> Environmental Protection Agency | | | <input type="checkbox"/> Other - Specify: |

PART II FINANCIAL STATEMENTS (To be completed by auditor)

1. Type of audit report. (Mark (X) one box)

- 1 Unqualified opinion
- 2 Qualified opinion
- 3 Adverse opinion
- 4 Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report?

- 1 Yes
- 2 No

3. Is a reportable condition disclosed?

- 1 Yes
- 2 No - SKIP to Item 5

4. Is any reportable condition reported as a material weakness?

- 1 Yes
- 2 No

5. Is a material noncompliance disclosed?

- 1 Yes
- 2 No

PART III FEDERAL PROGRAMS (To be completed by auditor)

1. Type of audit report on major program compliance

- 1 Unqualified opinion
- 2 Qualified opinion
- 3 Adverse opinion
- 4 Disclaimer of opinion

2. What is the dollar threshold to distinguish Type A and Type B programs \$ 520(b)?

\$ 300,000

3. Did the auditee qualify as a low-risk auditee (\$ 530)?

- 1 Yes
- 2 No

4. Are there any audit findings required to be reported under \$ 510(a)?

- 1 Yes
- 2 No

5. Which Federal Agencies are required to receive the reporting package? (Mark (X) all that apply)

- | | | | |
|--|--|---|--|
| 01 <input type="checkbox"/> African Development Foundation | 83 <input type="checkbox"/> Federal Emergency Management Agency | 16 <input type="checkbox"/> Justice | 08 <input type="checkbox"/> Peace Corps |
| 02 <input type="checkbox"/> Agency for International Development | 34 <input type="checkbox"/> Federal Mediation and Conciliation Service | 17 <input type="checkbox"/> Labor | 59 <input type="checkbox"/> Small Business Administration |
| 10 <input type="checkbox"/> Agriculture | 39 <input type="checkbox"/> General Services Administration | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 96 <input type="checkbox"/> Social Security Administration |
| 11 <input type="checkbox"/> Commerce | 53 <input type="checkbox"/> Health and Human Services | 89 <input type="checkbox"/> National Archives and Records Administration | 19 <input type="checkbox"/> State |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 14 <input type="checkbox"/> Housing and Urban Development | 05 <input type="checkbox"/> National Endowment for the Arts | 20 <input type="checkbox"/> Transportation |
| 12 <input type="checkbox"/> Defense | 03 <input type="checkbox"/> Institute for Museum Services | 06 <input type="checkbox"/> National Endowment for the Humanities | 21 <input type="checkbox"/> Treasury |
| 84 <input type="checkbox"/> Education | 04 <input type="checkbox"/> Inter-American Foundation | 07 <input type="checkbox"/> Office of National Drug Control Policy | 82 <input type="checkbox"/> United States Information Agency |
| 81 <input type="checkbox"/> Energy | 15 <input type="checkbox"/> Interior | | 64 <input type="checkbox"/> Veterans Affairs |
| 66 <input type="checkbox"/> Environmental Protection Agency | | | 00 <input checked="" type="checkbox"/> None |
| | | | <input type="checkbox"/> Other - Specify: |



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

CITY OF EAST PALESTINE
COLUMBIANA 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.

By: Susan Babbitt

Date: AUGUST 3, 2000