

**CITY OF HEATH**  
**ANNUAL REPORT**  
**YEAR ENDED DECEMBER 31, 1999**

**WOLFE, WILSON & PHILLIPS, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF HEATH**  
**ANNUAL REPORT**  
**YEAR ENDED DECEMBER 31, 1999**

**CITY OF HEATH  
LICKING COUNTY**

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OFFICE OF THE AUDITOR

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Honorable Mayor and Members of City Council  
City of Heath  
Heath, Ohio 43056

We have reviewed the Independent Auditor's Report of the City of Heath, Licking 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 Heath is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a horizontal line.

JIM PETRO  
Auditor of State

June 15, 2000

**WOLFE, WILSON, & PHILLIPS, INC.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
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**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and Members of City Council  
City of Heath  
Heath, Ohio 43056

We have audited the accompanying general-purpose financial statements of City of Heath 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 Heath as of December 31, 1999, and the results of its operations and the cash flows of its proprietary funds 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 May 11, 2000, on our consideration of City of Heath's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

*Wolfe, Wilson, & Phillips, Inc.*

Zanesville, Ohio  
May 11, 2000

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

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

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
<b><u>Assets and Other Debits:</u></b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$4,021,792	\$2,119,740	\$492,752	\$4,776,539
Receivables (net of allowance for doubtful accounts):				
Taxes	878,042	669,813	92,337	153,895
Accounts	22,353	0	0	0
Interest	66,300	0	0	0
Intergovernmental Receivables	31,419	23,603	0	0
Inventory of Supplies at Cost	38,428	71,913	0	0
Prepaid Items	33,653	13,489	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Construction in Progress	0	0	0	0
Restricted Assets:				
Cash with Fiscal Agent	0	219,767	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$5,091,987</b>	<b>\$3,118,325</b>	<b>\$585,089</b>	<b>\$4,930,434</b>
<b><u>Liabilities, Equity and Other Credits:</u></b>				
<b>Liabilities:</b>				
Accounts Payable	\$87,696	\$11,549	\$0	\$162,537
Accrued Wages and Benefits	111,593	142,522	0	0
Intergovernmental Payable	1,120	0	0	0
Accrued Interest Payable	0	0	0	0
Deferred Revenue	544,655	889,580	8,337	13,895
Compensated Absences Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Installment Loan Payable	0	0	0	0
Ohio Water Development Authority Loans Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>745,064</b>	<b>1,043,651</b>	<b>8,337</b>	<b>176,432</b>
<b>Equity and Other Credits:</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	43,580	87,528	0	1,620,420
Reserved for Supplies Inventory	38,428	71,913	0	0
Reserved for Prepaid Items	33,653	13,489	0	0
Reserved for Debt Service	0	0	576,752	0
Unreserved	4,231,262	1,901,744	0	3,133,582
<b>Total Equity and Other Credits</b>	<b>4,346,923</b>	<b>2,074,674</b>	<b>576,752</b>	<b>4,754,002</b>
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$5,091,987</b>	<b>\$3,118,325</b>	<b>\$585,089</b>	<b>\$4,930,434</b>

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

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

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Type</i>		<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Funds	Internal Service Fund	Expendable Trust Funds	General Fixed Assets	General Long-Term Obligations		
\$3,429,081	\$302,885	\$105,376	\$0	\$0		\$15,248,165
0	0	0	0	0		1,794,087
364,078	0	0	0	0		386,431
0	0	0	0	0		66,300
0	0	0	0	0		55,022
79,763	0	0	0	0		190,104
5,618	0	0	0	0		52,760
16,913,660	0	0	10,481,056	0		27,394,716
28,316	0	0	0	0		28,316
0	0	0	0	0		219,767
0	0	0	0	0	576,752	576,752
0	0	0	0	0	2,983,863	2,983,863
<b>\$20,820,516</b>	<b>\$302,885</b>	<b>\$105,376</b>	<b>\$10,481,056</b>	<b>\$3,560,615</b>		<b>\$48,996,283</b>
\$117,367	\$72,200	\$108	\$0	\$0		\$451,457
43,266	0	0	0	0		297,381
0	0	0	0	0		1,120
12,113	0	0	0	0		12,113
0	0	0	0	0		1,456,467
83,055	0	0	0	0	380,403	463,458
0	0	0	0	0	2,212	2,212
0	0	0	0	0	228,000	228,000
5,748,322	0	0	0	0	0	5,748,322
3,230,000	0	0	0	0	2,950,000	6,180,000
9,234,123	72,200	108	0	0	3,560,615	14,840,530
0	0	0	10,481,056	0		10,481,056
4,495,720	0	0	0	0		4,495,720
7,090,673	230,685	0	0	0		7,321,358
0	0	11,500	0	0		1,763,028
0	0	0	0	0		110,341
0	0	0	0	0		47,142
0	0	0	0	0		576,752
0	0	93,768	0	0		9,360,356
11,586,393	230,685	105,268	10,481,056	0		34,155,753
<b>\$20,820,516</b>	<b>\$302,885</b>	<b>\$105,376</b>	<b>\$10,481,056</b>	<b>\$3,560,615</b>		<b>\$48,996,283</b>



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

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Funds	
<b>Revenues:</b>						
Taxes	\$3,065,498	\$642,216	\$712,865	\$1,120,150	\$0	\$5,540,729
Intergovernmental Revenues	515,921	829,667	0	456,723	50,000	1,852,311
Charges for Services	167,198	152,847	0	0	1,320	321,365
Licenses and Permits	40,999	0	0	0	0	40,999
Investment Earnings	654,975	30,504	10,855	0	3,440	699,774
Fines and Forfeitures	27,281	10,702	0	0	0	37,983
All Other Revenues	34,154	12,768	6,925	77,213	1,856	132,916
<b>Total Revenues</b>	<b>4,506,026</b>	<b>1,678,704</b>	<b>730,645</b>	<b>1,654,086</b>	<b>56,616</b>	<b>8,626,077</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Security of Persons and Property	2,463,998	794,026	0	8,000	0	3,266,024
Public Health and Welfare Services	52,500	0	0	0	0	52,500
Leisure Time Activities	534,026	146,437	0	84,660	0	765,123
Community Environment	247,051	0	0	28,263	33,384	308,698
Basic Utility Services	0	0	0	69,235	0	69,235
Transportation	0	737,225	0	1,331,088	0	2,068,313
General Government	1,084,927	0	0	120,163	0	1,205,090
<b>Debt Service:</b>						
Principal Retirements	0	0	290,000	0	0	290,000
Interest and Fiscal Charges	0	0	139,995	0	0	139,995
<b>Total Expenditures</b>	<b>4,382,502</b>	<b>1,677,688</b>	<b>429,995</b>	<b>1,641,409</b>	<b>33,384</b>	<b>8,164,978</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>123,524</b>	<b>1,016</b>	<b>300,650</b>	<b>12,677</b>	<b>23,232</b>	<b>461,099</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	992	0	0	0	0	992
Proceeds from Installment Loan	0	0	0	228,000	0	228,000
Operating Transfers In	0	815,000	0	1,777,531	0	2,592,531
Operating Transfers Out	(815,000)	0	(184,533)	(1,595,688)	0	(2,595,221)
<b>Total Other Financing Sources (Uses)</b>	<b>(814,008)</b>	<b>815,000</b>	<b>(184,533)</b>	<b>409,843</b>	<b>0</b>	<b>226,302</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(690,484)</b>	<b>816,016</b>	<b>116,117</b>	<b>422,520</b>	<b>23,232</b>	<b>687,401</b>
<b>Fund Balance at Beginning of Year</b>	<b>5,054,620</b>	<b>1,260,369</b>	<b>460,635</b>	<b>4,331,482</b>	<b>82,036</b>	<b>11,189,142</b>
<b>Decrease in Inventory Reserve</b>	<b>(17,213)</b>	<b>(1,711)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(18,924)</b>
<b>Fund Balance at End of Year</b>	<b>\$4,346,923</b>	<b>\$2,074,674</b>	<b>\$576,752</b>	<b>\$4,754,002</b>	<b>\$105,268</b>	<b>\$11,857,619</b>

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

**THE CITY OF HEATH, 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)
<b>Revenues:</b>						
Taxes	\$3,133,062	\$3,039,920	(\$93,142)	\$589,479	\$642,216	\$52,737
Intergovernmental Revenues	610,038	650,445	40,407	804,716	828,853	24,137
Charges for Services	161,720	164,541	2,821	153,300	152,847	(453)
Licenses and Permits	45,750	40,999	(4,751)	0	0	0
Investment Earnings	600,000	588,675	(11,325)	14,000	30,504	16,504
Fines and Forfeitures	40,500	25,940	(14,560)	9,700	10,674	974
All Other Revenues	34,700	34,154	(546)	10,600	12,768	2,168
Total Revenues	<u>4,625,770</u>	<u>4,544,674</u>	<u>(81,096)</u>	<u>1,581,795</u>	<u>1,677,862</u>	<u>96,067</u>
<b>Expenditures:</b>						
Current:						
Security of Persons and Property	2,643,763	2,468,864	174,899	945,490	819,936	125,554
Public Health and Welfare Services	55,000	52,500	2,500	0	0	0
Leisure Time Activities	648,577	549,222	99,355	243,099	186,030	57,069
Community Environment	296,668	248,542	48,126	28,235	28,235	0
Basic Utility Services	0	0	0	0	0	0
Transportation	0	0	0	960,352	770,764	189,588
General Government	1,351,712	1,108,346	243,366	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>4,995,720</u>	<u>4,427,474</u>	<u>568,246</u>	<u>2,177,176</u>	<u>1,804,965</u>	<u>372,211</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(369,950)	117,200	487,150	(595,381)	(127,103)	468,278
<b>Other Financing Sources (Uses):</b>						
Proceeds from Installment Loan	0	0	0	0	0	0
Proceeds from Sale of Fixed Assets	0	992	992	0	0	0
Operating Transfers In	600	0	(600)	824,500	815,000	(9,500)
Operating Transfers Out	(825,000)	(815,000)	10,000	0	0	0
Total Other Financing Sources (Uses)	<u>(824,400)</u>	<u>(814,008)</u>	<u>10,392</u>	<u>824,500</u>	<u>815,000</u>	<u>(9,500)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,194,350)	(696,808)	497,542	229,119	687,897	458,778
Fund Balance at Beginning of Year	4,529,985	4,529,985	0	1,068,768	1,068,768	0
Prior Year Encumbrances	86,679	86,679	0	266,305	266,305	0
Fund Balance at End of Year	<u>\$3,422,314</u>	<u>\$3,919,856</u>	<u>\$497,542</u>	<u>\$1,564,192</u>	<u>\$2,022,970</u>	<u>\$458,778</u>

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

**THE CITY OF HEATH, 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)
\$644,500	\$680,602	\$36,102	\$1,125,000	\$1,135,361	\$10,361	\$5,492,041	\$5,498,099	\$6,058
0	0	0	220,620	456,723	236,103	1,635,374	1,936,021	300,647
0	0	0	0	0	0	315,020	317,388	2,368
0	0	0	0	0	0	45,750	40,999	(4,751)
0	10,855	10,855	0	0	0	614,000	630,034	16,034
0	0	0	0	0	0	50,200	36,614	(13,586)
0	6,925	6,925	0	77,213	77,213	45,300	131,060	85,760
644,500	698,382	53,882	1,345,620	1,669,297	323,677	8,197,685	8,590,215	392,530
0	0	0	97,284	91,874	5,410	3,686,537	3,380,674	305,863
0	0	0	0	0	0	55,000	52,500	2,500
0	0	0	173,925	168,639	5,286	1,065,601	903,891	161,710
0	0	0	29,750	29,750	0	354,653	306,527	48,126
0	0	0	315,293	313,853	1,440	315,293	313,853	1,440
0	0	0	2,462,393	2,461,344	1,049	3,422,745	3,232,108	190,637
0	0	0	215,554	211,431	4,123	1,567,266	1,319,777	247,489
325,000	325,000	0	0	0	0	325,000	325,000	0
289,528	289,528	0	0	0	0	289,528	289,528	0
614,528	614,528	0	3,294,199	3,276,891	17,308	11,081,623	10,123,858	957,765
29,972	83,854	53,882	(1,948,579)	(1,607,594)	340,985	(2,883,938)	(1,533,643)	1,350,295
0	0	0	228,000	228,000	0	228,000	228,000	0
0	0	0	0	0	0	0	992	992
0	0	0	1,777,155	1,777,531	376	2,602,255	2,592,531	(9,724)
0	0	0	(1,595,688)	(1,595,688)	0	(2,420,688)	(2,410,688)	10,000
0	0	0	409,467	409,843	376	409,567	410,835	1,268
29,972	83,854	53,882	(1,539,112)	(1,197,751)	341,361	(2,474,371)	(1,122,808)	1,351,563
408,898	408,898	0	3,913,384	3,913,384	0	9,921,035	9,921,035	0
0	0	0	277,949	277,949	0	630,933	630,933	0
\$438,870	\$492,752	\$53,882	\$2,652,221	\$2,993,582	\$341,361	\$8,077,597	\$9,429,160	\$1,351,563



**THE CITY OF HEATH, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise	Internal Service	Totals (Memorandum Only)
<b><u>Operating Revenues:</u></b>			
Charges for Services	\$2,799,498	\$309,095	\$3,108,593
Other Operating Revenues	13,019	0	13,019
Total Operating Revenues	2,812,517	309,095	3,121,612
<b><u>Operating Expenses:</u></b>			
Personal Services	868,006	321,771	1,189,777
Materials and Supplies	236,438	0	236,438
Contractual Services	777,220	0	777,220
Depreciation	872,542	0	872,542
Total Operating Expenses	2,754,206	321,771	3,075,977
Operating Income	58,311	(12,676)	45,635
<b><u>Non-Operating Revenues (Expenses):</u></b>			
Interest Earnings	29,126	0	29,126
Interest and Fiscal Charges	(456,187)	0	(456,187)
Loss on Disposal of Fixed Assets	(27,042)	0	(27,042)
Total Non-Operating Revenues (Expenses)	(454,103)	0	(454,103)
Income (Loss) Before Operating Transfers	(395,792)	(12,676)	(408,468)
<b><u>Operating Transfers:</u></b>			
Operating Transfers In	184,533	0	184,533
Operating Transfers Out	(181,843)	0	(181,843)
Total Operating Transfers	2,690	0	2,690
Net Income (Loss)	(393,102)	(12,676)	(405,778)
Retained Earnings at Beginning of Year	7,483,775	243,361	7,727,136
Retained Earnings at End of Year	\$7,090,673	\$230,685	\$7,321,358

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

**THE CITY OF HEATH, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Customers	\$2,815,739	\$309,095	\$3,124,834
Cash Payments for Goods and Services	(969,552)	0	(969,552)
Cash Payments to Employees	(881,206)	(286,041)	(1,167,247)
Other Operating Cash Receipts	13,019	0	13,019
Net Cash Provided by Operating Activities	<u>978,000</u>	<u>23,054</u>	<u>1,001,054</u>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>			
Transfers In from Other Funds	184,533	0	184,533
Transfers Out to Other Funds	(181,843)	0	(181,843)
Net Cash Provided by Noncapital Financing Activities	<u>2,690</u>	<u>0</u>	<u>2,690</u>
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>			
Principal Paid on General Obligation Bonds	(110,000)	0	(110,000)
Acquisition and Construction of Assets	(145,024)	0	(145,024)
Cash Received from Tap In Fees in Excess of Cost	161,609	0	161,609
Principal Paid on Ohio Water Development Authority Loans	(354,670)	0	(354,670)
Interest Paid on All Debt	(450,305)	0	(450,305)
Net Cash Used by Capital and Related Financing Activities	<u>(898,390)</u>	<u>0</u>	<u>(898,390)</u>
<b><u>Cash Flows from Investing Activities:</u></b>			
Receipts of Interest	29,126	0	29,126
Net Cash Provided by Investing Activities	<u>29,126</u>	<u>0</u>	<u>29,126</u>
Net Increase in Cash and Cash Equivalents	111,426	23,054	134,480
Cash and Cash Equivalents at Beginning of Year	3,317,655	279,831	3,597,486
Cash and Cash Equivalents at End of Year	<u>\$3,429,081</u>	<u>\$302,885</u>	<u>\$3,731,966</u>

(Continued)

**THE CITY OF HEATH, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>			
<b>Provided by Operating Activities:</b>			
Operating Income (Loss)	\$58,311	(\$12,676)	\$45,635
Adjustments to Reconcile Operating Income (Loss) to			
<b>Net Cash Provided by Operating Activities:</b>			
Depreciation Expense	872,542	0	872,542
Changes to Assets and Liabilities:			
Decrease in Accounts Receivable	16,241	0	16,241
Increase in Inventory	(13,542)	0	(13,542)
Decrease in Prepaid Items	1,103	0	1,103
Increase in Accounts Payable	56,665	35,730	92,395
Decrease in Accrued Wages and Benefits Payable	(1,546)	0	(1,546)
Decrease in Compensated Absences Payable	(11,774)	0	(11,774)
<b>Total Adjustments</b>	<b>919,689</b>	<b>35,730</b>	<b>955,419</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$978,000</b>	<b>\$23,054</b>	<b>\$1,001,054</b>

**Schedule of Noncash Investing, Capital and Financing Activities:**

As of December 31, 1999, the Water and Sewer Funds had outstanding liabilities of \$164 and \$164, respectively, for the purchase of certain capital assets. The Water and Sewer Funds received capital assets contributed from other funds in the amounts of \$20,554 and \$228,000 respectively.

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

**THE CITY OF HEATH, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Heath, Ohio (the "City") is a home rule municipal corporation created under the laws of the State of Ohio. Heath was first incorporated as a village on March 21, 1952 and achieved city status on April 28, 1965. The City currently operates under and is governed by its own Charter. The current Charter, which provides for a Mayor-Council form of government, was adopted in 1964.

The accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 1999 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**A. Reporting Entity**

The accompanying general purpose financial statements comply with the provisions of the 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 primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, account groups, agencies, boards and commissions that are part of the primary government, which include 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.

**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***

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except that accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, use 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 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 limitations of the City Charter.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or 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 obligation long-term debt principal and interest other than those accounted for in the proprietary funds.

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***

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components. Proprietary fund type 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. The City maintains separate enterprise funds for its water and sewer utility services.

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Basis of Presentation - Fund Accounting** (Continued)

*Fiduciary Funds*

Trust Funds - These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains three expendable trust funds. The expendable trust funds are accounted for and reported similarly to governmental funds.

*Account Groups*

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

General Fixed Assets Account Group - 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 of the City except that 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, the expendable trust funds and the agency fund. 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.

Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues are recorded as revenue 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 4.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are 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 legal level of budgetary control is by fund at the major object level (personal services, materials and supplies, contractual services, etc.) by department. Budgetary modifications may only be made by ordinance of the City Council.

**1. Tax Budget**

By July 15, the Mayor 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 determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. 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 which states 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 and may be modified during the year by Ordinance of City Council. Total fund appropriations may not exceed the current estimated resources certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level. During the year, several supplemental appropriations were necessary to budget for major capital improvement projects that were not originally appropriated. Administrative control is maintained through the establishment of more detailed line-item budgets. Funds may be moved from one line-item account to another within the same object without approval of City Council. The City Auditor maintains an accounting of the line-item expenditures to insure that the total expenditures within a department by object do not exceed approved appropriations. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. 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.

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 Projects Funds
GAAP Basis (as reported)	(\$690,484)	\$816,016	\$116,117	\$422,520
Increase (Decrease):				
Accrued Revenues at December 31, 1999 received during 2000	(453,459)	(23,603)	(84,000)	(140,000)
Accrued Revenues at December 31, 1998 received during 1999	492,107	22,761	51,737	155,211
Accrued Expenditures at December 31, 1999 paid during 2000	200,409	154,071	0	162,537
Accrued Expenditures at December 31, 1998 paid during 1999	(138,539)	(184,041)	0	(15,062)
1998 Prepays for 1999	28,747	12,952	0	0
1999 Prepays for 2000	(33,653)	(13,489)	0	0
Outstanding Encumbrances	(101,936)	(96,770)	0	(1,782,957)
Budget Basis	(\$696,808)	\$687,897	\$83,854	(\$1,197,751)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**E. Cash and Cash Equivalents**

During fiscal year 1999, cash and cash equivalents included amounts in demand deposits, certificates of deposit with original maturities less than months and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the general purpose financial statements.

The City pools 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 had maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds consider their share of equity in STAR Ohio to be cash equivalents. (See Note 3, "Cash, Cash Equivalents and Investments.")

**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) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices.

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.

**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 fund when purchased and as expenses in the proprietary 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.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**H. Fixed Assets and Depreciation** (Continued)1. Property, Plant and Equipment - General Governmental Purposes (Continued)

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 appraisal utilizing the services of Industrial Appraisal Associates. Land and proprietary infrastructure were valued 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.

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	15 - 40
Improvements other than Buildings	50
Machinery, Equipment, Furniture and Fixtures	5 - 10

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**I. Long-Term Obligations**

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

Obligation	Fund
General Obligation Bonds	Debt Service Fund Water Fund
Installment Loan	Capital Improvements Fund
Capital Leases	General Fund
Ohio Water Development Authority Loans	Sewer Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Water Fund Sewer 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.

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

Compensated absences are expensed in the water and sewer enterprise funds when earned, and the related liability is reported within the fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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 during 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 inventories of supplies and materials, prepaid items and encumbrances (excluding encumbered amounts reflected as payables).

**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 that 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 - COMPLIANCE AND ACCOUNTABILITY**

*Deficit Fund Equities* - The fund deficits at December 31, 1999 of \$28,500 in the Fire Pension Fund and \$27,694 in the Police Pension Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. Deficits do not exist under the budgetary/cash basis of accounting. Operating transfers are provided when cash is required, not when accruals occur.

**NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash 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;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;

## NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- 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. |

**A. Deposits**

At year end the carrying amount of the City's deposits was \$10,001,574 and the bank balance was \$10,136,195. Federal depository insurance covered \$200,000 of the bank balance, and all remaining deposits were classified as Category 3.

**NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**B. Investments**

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

Non-Categorized Investments	Fair Value
STAR Ohio	\$5,246,591

**C. Cash With Fiscal Agent**

The City has uninsured and uncollateralized cash in the amount of \$219,767 being held by the Licking County Engineer. This cash is restricted in its use for various road improvement projects.

**D. 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.

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per items A and B of this note are as follows:

	Cash and Cash Equivalents *	Investments
Per Combined Balance Sheet	\$15,248,165	\$0
Investments:		
STAR Ohio	(5,246,591)	5,246,591
Per GASB Statement No. 3	<u>\$10,001,574</u>	<u>\$5,246,591</u>

\* Does not include Cash with Fiscal Agent

**NOTE 4 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property located in the City and used in business. 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 reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 1999. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

NOTE 4 - TAXES (Continued)

A. Property Taxes (Continued)

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 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 described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Heath. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 1999 was \$5.40 per \$1,000 of assessed value. The assessed value upon which the 1999 levy was based was \$233,751,260. This amount constitutes \$176,197,990 in real property assessed value, \$7,319,020 in public utility assessed value and \$50,234,250 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 .540% (5.40 mills) of assessed value.

B. Income Tax

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as 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 5 - RECEIVABLES

Receivables at December 31, 1999 consisted of taxes, accounts receivables and intergovernmental receivables arising from shared revenues.

NOTE 6 - OPERATING TRANSFERS

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

Fund	Transfer In	Transfer Out
General Fund	\$0	\$815,000
Special Revenue Funds:		
Street Construction, Maintenance and Repair Fund	589,000	0
Swimming Pool Fund	55,000	0
Fire Pension Fund	71,500	0
Police Pension Fund	99,500	0
Total Special Revenue Funds	<u>815,000</u>	<u>0</u>
Debt Service Fund:		
General Obligation Debt Service Fund	0	184,533
Capital Projects Funds:		
Capital Improvement Fund	67,329	1,594,897
Lake-Liberty Drive Bridge Replacement Fund	0	791
Thornwood Drive Culverts Fund	192,447	0
South 30th Street Improvements Fund	1,517,755	0
Total Capital Projects Funds	<u>1,777,531</u>	<u>1,595,688</u>
Enterprise Funds:		
Water Fund	184,533	115,305
Sewer Fund	0	66,538
Total Enterprise Funds	<u>184,533</u>	<u>181,843</u>
Totals	<u>\$2,777,064</u>	<u>\$2,777,064</u>

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## NOTE 7 - 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	\$672,686	\$0	\$0	\$672,686
Buildings	4,154,871	47,357	0	4,202,228
Improvements Other than Buildings	488,363	12,944	(21,741)	479,566
Machinery and Equipment	4,517,153	917,192	(307,769)	5,126,576
Construction in Progress	500	0	(500)	0
Totals	<u>\$9,833,573</u>	<u>\$977,493</u>	<u>(\$330,010)</u>	<u>\$10,481,056</u>

Schedule of General Fixed Assets at December 31, 1999:

General Fixed Assets		Investment in General Fixed Assets	
		Assets Acquired Prior to 1990	\$61,192
		General Fund	1,685,091
		Special Revenue Funds	1,254,875
		Capital Projects Funds	6,431,724
		Proprietary Funds	10,281
		Fiduciary Funds	1,000
		Donations	1,036,893
Land	\$672,686		
Buildings	4,202,228		
Improvements Other than Buildings	479,566		
Machinery and Equipment	5,126,576		
Total	<u>\$10,481,056</u>	Total	<u>\$10,481,056</u>

**B. Proprietary Fixed Assets**

Summary by Category at December 31, 1999:

Category	Historic Cost	Accumulated Depreciation	Book Value
Land	\$397,374	\$0	\$397,374
Buildings and Improvements	13,459,737	(2,481,745)	10,977,992
Infrastructure	9,636,725	(5,210,297)	4,426,428
Machinery and Equipment	4,596,576	(3,484,710)	1,111,866
Construction in Progress	28,316	0	28,316
Property, Plant and Equipment	<u>\$28,118,728</u>	<u>(\$11,176,752)</u>	<u>\$16,941,976</u>

**NOTE 8 – 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 \$283,018, \$265,147 and \$248,165, 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 \$87,725.

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 8 – 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 \$169,604, \$160,434 and \$147,625 for police and \$161,284, \$144,567 and \$114,541 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 \$60,883 representing 7.00% of covered payroll for police and \$47,041 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 9 – COMPENSATED ABSENCES**

The City accrues a liability for accumulated unpaid sick, vacation, and compensatory time when earned by employees. Employees earn sick and vacation leave at varying rates based upon length of service. Upon retirement, an employee with ten or more years of service with the City will be compensated for their accumulated sick leave at a rate of 50% of the balance. 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 amount decreased from a beginning year balance of \$381,251 to a year end balance of \$380,403.

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

	Hours	Amount
Sick Leave	20,014	\$345,413
Vacation / Compensatory Time	2,256	34,990
Total	<u>22,270</u>	<u>\$380,403</u>

**NOTE 10 - LONG-TERM DEBT AND OTHER 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
<b>Enterprise Funds:</b>				
General Obligation Bond:				
3.70 - 4.75% Water Improvement	2018	\$3,340,000	(\$110,000)	\$3,230,000
Ohio Water Development Authority Loans:				
5.00% Loan SRF-112	2012	4,951,005	(278,398)	4,672,607
5.00% Loan SRF-114	2010	1,151,987	(76,272)	1,075,715
Subtotal OWDA Loans		<u>6,102,992</u>	<u>(354,670)</u>	<u>5,748,322</u>
Total Enterprise Long-Term Debt		<u>\$9,442,992</u>	<u>(\$464,670)</u>	<u>\$8,978,322</u>
<b>General Long-Term Debt:</b>				
General Obligation Bonds:				
2.70 - 4.90% Emergency Equipment	1999	\$65,000	(\$65,000)	\$0
3.70 - 4.25% 30th Street Improvement	2005	1,275,000	(165,000)	1,110,000
3.70 - 4.75% Fire Station Improvement	2018	1,900,000	(60,000)	1,840,000
Total General Long-Term Debt		<u>3,240,000</u>	<u>(290,000)</u>	<u>2,950,000</u>
<b>Other Long-Term Obligations:</b>				
Capital Leases		5,183	(2,971)	2,212
Installment Loan Payable		0	228,000	228,000
Compensated Absences		381,251	(848)	380,403
Total Other Long-Term Obligations		<u>386,434</u>	<u>224,181</u>	<u>610,615</u>
Total General Long-Term Debt and Other Long-Term Obligations		<u>\$3,626,434</u>	<u>(\$65,819)</u>	<u>\$3,560,615</u>

## NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 1999 were as follows:

Years	General Obligation Bonds		Installment Loan		OWDA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$350,000	\$273,612	\$43,521	\$7,882	\$372,625	\$282,816
2001	360,000	259,788	42,793	8,611	391,489	263,952
2002	370,000	245,387	44,938	6,466	411,308	244,133
2003	400,000	230,403	47,191	4,214	432,331	223,111
2004	400,000	214,013	49,557	1,842	453,807	201,634
2005-2009	1,380,000	854,567	0	0	2,638,972	638,235
2010-2014	1,470,000	557,713	0	0	1,047,790	63,688
2015-2018	1,450,000	176,463	0	0	0	0
Totals	\$6,180,000	\$2,811,946	\$228,000	\$29,015	\$5,748,322	\$1,917,569

Debt of the Enterprise Funds is recorded within the Enterprise Funds. All other debt is reflected in the General Long-Term Obligations Account Group.

**A. Defeased Debt**

In August 1998, the City defeased \$1,300,000 of General Obligation Bonds for 30<sup>th</sup> Street Improvements dated November 1, 1989 (the "1989 Bonds") through the issuance of \$1,420,000 of General Obligation Bonds for 30<sup>th</sup> Street Improvements (the "1998 Bonds"). The net proceeds of the 1998 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which had an outstanding balance of \$1,040,000 at December 31, 1999 are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

## NOTE 11 - CAPITAL LEASES

The City leases a copier and a mailing machine under capital leases. The cost of the equipment obtained under the capital leases are 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 leases together with the present value of the net minimum lease payments as of December 31, 1999:

Year Ending December 31,	Capital Leases
2000	\$2,001
2001	312
Minimum Lease Payments	2,313
Less amount representing interest at the City's incremental borrowing rate of interest	(101)
Present value of minimum lease payments	\$2,212

NOTE 12 - 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. There has been no significant reduction in insurance coverages from the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' 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 of Heath is a member of the Ohio Municipal League (OMB) Workers' Compensation Pool. The pool groups similar municipal employers to gain a greater discount in worker's compensation premiums for City employees. Section 4123.29 of the Ohio Revised Code, and the rules promulgated thereunder, permit the establishment of the employer group rating plan. Said plans pool and group the experience (payroll amounts and claims losses) of the participating employers in order to create a lower worker's compensation premium rate. The Ohio Municipal League (OMB) as a sponsoring organization offers the plan to achieve lower workers' compensation premium rates for participants and to promote establishment of a safer working environment.

The City has a group health insurance program for employees and their eligible dependents. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the Self Insurance Fund (internal service fund) are available to pay claims and administrative costs. The plan is administered by a third party administrator, Professional Claims Management, Inc., which monitors all claim payments. Excess loss coverage, provided by the Insurance Company of North America, becomes effective after \$10,000 per year per specific claim. There is a lifetime maximum coverage per person of \$2,000,000.

The claims liability of \$72,200 reported in the fund at December 31, 1999 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the 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 reasonably estimated.

Changes in the fund's claims liability amount in fiscal years 1998 and 1999 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
1998	\$47,995	\$239,071	(\$250,596)	\$36,470
1999	36,470	357,501	(321,771)	72,200

**NOTE 13 - 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 14 - 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. The key financial information for the year ended December 31, 1999 for these enterprise activities is indicated below:

	Water	Sewer	Total
Operating Revenues	\$974,026	\$1,838,491	\$2,812,517
Depreciation	326,292	546,250	872,542
Operating Income (Loss)	(144,479)	202,790	58,311
Operating Transfers In	184,533	0	184,533
Operating Transfers Out	115,305	66,538	181,843
Net Loss	(239,675)	(153,427)	(393,102)
Property, Plant and Equipment:			
Additions	32,950	301,179	334,129
Deletions	44,215	128,344	172,559
Current Capital Contributions	81,813	328,350	410,163
Assets	11,024,714	9,795,802	20,820,516
Net Working Capital	1,496,200	2,209,594	3,705,794
Bonds and Loans Payable	3,230,000	5,748,322	8,978,322
Total Equity	7,689,256	3,897,137	11,586,393

**NOTE 15 - CONTRIBUTED CAPITAL**

During the year, contributed capital in the enterprise funds increased from shared revenues as follows:

	Water Fund	Sewer Fund	Total
Balance at Beginning of Year	\$2,206,803	\$1,878,754	\$4,085,557
Additions:			
Contributions from other funds	20,554	228,000	248,554
Tap in Fees in Excess of Cost	61,259	100,350	161,609
Balance at End of Year	<u>\$2,288,616</u>	<u>\$2,207,104</u>	<u>\$4,495,720</u>

**NOTE 16 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of December 31, 1999, the City had the following significant construction projects that will be financed through a combination of resources such water and sewer charges and bond anticipation notes.

Projects	Remaining Construction Commitment	Expected Date of Completion
Lift Station Construction	\$242,929	December 2000

**WOLFE, WILSON, & PHILLIPS, INC.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
37 S. SEVENTH STREET • ZANESVILLE, OHIO 43701  
(740) 453-9600 • FAX - (740) 453-9763

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**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 Heath  
Heath, Ohio 43056

We have audited the general-purpose financial statements of City of Heath as of and for the year ended December 31, 1999, and have issued our report thereon dated May 11, 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 Heath's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which we have reported to management of the City of Heath in a separate letter dated May 11, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Heath'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, and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

*Wolfe, Wilson, & Phillips, Inc.*  
Zanesville, Ohio  
May 11, 2000

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

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

**FINANCIAL CONDITION  
CITY OF HEATH  
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)(II)</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

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

NONE

***Comprehensive  
Annual Financial Report***

*for the year ended December 31, 1999*



***Fletcher Heath***

*December 31, 1863 - August 30, 1936*

***Heath, Ohio***

***1999***

## Fletcher Heath

While most historians associate the name of the City of Heath with the Purc Oil Refinery located within the city's boundaries, few provide knowledge of the man whose name the city bears. Fletcher Heath had a brilliant financial mind, devoted most of his life to the study and practice of banking and finance, and served as a leader in the organization and management of larger corporations for forty years. He was born in Delaware County, Indiana, on December 31, 1863; married Bessie McCullough on January 20, 1897; and died in Oxford, Ohio, on August 30, 1936, from heart trouble and other complications. While Mr. Heath visited the local refinery, he never lived within Licking County.

In 1888, Fletcher Heath helped to organize the Miami Valley National Bank in Hamilton, Ohio; later served as vice president of the Seventh National Bank of New York City; and by 1914, joined forces with B. G. Dawes to form the Ohio Cities Gas Company. From the time Fletcher Heath met B. G. Dawes in the mid-1890s, the two complimented each other's work. Together they purchased a number of rundown gas and electric properties throughout the country, rehabilitated them, and placed the properties on a profitable basis within twenty years. In the summer of 1913, they worked to resuscitate the Columbus Gas & Fuel Company, acquired a competing gas company in Columbus, and purchased the Springfield Gas Company. Two years later they also acquired the Dayton Gas Company. Along with what was originally known as the Newark Gas and Coke Company, the companies acquired by Fletcher Heath and B. G. Dawes became the Ohio Cities Gas Company from which the Purc Oil Company emerged.

In 1920, an oil refinery was constructed in Newark Township-South and began operation twenty-four hours a day without interruption. Since it was a tradition not to have two places named after the Dawes family, the new refinery took on the name of Heath. Eventually, even the railroad station located near the refinery became known as the Heath station. As time passed and residents of Newark Township-South decided in 1951-52 to incorporate, the identification with the Heath Refinery led to citizens naming the newly incorporated eight square miles the Village of Heath.

Fletcher Heath served as the financial director in charge of the legal, corporate, and accounting operations as well as vice president, secretary, and treasurer of the Ohio Cities Gas Company until 1927. Within a mere twenty-two years, he helped to guide the growth of the Purc Oil Company to fifty times its original size. Because his arduous duties demanded relief, he eventually relinquished the posts of treasurer and secretary, leaving him still to serve as director and vice president until his death.

Fletcher Heath was not only an astute financial advisor, but also a man whose tremendous knowledge commanded respect from scores of great men throughout this nation. Known by all to be a quiet, modest, and unassuming individual, he shunned the limelight. Only once was he pictured in the Purc Oil News during his lifetime, and that was without his knowledge. He was vitally interested in education and community efforts and contributed generously to both. In fact, he was known for his generosity and benevolence; and though he had no children of his own, he helped many young men in Oxford, Ohio, begin a business career. Those who knew him best said his cordial greeting, his cheerful smile, his unflinching wit, and his helping hand at all times would serve as a legacy for future generations. To show the high esteem in which Mr. Heath was held in his home community, all business houses were closed during the hour of his funeral and the city flag was at half-mast for two days. In addition to these honors, all Purc Oil telegraph lines were silent for five minutes during the funeral hour as a fitting tribute to a man who had served the company so devotedly.



We in the City of Heath are proud of the accomplishments of the man whose name the city bears and strive to demonstrate the traditions of progressiveness, educational and civic devotion, and cordiality that reflect Fletcher Heath.

***THE CITY OF HEATH, OHIO***

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LICKING COUNTY

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 1999

*Prepared by:*  
Carolyn J. Broyles  
City Auditor

Linda Richards  
Assistant Auditor

Vicki Miller  
Administrative Assistant

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## *INTRODUCTORY SECTION*

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# CITY OF HEATH

Daniel L. Dupps  
Mayor

Carolyn J. Broyles  
Auditor

Richard Bindley  
Director of Law

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June 1, 2000

To the Council and The Citizens of the City of Heath, Ohio:

I am pleased to present this Comprehensive Annual Financial Report for the City of Heath (the City) for the fiscal year ended December 31, 1999. The report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

## INTRODUCTION

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Heath to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. I believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

The report is comprised of three major sections:

1. **The Introductory Section** includes this Letter of Transmittal which addresses the organization, accomplishments and operational structure of the City, a list of the Principal City Officials, and an Organizational Chart.
2. **The Financial Section** contains the City's general purpose financial statements, which include explanatory notes and provide an overview of the City's financial position and operating results; the Combining Financial Statements of the Individual Funds and Account Groups that provide detailed information to the General Purpose Financial Statements and the Report of the Independent Auditors.
3. **The Statistical Section** presents social, economic and historical data in a multi-year format, which can be used to identify financial trends and data relative to the fiscal capacity of the City.

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## **The Reporting Entity**

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, in that the financial statements include all the 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 the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the reporting entity of the City has no component units but includes the following services as authorized by its charter: police and fire protection, emergency medical response, parks and recreation, planning, zoning, street maintenance, utility billing, income tax collection and other governmental services.

## **The City of Heath**

The City of Heath continues to be a rapidly, growing community located forty-five miles east of Ohio's capital city, Columbus, and is bounded on the north by the City of Newark, the county seat of Licking County. The City's elevation is approximately 830 feet above sea level. Its median temperatures are 75 degrees in summer and 30.2 degrees in winter. State highways 79 and 13 serve as the City's major transportation arteries. The east-west interstate highway I-70 that lies approximately 6 miles south also serves the City. Heath's 10.5 square mile area serves a residential population of 8,100 and an estimated daytime population of 45,000. The daytime population is concentrated in the area of the Central Ohio Aerospace and Technology Center, the Indian Mound Mall and Cross Creek Shopping Center.

The City of Heath was named after Fletcher Heath an employee of the Pure Oil Company, which was located just west of the City. A railroad freight station located near the company was named the Heath Station. In 1951, when area residents voted to incorporate, they created the Village of Heath. The Village of Heath became Ohio's 196th city on April 28, 1965.

Historical areas in the City of Heath include the Davis-Shai House, the old Four Mile Lock, part of the Ohio Canal and Moundbuilders State Park. A unique collection of prehistoric Hopewell Indian artifacts is on display in the Ohio Indian Art Museum located in the park.

The City operates under a charter, first adopted by the voters in 1964 and opened for revision by a Charter Commission every ten years. The form of government provided in the Charter is known as the "Mayor-Council Plan". All elections are non-partisan. The Mayor and the Auditor are elected for overlapping terms every four years. The legislative body of Heath consists of a seven-member Council, three of whom are elected by Ward, and four of whom are elected At-Large for overlapping four year terms. City Council elects a president every two years to preside over meetings. In the event that the office of the Mayor shall become vacant the President of Council shall become Mayor and serve for the unexpired term of the Mayor. City Council appoints the Clerk of Council and the Mayor appoints the City Law Director.

## Municipal Services

### Police Services

The police department was established in 1963 with a Chief and one full time patrolman. The Heath Police department of today has twenty-two sworn officers, five full time and two part time dispatchers, and two clerks. The department is a progressive, service oriented agency that responds to approximately 12,000 calls for service a year. The department has seven marked patrol vehicles affording adequate protection to the citizens of Heath. Laptop computers have been incorporated into each marked vehicle. The police force has a canine unit and four undercover detective cars at its disposal. It is responsible for protecting approximately eighty-two miles of roadway and a very densely developed commercial area including a regional shopping mall, numerous outlying businesses and several strip shopping centers. Due to its full service status, the police department is entirely self-sufficient and provides 24-hour protection to the citizens of the City. However, in an unusually demanding situation, the department can call upon the City of Newark and/or the Licking County Sheriff's Office for assistance.

Mutual aid is provided for, with the previously mentioned entities, through mutual aid contracts. The department personnel conduct a number of community service related activities including the Drug Abuse Resistance Education (D.A.R.E.) program, a drug prevention program serving 4th and 5th grade students and Safety City, a safety program for small children. The police also participate in "Olympic" type events during the Police Olympics. In July of 1997 the Heath Police Department became an internationally accredited law enforcement agency through the Commission on Accreditation for Law Enforcement Agencies of Fairfax, Virginia.

### Fire Services

The Heath Fire Department has grown with its community and currently operates two new stations housing four structural pumpers, three ALS Medic Units, a Walters ARFF truck, snorkel, utility 4X4, County haz-mat response tractor, and a county foam response trailer. The department services 10.5 square miles with sixteen paid firefighter/paramedics including its Chief, a volunteer force of nineteen, and a new part-time program of twenty-six employees. Heath operates a three-platoon system working 24/48-hour shifts. Each shift is assigned a Captain, a Lieutenant, and three full time firefighter/medics. A part-time firefighter is also assigned to each shift. The Heath Fire Department operates under a mutual aid contract with all other county fire departments. Heath responds to approximately 1600 fire and EMS runs per year. The Heath Fire Department is part of the County Hazardous Materials Response Team and also houses the County Water Rescue Team trailer. A 1-mill levy generates approximately \$176,000 in revenue each year for equipment and operating expenses. A 1.5-mill, continuing levy, passed in May of 1997, provides approximately an additional \$296,910 for personnel. The fire department is involved in Fire Prevention Week activities, National EMS week and has an active fire inspection and prevention program.

### Water and Wastewater Services

Water is treated by the City's municipal water plant located on Dorsey Mill Road and delivered through the distribution system, which is also owned and maintained by the City. Current flow through the plant averages 1.6 million gallons per day (MGD). Construction was completed to upgrade the water plant, which doubled the treatment capacity of the plant from 2 MGD to 4 MGD. The 1998 upgrade added a 500,000 gallon clear well to increase storage capacity to 2.38 million gallons. The upgrade also included a renovation of the laboratory making it one of only two labs in Licking County certified in bacteria testing. There are seven employees involved in the production and distribution of water for the City.

Heath's drinking water was voted the best drinking water in the State of Ohio in 1994. Unlike most cities, Heath's drinking water comes from underground aquifers, instead of a more polluted surface source. The city water is softened to 100 mg/l making home water softeners unnecessary.

The wastewater plant and collection system is owned and maintained by the City. The ten million dollar facility, completed in 1992, has a capacity of 1.75 MGD and with a peak flow of 7 MGD. The new federal sludge regulations have forced the operations of the plant to become more efficient and to produce a higher quality product, which has less negative impact on the environment. In 1998, the digesters were converted from anaerobic to more efficient aerobic digesters and a new pump station was installed in the Forest Hills subdivision. There are eight employees involved in the collection system and operation of the plant.

### Street Department Services

The Heath Street Department Complex located at 550 Dog Leg Road consists of five buildings including an office, garage, and storage facilities. The Department has two salt-water storage pools, one located at the Municipal Office Building and the other at the Heath Wastewater Plant, and a rock salt storage facility with the capacity to store 700 ton of rock salt. The Department is also responsible for several retaining ponds located in various areas of the City and a stone quarry.

The Street Department has a total of eleven full-time employees including the Street Superintendent. The Department is responsible for maintenance and repair of approximately 86 miles of streets and highways in the City. The Department is also responsible for snow removal, storm sewer and catch basin maintenance and repair, traffic signal operation, road lines and markings, sign installation and maintenance, mowing and maintenance of extensive right-of-ways, and the annual leaf pickup program.

The Department maintains a fleet of approximately fourteen vehicles and ten pieces of heavy equipment. The Department also conducts an annual vehicle inspection of all other City owned vehicles to insure the reliability of the vehicles and the safety of City employees.

### Building and Zoning Services

The Building and Zoning Department is responsible for overseeing community development, maintaining the Land Use and Thoroughfare Plan, participation in the local Metropolitan Planning Organization and maintaining the City's Geographic Information System. The department also is responsible for the review and approval of development plans, for the issuance of zoning permits, for general inspections for compliance and enforcement of zoning and utility ordinances and for complaint investigation and resolution.

Other general duties performed by the department include planning, securing funding and administering major construction projects such as road improvements and bridge replacements, acting as the city representative to the local Metropolitan Planning Organization, management of flood hazard areas and serving as liaison to the Bureau of the Census.

### The Parks and Recreation Services

Eight City parks and one indoor recreation and fitness center are located within the City of Heath. Hoback Park, a 30.49-acre park named after Richard "Bert" Hoback in 1962, the city's first mayor, is located East of South 30<sup>th</sup> Street on Dorsey Mill Road and is the City's oldest park. It is the site of five Little League ball fields and one basketball court. Throughout the summer months, the Heath Sertoma Club offers a well-rounded Little League program in the park, including farm and varsity baseball, girls farm and varsity softball, and T-Ball.

In addition to sports, Hoback Park also offers newly installed playground equipment, restrooms, and an indoor shelter house. Access to the Licking River, wooded area for hiking, and picnic tables provide a wonderful family environment for Heath citizens to enjoy.

Hitchcock Park, located on the corner of Partridge Court and Partridge Road is in the center of a residential area that includes single-family dwellings, an apartment complex, and an elementary school. Originally known as Southgate Park, the park was rededicated and named Hitchcock Park in 1998 in honor of Edward Hitchcock, the City's second mayor. The 3.09-acre park offers playground equipment, an outdoor shelter, two basketball courts, and a picnic area for public enjoyment.

The largest of the City's parks is John C. Geller Park, a 55.77-acre site purchased in 1978. Located at 580 Cynthia Street, the park offers an array of beauty, a two-mile walking path, open play areas, two outdoor shelters, two softball fields, two sand volleyball courts, and handicap playground equipment. The park was originally known as Heath Community Park and was renamed in 1998 after John C. Geller, in honor of Heath's third mayor. The park provides a sledding hill during the winter months and beautiful natural sun shelter during the summer months under any one of a vast array of trees planted as memorials.

The park is the hub of major community events such as the Kids First! Fest, Star Spangled Celebration, and the 1860's Muffins Baseball Game held during the summer months. In 1987, it was the selected site for a Vietnam War Memorial. Anytime of year, citizens can stand at the entrance of John C. Geller Park and view the beautiful war memorial on the top of the hill with its arrowhead pointing toward the sky and its flags flying in honor of Heath citizens who served their country well.

Two smaller parks, Kroger Park and Dorsey Mill Park, are dedicated to open green space. Kroger Park, a one-acre park located on South 30<sup>th</sup> Street, and Dorsey Mill Park, an 8.49-acre park located at the end of Dorsey Mill Road, offer picnic areas for citizens to enjoy. By the fall of 2000, Dorsey Mill Park will become the southern end of the new Nature Works Walking Trail that follows the Licking River and extends northward to Hoback Park.

Historically, the 1.11-acre Canal Lock Park located at the City's southern entrance on Route 79 dates back to 1825 when the first spade full of dirt was lifted in Ohio to build the Ohio and Erie Canal. Canal Lock Park was deeded to the City of Heath in 1968 and is maintained as an historical site.

The Davis-Shai House, one of the City's oldest historical structures, was donated to the City in 1995 and was moved on April 16, 1996 from its original location near the corner of Hebron Road and 30<sup>th</sup> Street to its present location on Central Parkway. The historic structure sits on a 12-acre site. The City received a \$500,000 State Capitol Grant in 1999 to renovate the 3,000 square foot facility as a Cultural Arts Center and formed the Community Arts Council to serve as its governing body in 1998. The Davis-Shai House is scheduled for a late spring of 2001 grand opening and will be used for cultural events, meetings, weddings and receptions. The second floor of the facility will also serve as an office complex and the level beneath the main floor will be used for arts and crafts.

The Heath Pool Complex, located on Sgt. Simpson Boulevard, was opened in 1971. This state-of-the-art complex includes a diving well, Olympic pool (50 x 25 meters), wading pool, and fountain pool. A shade shelter and concession stand are also located on the premises along with volleyball and basketball courts and playground equipment. Swimming lessons are offered during summer months and the open space around the pool complex is used for soccer practice.

The City's first experience with an indoor recreational program occurred in 1998 when the Department of Parks and Recreation opened the Heath Community Recreation and Fitness Center located at 771 Irving-Wick Drive W. The facility offers Nautilus, Free Weight, and Cardiovascular equipment, saunas, whirlpool-tub, Jacuzzi, tanning, aerobic classes, and numerous opportunities for fitness. A racquetball court and large gymnasium also provide ample opportunities for sports activities and community events.

The Department of Parks and Recreation is currently completing a Strategic Plan for Parks, Recreation, and Open Space and a Feasibility Study for a Community Recreation Center because of the interest demonstrated by Heath citizens in the indoor fitness and recreation facility and the need for additional parks and open space. The study, conducted by Edsall & Associates, LLC, will become the springboard for future parks and recreation development.

Administrative Services

The *Administrative Services Department* is under the direction of the City Auditor and is responsible for the functions of tax collection, utility billing, financial control, data processing, risk management and public information. This department provides essential support services to all departments and divisions of the City, as well as several direct services to residents and businesses. The Administrative Services Department consists of two divisions - the Tax Division and the Finance Division.

The *Tax Division* is under the direction of the Tax Commissioner who is responsible for the collection and administration of the City's one and one-half percent earnings tax and the hotel excise tax. In addition, the Tax Division offers direct tax assistance services to all residents and businesses. An outside company was hired to address the issue of delinquent balances and non-filers.

The *Finance Division* is responsible for all areas of financial administration, including revenue recording, investments, debt service management, expenditure tracking, financial records, budgeting, financial reporting, utility billing and payroll/personnel administration.

Citywide, all personnel of the City of Heath are involved in Youth in Government Day. Each May, the two-day program allows students to serve as government officials for one day. The students are elected by their peers to various City offices. After the election they visit City Hall, write mock ordinances and develop mock plans for the City. On the second day a mock council meeting is held and the students spend the day with their respective counterparts. The annual program provides the students an opportunity to see the operation of the City first hand and to visit all City departments.

**Labor Relations**

A statewide public employee collective bargaining law applies generally to public employee relations and collective bargaining. The employee profile is as follows:

<u>Number of Employees</u>	<u>Employee Classification</u>
86	Classified employees
9	Elected officials
5	Appointed officials

The City has entered into bargaining agreements with the Fraternal Order of Police, Ohio Labor Council, Inc., International Association of Firefighters Local 2930 and the American Federation of State, County and Municipal Employees, AFL-CIO, Ohio Council 8. Other employees are governed by legislative action of City Council. In the judgment of the City, its employee relations have been and are considered to be good.

Full-time employees are represented by the following bargaining units:

Bargaining Unit	Agreement Expiration Date	Number of Employees Covered
Fraternal Order of Police, Ohio Labor Council (Dispatchers)	March 31, 2002	6
Fraternal Order of Police, Ohio Labor Council (Sergeants/Patrol)	March 31, 2002	21
International Association of Firefighters Local 2930	April 17, 2002	16
American Federation of State, County and Municipal Employees, AFL-CIO, Ohio Council 8	April 1, 2002	38

New police officers are not included in the union until their one-year probationary period is successfully completed. An auxiliary force of ten persons is authorized by order of the mayor. A thirty member volunteer fire department operated by the Heath Firefighters Association is authorized by City Ordinance.

The Administrative Section of the City of Heath Codified Ordinances provides for equal and similar treatment of employees employed by the city but not covered under a collective bargaining agreement. The following classifications are covered by the Administrative Section of the Heath Codified Ordinances:

- 9 Elected Officials
- 1 Appointed Clerk of Council
- 2 Appointed law advisors
- 2 Exempted classified employees
- 1 Appointed Secretary
- 1 Recreation Director
- 7 Department Heads

### ECONOMIC OUTLOOK

The City of Heath has become the center of commercial growth in Licking County. The last fifteen years have seen the construction of the Cross Creek Shopping Center, the Indian Mound Mall (a regional shopping mall drawing shoppers from a fifty-mile radius), and the complete renovation of the Southgate Shopping Center. Large establishments such as Wal-Mart, Target and Lowes have been constructed within a one-mile corridor along state route 79. National restaurant chains including Red Lobster, Applebee's, Olive Garden, Ruby Tuesday and Tumbleweed have constructed facilities in the heart of the commercial development to meet the needs of those who have come to shop at the various retail stores. In 1997, expansion at Indian Mound Mall included the addition of Sears, as the fifth anchor store and the doubling in size of the Movie Theater. Southgate Shopping Center's occupancy remains to close to 100%. New businesses in 1999 include Dairy Queen, Quickway Carriers and Country Inn and Suites. Construction began

on Best Buy, a new dealership location for John Hinderer Honda, Fiberglas Federal Credit Union and a new building for the offices of Dunkin's Diamonds and Gold. Construction plans are also in the works for a Lowe's Superstore, a Hampton Inn, Tuffy Muffler and the new Park Lanes Bowling Alley.

The City continues to experience a similar growth in the number of housing units. Approximately eighty new single-family residential lots were created with the construction of Fox Run Phase 2 and Northbrook Estates. Residential single-family new home construction starts numbered fifty in 1999. New homes ranged in price from \$130,000 to \$280,000. The average new single-family home price, including lot, was \$165,000. Condominium construction continued and at least fifty manufactured home units were added to Ramp Creek Mobile Home Park.

Industrial employment is expected to remain relatively constant. The Newark Air Force Base (NAFB) closed as a government facility in October of 1996. Ownership of the facility, renamed the Central Ohio Aerospace and Technology Center, was assumed by the Heath-Newark-Licking County Port Authority. The City is represented on the board of the port authority through the appointment of three of the nine board members. The workload, which consists of repairing military navigational systems, was contracted out to Boeing North American and the Wylie Corporation. Independent contractors are operating the existing daycare center and cafeteria. Overall, it is expected that continued growth in both the commercial and residential sectors will provide the community with a solid economic base.

### MAJOR INITIATIVES

The City of Heath spent time in 1999 addressing Y2K. concerns. All City systems were reviewed for their Y2K readiness. Computer hardware and software were updated or replaced as needed. Those who provide services to the City and its citizens were required to provide assurances of their readiness for Y2K. Neither the City nor its citizens experienced any interruptions of services as a result of Y2K.

The City successfully negotiated new three-year contracts with its four collective bargaining units. In February, the City held its first annual employee recognition dinner.

In 1999, the firm of Edsall and Associates, LLC of Columbus, Ohio was hired to prepare a comprehensive development plan for the City of Heath. Phase I, consisting of a strategic plan for parks, recreation and open space, a feasibility study for a community recreation center and a study of the Route 79 corridor will be completed in 2000.

*The Mayor's Task Force continues to meet weekly. Ordinances on site development, architectural guidelines and parking requirements have been passed as a result of their efforts. Work continues on updating the City's sign ordinance, subdivision regulations, the extension of Central Parkway and the improvement of Thornwood Dr.*

One of the most visible and beneficial activities of the year was in the area of storm water drainage improvements. The pond that collected on South 30<sup>th</sup> Street for years was finally eliminated in a joint project with the City of Newark. Corrections to Forest Hills massive drainage problems were initiated and new culverts as well as ditch improvements were made along Thornwood Dr. Funding was approved to install a drainage system along Claren Drive and engineering was begun and funding acquired from the Ohio Department of Transportation for drainage improvements along SR 79. Approximately \$400,000 was spent on drainage improvements in 1999.

Activity involving transportation improvements was also substantial. The City strived to keep its roadways some of the best in the area by continuing its aggressive paving program in 1999. The \$1,400,000 S. 30<sup>th</sup> Street Improvement Project began in the fall and is on schedule for completion in May of 2000. The City will pay only \$400,000 of the cost with the remainder being funded by ODOT and the Ohio Public Works Commission on a reimbursement basis. Engineering for improvements to the Hopewell Drive/SR 79 intersection have been completed and construction will begin in 2001. Funding for a study of possible improvements to the Franklin Avenue Corridor was approved. Of particular note was the successful request to the State Technical Review Advisory Committee (TRAC) for money to augment the funds to be supplied by the Federal government for the widening of SR 79 between Heath and Hebron. Engineering is currently underway and construction is scheduled to begin in 2002.

The City strives to be a well-rounded community, by offering its citizen a variety of recreational options. During 1999, the Fitness and Recreation Center completed its first year of operation and a full-time Recreation Director was hired. Programs were expanded and the facility upgraded. Improvements were done to existing park facilities and equipment. New playground equipment, benches and plantings were added. A competitive grant of over \$200,000 was received from the State of Ohio for the construction of the "Millennium Bridge". This will be a bike/pedestrian bridge over SR 79. The Evans Foundation has offered an additional, but unspecified, amount for the construction of a bike/pedestrian path to connect Geller and Hoback Parks. Also in 1999, a Nature Works Grant from the Ohio Department of Natural Resources was procured. This money will be used to build a nature walk in Hoback Park along the banks of the Licking River. It is hoped that these paths will eventually be connected to the extensive network of pathways that wind throughout Licking County.

The renovation of the Davis-Shai House Cultural Center remains on schedule. Specifications are being developed by Hardlines and the project will be bid in the spring of 2000. Renovations will be done with the \$500,000 received from the State of Ohio Capital Improvement Budget. A grand opening is planned for May 2001.

Special family-oriented events continue to grow each year. The Star-Spangled Celebration, held on July 2<sup>nd</sup>, is quickly becoming one of the premiere Independence Day celebrations in the area. Other 1999 events included a baseball game with the Muffins from the Ohio Historical Society, the second annual Kid's First! Fest and a variety of family fun nights at the city pool, including a luau and a concert by Arnett Howard & the Creole Funk Band.

At City Hall, a new telephone system was installed and the exhibit case for the Hopewell Indian artifact collection, donated by Thomas Huff, was finished and put on display in the lobby. Improvements were made to the buildings at the Parks Department, the Water Department, the Street Department and the Wastewater Department. A new fire engine was put into service in May. The City purchased a dump truck, a bulldozer, and a tractor for the Street Department. A vacuum truck was acquired and will be shared by the Wastewater and Street Departments. Two new Cruisers and an unmarked car were obtained for the Police Department. New heaters were installed at the pool. A concession trailer was purchased to use at City events.

The installation of two algae sweep automation-clarifier systems was completed at the Wastewater department. The telemetry system, which monitors all lift and booster stations, was brought online. The water tank on Blue Jay Road became operational which improved water pressure to citizens on the eastside of town. Relining of the sewer lines in Forest Hills was begun. This will end the infiltration of ground water into the City sewer system. A Consumer Confidence Report was distributed to all customers of the water system.

Plans for 2000 include:

- |            |   |
|------------|---|
| Street     | <ul style="list-style-type: none"> <li>• Drainage Improvements – Wedgwood and Forest Hills</li> <li>• Purchase street sweeper and tractor</li> <li>• Street paving</li> <li>• Repair of salt brine tank at City Hall</li> <li>• Acquire land for Hopewell Dr. improvements</li> </ul>   |
| Water      | <ul style="list-style-type: none"> <li>• Run line to new well field</li> <li>• Extend 12" waterline from the Woodlands Subdivision to Blue Jay Road</li> </ul>  |
| Wastewater | <ul style="list-style-type: none"> <li>• New lift stations – Forest Hills #5, Greenbriar and Irving-Wick Dr. East</li> <li>• Garage to house equipment</li> <li>• Continue relining of sewer line in Forest Hills</li> <li>• Design gravity sewer line for SR 79 widening</li> <li>• Rehab siding, roof and windows – aerobic building</li> </ul> |
| Police     | <ul style="list-style-type: none"> <li>• Two new cruisers and one unmarked car</li> </ul>   |
| Fire       | <ul style="list-style-type: none"> <li>• Two thermal imaging systems</li> <li>• Implement part-time firefighter system as provided by contract</li> </ul>   |
| Parks      | <ul style="list-style-type: none"> <li>• Playground equipment – Geller Park</li> <li>• Concession/storage building – Geller Park</li> <li>• Storage building for equipment</li> <li>• Riverfront Walkway – Nature Works Grant</li> </ul>  |
| City-wide  | <ul style="list-style-type: none"> <li>• Publish an employee handbook</li> <li>• Development of city history book</li> <li>• Form 501-C3 to oversee operation &amp; programs for Davis-Shai House</li> </ul>  |

## FINANCIAL INFORMATION

### Internal Control, Budgetary Control and the Accounting System

Development of the City's accounting system included substantial consideration of the adequacy of the internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance that:

1. The City's assets are protected against loss and unauthorized use or disposition; and
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated applying the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation; and
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and the Auditor's Office.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

The City Auditor's Office is responsible for the auditing and analysis of all purchase orders for the City. The Auditor's Office personnel carefully review the purchase orders to ensure the availability of moneys in the proper funds and accounts prior to certification and subsequent payment of invoices. The City utilizes a fully automated accounting system, as well as an automated system of controls for fixed asset accounting, payroll, water billing and income tax. These systems ensure that the financial information generated is both accurate and reliable.

Budgetary control is maintained at the object level for each department within each fund via legislation approved by City Council. The various objects are:

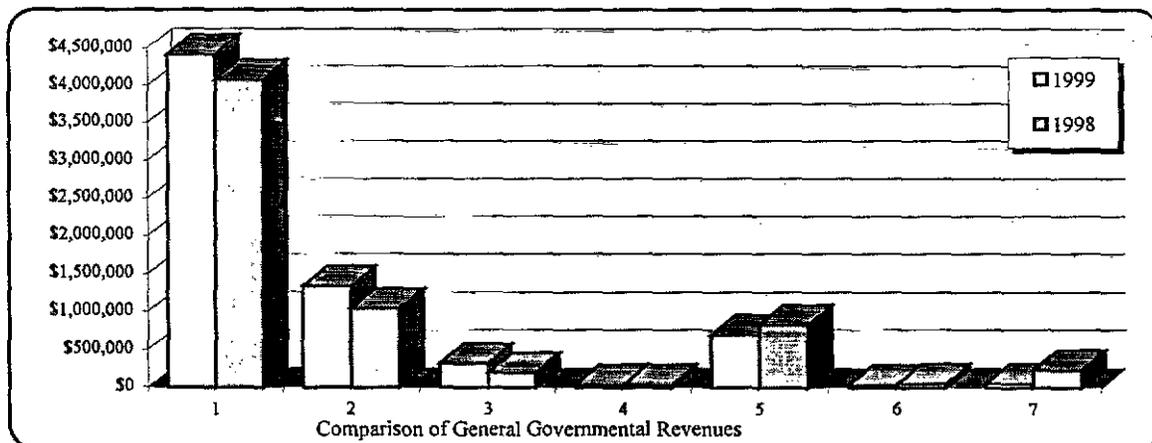
- Personnel services
- Contractual Services
- Other Expenditures
- Transfers
- Materials and Supplies
- Capital Outlay
- Debt Service
  - Principal
  - Interest

Lower levels within each major category are accounted for and reported internally. Such lower levels are referred to as line items of expenditure. Estimated amounts must be encumbered prior to final approval of purchase orders or other contracts to vendors. Encumbrances in excess of the available major expense category level appropriations are not approved unless additional appropriations are authorized. Unencumbered appropriations return (lapse) to the unappropriated balances in the individual funds at the end of each fiscal year, which coincides with the calendar year. Appropriations, initial and supplemental, must be authorized by City Council. Supplemental appropriations were made several times during the year, primarily for capital expenditures.

### General Government Functions

The following schedules present a summary of general governmental revenues (including general, special revenue and debt service funds) for the year ended December 31, 1999, the percentage of each source to total revenues, and the amount of increase or decrease in relation to the prior year's revenue.

Revenue Source	1999 Total	Percent of Total	1998 Total	Increase (Decrease) over 1998
1. Taxes	\$4,420,579	63.92%	\$4,083,854	\$336,725
2. Intergovernmental Revenue	1,345,588	19.46%	1,047,818	297,770
3. Charges for Service	320,045	4.63%	200,654	119,391
4. Licenses and Permits	40,999	0.59%	42,960	(1,961)
5. Investment Earnings	696,334	10.07%	828,193	(131,859)
6. Fines and Forfeitures	37,983	0.55%	54,447	(16,464)
7. All Other Revenue	53,847	0.78%	234,571	(180,724)
<b>Total</b>	<b>\$6,915,375</b>	<b>100.00%</b>	<b>\$6,492,497</b>	<b>\$422,878</b>



## Revenue Narrative

General government revenues totaled \$6,915,375 for 1999, an increase of \$422,878 over 1998. The income tax, the largest tax source, increased in total by 1.15% or approximately \$52,155 in 1999.

Intergovernmental revenues consist primarily of shared license and gasoline tax revenues, local government assistance provided by the State of Ohio through reimbursement for real and personal property tax reductions, inheritance taxes and various other federal and state grants. The increase in this revenue source is attributable to the receipt of new federal and state grants in 1999 versus 1998.

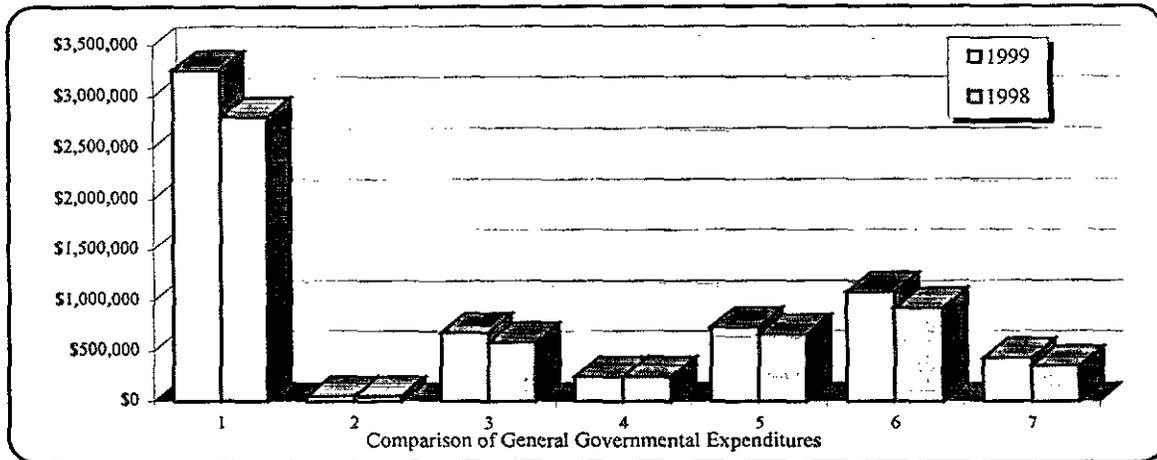
Investment earnings as a source of revenue do not lend well to year to year comparisons. Percentage increases or decreases when compared to prior years are not necessarily indicative of future year estimates. Investment earnings decreased \$131,859 compared to 1998. The decrease was primarily due to the reduced rate of return in the marketplace on investments derived from the City's investment alternatives. The City's investment policies are discussed in more detail later in this letter under the topic of "Cash Management."

All other revenue is a miscellaneous category that includes a variety of less significant revenue sources including miscellaneous rental income and donations. This category of revenues decreased by \$180,724. Other revenue represents a very minor percentage of total revenue accounting for only .77% of total receipts.

The City of Heath's income tax was initially enacted July 1, 1967 at a rate of 1%. It was increased to its current rate of 1.5% in April of 1988. The tax applies to all wages, salaries, commissions and other compensation paid by employers and/or the net proceeds from the operation of a business profession or other enterprise activity. The collections have gone from \$815,000 in 1968, the first full year of the tax, to \$4,582,537 in 1999.

Expenditures for general governmental purposes (as previously defined) totaled \$6,490,185, an increase of \$848,448 or 15% over 1999. Expenditures for the major functions of the City, increases/(decreases) over 1998 and the percentage of the total are shown in the following table:

Expenditures	1999 Total	Percent of Total	1998 Total	Increase (Decrease) over 1998
1. Security of Persons and Property	\$3,258,024	50.20%	\$2,802,266	\$455,758
2. Public Health and Welfare	52,500	0.81%	52,500	0
3. Leisure Time Activities	680,463	10.48%	586,585	93,878
4. Community Environment	247,051	3.81%	247,784	(733)
5. Transportation	737,225	11.36%	666,636	70,589
6. General Government	1,084,927	16.72%	930,280	154,647
7. Debt Service	429,995	6.62%	355,686	74,309
Total	<u>\$6,490,185</u>	<u>100.00%</u>	<u>\$5,641,737</u>	<u>\$848,448</u>



### Expenditure Narrative

Security of persons and property includes primarily the cost of the operations of the police and fire departments, including dispatching. The majority of the increase in expenditures in 1999 is a result of accounting for an entire year of wages and benefits related to the increase in staffing levels that occurred late in 1998. The remainder of the increase results from routine increases for materials, supplies and services.

Leisure time activities experienced an increase in expenditures primarily due to the continued improvements to the City's park system and the associated increases in operation and maintenance costs related to expanded facilities.

Transportation expenditures increased during 1999 due to the continuation of the City's aggressive paving program and the number of improvements made to City roadways throughout the year.

General government expenditures increased due primarily to routine increases for materials, supplies and services.

Debt Service expenditures increased during 1999 as the City began repayment of the principal and interest on the two 1998 bond issues.

### Proprietary Operations

#### Enterprise Funds:

The City's enterprise operations include a water treatment plant and distribution system and a wastewater treatment facility and a collection system. The enterprise funds are supported by revenues derived from user charges.

Certain pertinent data related to the enterprise operations of the City is presented below.

	Total Assets	Total Equity	Net (Loss)	Return on Assets	Return on Equity
Water	\$11,024,714	\$7,689,256	(\$239,675)	(2.17%)	(3.12%)
Sewer	9,795,802	3,897,137	(153,427)	(1.57%)	(3.94%)

#### Internal Service Fund:

The City's internal service fund consists of the financing required for the employee partially self-funded insurance program. Money is contributed by the City for the plan which is managed by a third-party administrator.

#### **Fiduciary Operations**

The Conn Memorial Trust Fund is used to account for funds left by the Conn family for the care and maintenance of John C. Geller Park. The fund is an expendable trust fund because the trust instrument did not require the preservation of the principal amount of the original gift. During 1999, the City received \$3,440 in interest earnings.

#### **Debt Administration**

The Debt Service fund accumulates resources for the payment of principal, interest and associated administrative costs on the City's general long-term debt. Resources are derived primarily from income tax revenues.

The total bonded debt of the City at December 31, 1999 was \$6,180,000, all of which was unvoted general obligation bonds.

The ratio of property tax supported general bonded debt to assessed value and the amount of bonded debt per capita are considered to be good indicators to municipal managers, citizens and investors in general governmental debt of the City's debt position. The City's debt position as of December 31, 1999, was as follows:

Overall Legal Debt Margin	\$22,170,634
Unvoted Legal Debt Margin	\$10,438,071
General Bonded Debt to Assessed Value	1.02%
General Bonded Debt per Capita	\$292.99

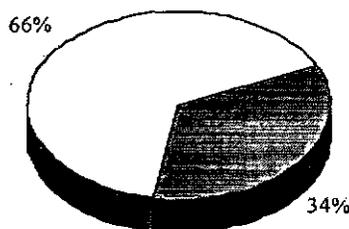
A more thorough presentation of the calculation of these figures is located in the statistical section of this report.

In addition, the City has obtained two loans from the Ohio Water Development Authority (OWDA) which were used to finance the construction of the wastewater treatment plant improvements. The loans are being repaid from the revenues of the wastewater fund. The principal amount of the loans at December 31, 1999 was \$5,748,322.

## Cash Management

The City's cash resources were invested as follows at December 31, 1999:

Cash Resources	1999	%
Cash	\$10,001,574	66%
STAR Ohio	5,246,591	34%
Total Resources	\$15,248,165	100%



The City earned interest on governmental fund investments of \$699,774 for the fiscal year 1999. Interest earned was allocated to the governmental funds. Interest of \$3,440 earned on the Conn Memorial Trust Fund was properly deposited to the trust and an additional \$29,126 in interest was earned on sewer fund investments and was allocated to the sewer fund.

At December 31, 1999, the City had bank balances of \$10,001,574 which were collateralized by pooled collateral. 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.

## Risk Management

The City of Heath relied upon traditional insurance markets and conventional policies as a method of asset protection and overall risk management prior to 1994. In 1994, as a result of a request for proposals, the administration recommended to Council that the City join the Ohio Government Risk Management Plan, administered by Rinehart, Walters, Danner and Thompson of Mansfield, Ohio. The change allowed for more comprehensive involvement by the city in planning and implementing risk management approaches in all City departments.

Ohio Government Risk Management Plan is the present primary carrier for the provision of underlying bodily injury, personal injury, property damage, automotive, and general liability coverage. Supplemental protection includes professional liability, honesty bonding and a comprehensive liability policy overlying most of the basic policies.

The City of Heath is committed to promoting and supporting a safe work environment for all City of Heath employees. A city wide safety plan and policy along with the appointment of an OSHA Safety Committee was undertaken in the City of Heath in 1994 after a representative of the Ohio Government Risk Management Plan visited the city to do a "mock" inspection of the city operations. The city then implemented a Safety Plan and programs for a safe work environment. The Safety Plan and Policy adopted in 1995 was updated and distributed to employees by order of the Mayor of the City of Heath in 1999. The City of Heath's commitment to safety is further supported by the selection of a "Safety Employee of the Year" from the rank and file employees. The award is for commitment to safety, promotion of safety and support of the city safety programs.

An OSHA Safety Committee made up of employees appointed from each of the City of Heath Departments continues to function in the City of Heath. The committee members serve a one-year term and are charged with bringing any safety concerns or needs to the committee for discussion and/or action. Members of the committee elect a chairperson and all committee members have direct access to the Safety Director regarding matters of employee safety. The committee also plans, hosts and evaluates a bi-annual safety fair to provide safety education and information for all full-time, part-time, seasonal, casual, and temporary employees that provided handling of chemicals, vehicle maintenance, confined space response, equipment training, respirator training and general safety programs. An annual safety training is held each June for all summer employees as well as a bi-annual driver's training certification for all part-time fire department employees.

In addition to the specific areas of risk management noted above, the City requires attendance at monthly citywide safety meetings. The meetings provide a video and written materials on various safety topics from hearing protection to drugs in the workplace. Additionally, each department is encouraged to hold quarterly safety meetings on topics specific to their department, including such general topics as fire extinguisher training, evacuation plans and fire drills.

The City of Heath has been a stable operation with unusually good claims and loss experience since its designation as a city in 1965.

#### Health Insurance

The City Council authorized a partially self-funded medical coverage program for City employees in 1993. The program is administered by Professional Claims Management of Canton, Ohio. The program provides that the City pay medical expenses of eligible employees and dependents in excess of established deductibles and/or co-pay amounts for agreed upon services and supplies during the calendar year. The City maintains a stop loss of \$10,000 per person per year with a \$2,000,000 lifetime per person maximum and has reinsurance with the Insurance Company of North America. Pre-existing conditions do apply to all new employees and co-pays apply for in-network and deductibles for out-of-network services. Utilization and peer review are contracted with the network.

During 1999 the cost of the employee health insurance was paid 100% by the City of Heath.

### Workers' Compensation

The City of Heath joined the Ohio Municipal League (OML) Worker's Compensation Pool in 1992. The pool groups similar municipal employers to gain a greater discount in worker's compensation premiums for City employees. Section 4123.29 of the Ohio Revised Code, and the rules promulgated thereunder, permit the establishment of the employer group-rating plan. Said plans pool and group the experience (payroll amounts and claims losses) of the participating employers in order to create a lower worker's compensation premium rate. The Ohio Municipal League (OML) as a sponsoring organization offers the plan to achieve lower worker's compensation premium rates for participants and to promote establishment of a safer working environment.

The OML Worker's Compensation Pool will accept member municipalities in good standing for participation if their claim losses are less than the Bureau's expected losses determined at the group level. No municipality will be invited to participate whose claim losses are projected to exceed the Bureau's expected loss level for the effective date of the group rating year and/or the year after. Each participant must qualify annually to continue to be a group member. The OML reserves the right to implement equity pooling in any rating year to ensure equitable savings.

As part of the pool program the Ohio Bureau of Worker's Compensation has made it a statutory requirement that the group-rating program substantially improve accident prevention for all group participants. Each participant must, in good faith, comply with all federal, state and local occupation health and safety regulations and shall exert diligent efforts toward accident prevention.

Gates McDonald administers the program for the OML. Consulting services are available through Gates McDonald.

## **OTHER INFORMATION**

### **Independent Audit**

The general purpose financial statements of the City of Heath were audited by Wolfe, Wilson & Phillips, Inc. The auditor's unqualified opinion has been included in this report.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Heath, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 1998. This was the fifth consecutive year the City received this prestigious award.

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governmental entities that qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. I believe this, our current report continues to conform to the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and I am submitting it to GFOA.

### **Public Disclosure**

The publication of this report represents an important achievement in the ability of the City of Heath to provide significantly enhanced financial information and accountability to the citizens, its elected officials, City administration and investors. This report is indicative of the continued efforts of the City to improve its overall financial accounting, management and reporting capabilities.

In addition to the citizens of Heath, the recipients of this report will include city, state and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The report is made available to any person or organization that requests it. The extensive effort to prepare and distribute this report is indicative of the City Auditor's goal of full disclosure of the City's finances.

### **Acknowledgments**

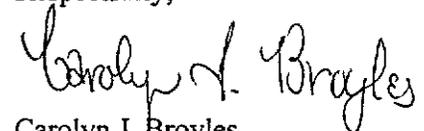
Sincere appreciation is extended to the individuals who have contributed their time and effort in gathering data for this report. I am indebted to the following staff members; Linda Richards, Assistant Auditor; Vicki Miller, Administrative Assistant; Debbie Whitefield, Utility Billing; Wanda Dixon, Utility Billing; Lynn Hunt, Clerk of Council; Ann Gilbert, Tax Commissioner; and our Department Heads for the extra effort they put forth in the preparation of this report.

Special acknowledgment is extended to the staff of Donald J. Schonhardt and Associates, Inc. for their guidance in the preparation of this report.

Special thanks to the members of Heath City Council and Mayor Daniel L. Dupps whose support is necessary for the City of Heath to conform to reporting requirements established for municipal governments to maintain the sound financial position that the City has enjoyed for many years.

Finally, my gratitude to the people of Heath for electing me to a third term as their City Auditor.

Respectfully,



Carolyn J. Broyles  
City Auditor

**THE CITY OF HEATH, OHIO**

**LICKING COUNTY**

**PRINCIPAL OFFICIALS  
AS OF DECEMBER 31, 1999**

<b>ELECTED OFFICIALS</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>	<b>SURETY</b>
Daniel L. Dupps	Mayor	12/31/01	
Carolyn J. Broyles	Auditor	03/31/04	A
Cledys Henry	Council Member - Ward 2 Council President	12/31/01	
James W. Watercutter	Council Member - Ward 1 President-Pro-Tem	12/31/01	
Dr. Ronald Krueger	Council Member at Large	12/31/99	
Deborah Kraning	Council Member at Large	12/31/99	
Keith Alexander	Council Member - Ward 3	12/31/01	
Mary F. Kelley	Council Member at Large	12/31/99	
Robert C. Williams	Council Member at Large	12/31/99	

<b>ADMINISTRATIVE PERSONNEL</b>	<b>TITLE</b>	<b>TERM OF OFFICE</b>	<b>SURETY</b>
Anne Gilbert	Income Tax Commissioner	Indefinite	A
Gordon Ellis	Police Chief	Indefinite	
Rick Taylor	Fire Chief	Indefinite	
David Brenner	Utilities Director	Indefinite	
Jeff Penrose	Street Superintendant	Indefinite	
Robert Geller	Parks Superintendant	Indefinite	
John Groff	Building and Zoning Inspector	Indefinite	
Richard Bindley	Law Director	Indefinite	
Harvey Shapiro	Prosecutor	Indefinite	
Linda M. Richards	Assistant Auditor	Indefinite	
Vicki L. Miller	Administrative Assistant	Indefinite	
Lynn M. Hunt	Clerk of Council	Indefinite	
Debra R. Fleming	Mayor's Secretary/ Administrative Assistant	Indefinite	
Rhonda White	Recreation Director	Indefinite	

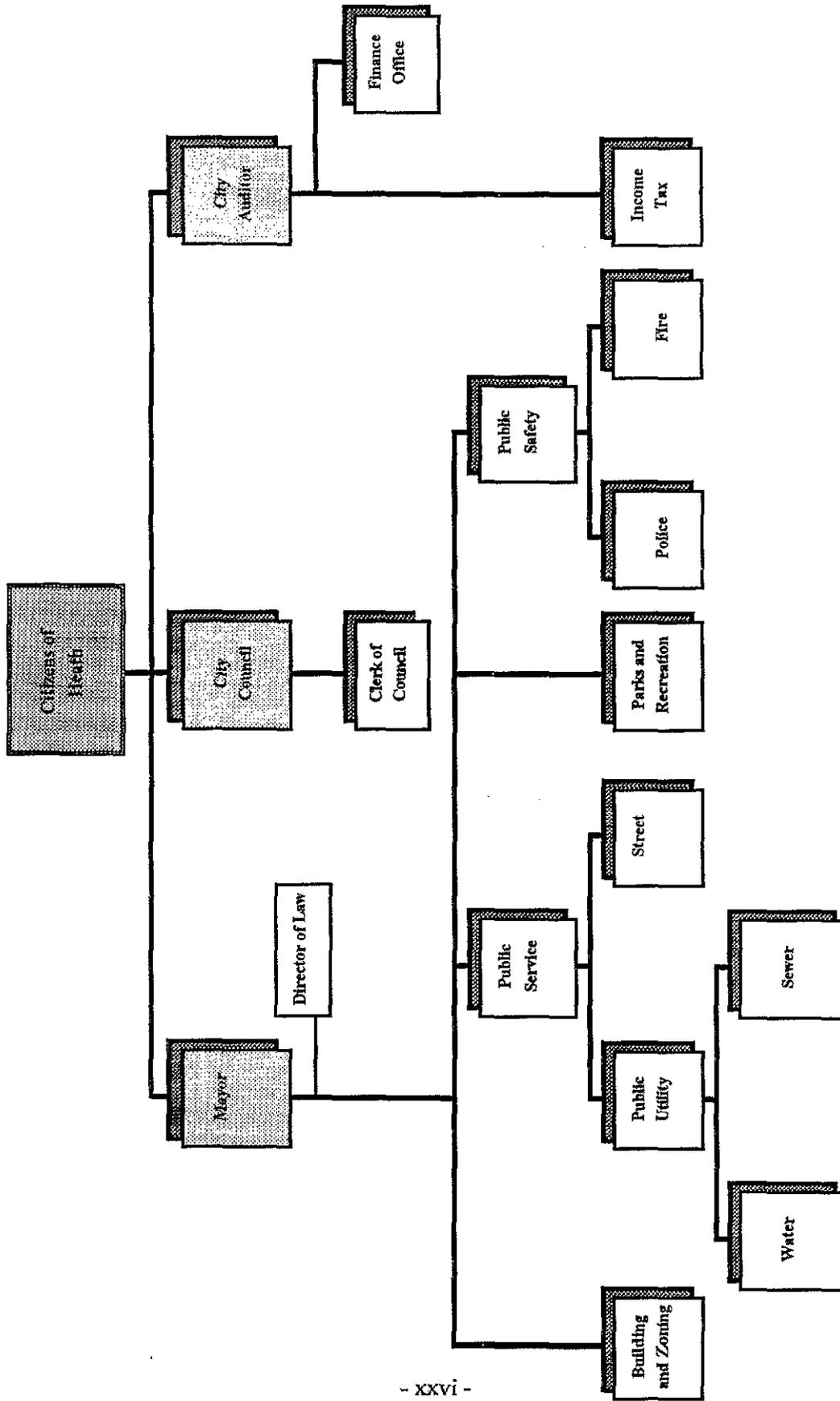
(A) \$100,000 Ohio Government Risk Management Plan 01/1/99 - 12/31/99

**City Address:**

Heath City Hall  
1287 Hebron Road  
Heath, Ohio 43056

# The City of Heath, Ohio

## Organizational Chart



- Boards and Commissions**
- Parks and Recreation Board
  - Air Pollution Control Board
  - Board of Zoning and Building Appeals
  - Civil Service Commission
  - Planning Commission
  - Reuse Commission / Port Authority
  - Charter Review Commission

█ Elected Officials

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Heath,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 1998

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



*Cary Brubaker*  
President

*Jeffrey L. Essler*  
Executive Director



*FINANCIAL SECTION*

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**WOLFE, WILSON, & PHILLIPS, INC.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
37 S. SEVENTH STREET • ZANESVILLE, OHIO 43701  
(740) 453-9600 • FAX - (740) 453-9763

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**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and Members of City Council  
City of Heath  
Heath, Ohio 43056

We have audited the accompanying general-purpose financial statements of City of Heath 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 the City of Heath as of December 31, 1999, and the results of its operations and the cash flows of its proprietary funds 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 May 11, 2000, on our consideration of the City of Heath'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 combining, individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

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

*Wolfe, Wilson, & Phillips, Inc.*

Zanesville, Ohio  
May 11, 2000



## *GENERAL PURPOSE FINANCIAL STATEMENTS*

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*THE FOLLOWING GENERAL PURPOSE FINANCIAL STATEMENTS, ALONG WITH THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, PRESENT AN OVERVIEW OF THE CITY'S FINANCIAL POSITION AT DECEMBER 31, 1999 AND THE RESULTS OF OPERATIONS AND CASH FLOWS OF ITS PROPRIETARY FUNDS FOR THE YEAR THEN ENDED.*

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

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
<b><u>Assets and Other Debits:</u></b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$4,021,792	\$2,119,740	\$492,752	\$4,776,539
Receivables (net of allowance for doubtful accounts):				
Taxes	878,042	669,813	92,337	153,895
Accounts	22,353	0	0	0
Interest	66,300	0	0	0
Intergovernmental Receivables	31,419	23,603	0	0
Inventory of Supplies at Cost	38,428	71,913	0	0
Prepaid Items	33,653	13,489	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Construction in Progress	0	0	0	0
Restricted Assets:				
Cash with Fiscal Agent	0	219,767	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$5,091,987</b>	<b>\$3,118,325</b>	<b>\$585,089</b>	<b>\$4,930,434</b>
<b><u>Liabilities, Equity and Other Credits:</u></b>				
<b>Liabilities:</b>				
Accounts Payable	\$87,696	\$11,549	\$0	\$162,537
Accrued Wages and Benefits	111,593	142,522	0	0
Intergovernmental Payable	1,120	0	0	0
Accrued Interest Payable	0	0	0	0
Deferred Revenue	544,655	889,580	8,337	13,895
Compensated Absences Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Installment Loan Payable	0	0	0	0
Ohio Water Development Authority Loans Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>745,064</b>	<b>1,043,651</b>	<b>8,337</b>	<b>176,432</b>
<b>Equity and Other Credits:</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	43,580	87,528	0	1,620,420
Reserved for Supplies Inventory	38,428	71,913	0	0
Reserved for Prepaid Items	33,653	13,489	0	0
Reserved for Debt Service	0	0	576,752	0
Unreserved	4,231,262	1,901,744	0	3,133,582
<b>Total Equity and Other Credits</b>	<b>4,346,923</b>	<b>2,074,674</b>	<b>576,752</b>	<b>4,754,002</b>
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$5,091,987</b>	<b>\$3,118,325</b>	<b>\$585,089</b>	<b>\$4,930,434</b>

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

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

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Type</i>	<i>Account Groups</i>			Totals (Memorandum Only)
Enterprise Funds	Internal Service Fund	Expendable Trust Funds	General Fixed Assets	General Long-Term Obligations		
\$3,429,081	\$302,885	\$105,376	\$0	\$0		\$15,248,165
0	0	0	0	0		1,794,087
364,078	0	0	0	0		386,431
0	0	0	0	0		66,300
0	0	0	0	0		55,022
79,763	0	0	0	0		190,104
5,618	0	0	0	0		52,760
16,913,660	0	0	10,481,056	0		27,394,716
28,316	0	0	0	0		28,316
0	0	0	0	0		219,767
0	0	0	0	576,752		576,752
0	0	0	0	2,983,863		2,983,863
<b>\$20,820,516</b>	<b>\$302,885</b>	<b>\$105,376</b>	<b>\$10,481,056</b>	<b>\$3,560,615</b>		<b>\$48,996,283</b>
\$117,367	\$72,200	\$108	\$0	\$0		\$451,457
43,266	0	0	0	0		297,381
0	0	0	0	0		1,120
12,113	0	0	0	0		12,113
0	0	0	0	0		1,456,467
83,055	0	0	0	380,403		463,458
0	0	0	0	2,212		2,212
0	0	0	0	228,000		228,000
5,748,322	0	0	0	0		5,748,322
3,230,000	0	0	0	2,950,000		6,180,000
<b>9,234,123</b>	<b>72,200</b>	<b>108</b>	<b>0</b>	<b>3,560,615</b>		<b>14,840,530</b>
0	0	0	10,481,056	0		10,481,056
4,495,720	0	0	0	0		4,495,720
7,090,673	230,685	0	0	0		7,321,358
0	0	11,500	0	0		1,763,028
0	0	0	0	0		110,341
0	0	0	0	0		47,142
0	0	0	0	0		576,752
0	0	93,768	0	0		9,360,356
<b>11,586,393</b>	<b>230,685</b>	<b>105,268</b>	<b>10,481,056</b>	<b>0</b>		<b>34,155,753</b>
<b>\$20,820,516</b>	<b>\$302,885</b>	<b>\$105,376</b>	<b>\$10,481,056</b>	<b>\$3,560,615</b>		<b>\$48,996,283</b>



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

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Funds	
<b>Revenues:</b>						
Taxes	\$3,065,498	\$642,216	\$712,865	\$1,120,150	\$0	\$5,540,729
Intergovernmental Revenues	515,921	829,667	0	456,723	50,000	1,852,311
Charges for Services	167,198	152,847	0	0	1,320	321,365
Licenses and Permits	40,999	0	0	0	0	40,999
Investment Earnings	654,975	30,504	10,855	0	3,440	699,774
Fines and Forfeitures	27,281	10,702	0	0	0	37,983
All Other Revenues	34,154	12,768	6,925	77,213	1,856	132,916
Total Revenues	<u>4,506,026</u>	<u>1,678,704</u>	<u>730,645</u>	<u>1,654,086</u>	<u>56,616</u>	<u>8,626,077</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Security of Persons and Property	2,463,998	794,026	0	8,000	0	3,266,024
Public Health and Welfare Services	52,500	0	0	0	0	52,500
Leisure Time Activities	534,026	146,437	0	84,660	0	765,123
Community Environment	247,051	0	0	28,263	33,384	308,698
Basic Utility Services	0	0	0	69,235	0	69,235
Transportation	0	737,225	0	1,331,088	0	2,068,313
General Government	1,084,927	0	0	120,163	0	1,205,090
<b>Debt Service:</b>						
Principal Retirements	0	0	290,000	0	0	290,000
Interest and Fiscal Charges	0	0	139,995	0	0	139,995
Total Expenditures	<u>4,382,502</u>	<u>1,677,688</u>	<u>429,995</u>	<u>1,641,409</u>	<u>33,384</u>	<u>8,164,978</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	123,524	1,016	300,650	12,677	23,232	461,099
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	992	0	0	0	0	992
Proceeds from Installment Loan	0	0	0	228,000	0	228,000
Operating Transfers In	0	815,000	0	1,777,531	0	2,592,531
Operating Transfers Out	(815,000)	0	(184,533)	(1,595,688)	0	(2,595,221)
Total Other Financing Sources (Uses)	<u>(814,008)</u>	<u>815,000</u>	<u>(184,533)</u>	<u>409,843</u>	<u>0</u>	<u>226,302</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(690,484)	816,016	116,117	422,520	23,232	687,401
Fund Balance at Beginning of Year	5,054,620	1,260,369	460,635	4,331,482	82,036	11,189,142
Decrease in Inventory Reserve	(17,213)	(1,711)	0	0	0	(18,924)
Fund Balance at End of Year	<u>\$4,346,923</u>	<u>\$2,074,674</u>	<u>\$576,752</u>	<u>\$4,754,002</u>	<u>\$105,268</u>	<u>\$11,857,619</u>

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

**THE CITY OF HEATH, 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)
<b>Revenues:</b>						
Taxes	\$3,133,062	\$3,039,920	(\$93,142)	\$589,479	\$642,216	\$52,737
Intergovernmental Revenues	610,038	650,445	40,407	804,716	828,853	24,137
Charges for Services	161,720	164,541	2,821	153,300	152,847	(453)
Licenses and Permits	45,750	40,999	(4,751)	0	0	0
Investment Earnings	600,000	588,675	(11,325)	14,000	30,504	16,504
Fines and Forfeitures	40,500	25,940	(14,560)	9,700	10,674	974
All Other Revenues	34,700	34,154	(546)	10,600	12,768	2,168
<b>Total Revenues</b>	<b>4,625,770</b>	<b>4,544,674</b>	<b>(81,096)</b>	<b>1,581,795</b>	<b>1,677,862</b>	<b>96,067</b>
<b>Expenditures:</b>						
Current:						
Security of Persons and Property	2,643,763	2,468,864	174,899	945,490	819,936	125,554
Public Health and Welfare Services	55,000	52,500	2,500	0	0	0
Leisure Time Activities	648,577	549,222	99,355	243,099	186,030	57,069
Community Environment	296,668	248,542	48,126	28,235	28,235	0
Basic Utility Services	0	0	0	0	0	0
Transportation	0	0	0	960,352	770,764	189,588
General Government	1,351,712	1,108,346	243,366	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>4,995,720</b>	<b>4,427,474</b>	<b>568,246</b>	<b>2,177,176</b>	<b>1,804,965</b>	<b>372,211</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(369,950)	117,200	487,150	(595,381)	(127,103)	468,278
<b>Other Financing Sources (Uses):</b>						
Proceeds from Installment Loan	0	0	0	0	0	0
Proceeds from Sale of Fixed Assets	0	992	992	0	0	0
Operating Transfers In	600	0	(600)	824,500	815,000	(9,500)
Operating Transfers Out	(825,000)	(815,000)	10,000	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(824,400)</b>	<b>(814,008)</b>	<b>10,392</b>	<b>824,500</b>	<b>815,000</b>	<b>(9,500)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,194,350)	(696,808)	497,542	229,119	687,897	458,778
Fund Balance at Beginning of Year	4,529,985	4,529,985	0	1,068,768	1,068,768	0
Prior Year Encumbrances	86,679	86,679	0	266,305	266,305	0
<b>Fund Balance at End of Year</b>	<b>\$3,422,314</b>	<b>\$3,919,856</b>	<b>\$497,542</b>	<b>\$1,564,192</b>	<b>\$2,022,970</b>	<b>\$458,778</b>

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

**THE CITY OF HEATH, 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)
\$644,500	\$680,602	\$36,102	\$1,125,000	\$1,135,361	\$10,361	\$5,492,041	\$5,498,099	\$6,058
0	0	0	220,620	456,723	236,103	1,635,374	1,936,021	300,647
0	0	0	0	0	0	315,020	317,388	2,368
0	0	0	0	0	0	45,750	40,999	(4,751)
0	10,855	10,855	0	0	0	614,000	630,034	16,034
0	0	0	0	0	0	50,200	36,614	(13,586)
0	6,925	6,925	0	77,213	77,213	45,300	131,060	85,760
644,500	698,382	53,882	1,345,620	1,669,297	323,677	8,197,685	8,590,215	392,530
0	0	0	97,284	91,874	5,410	3,686,537	3,380,674	305,863
0	0	0	0	0	0	55,000	52,500	2,500
0	0	0	173,925	168,639	5,286	1,065,601	903,891	161,710
0	0	0	29,750	29,750	0	354,653	306,527	48,126
0	0	0	315,293	313,853	1,440	315,293	313,853	1,440
0	0	0	2,462,393	2,461,344	1,049	3,422,745	3,232,108	190,637
0	0	0	215,554	211,431	4,123	1,567,266	1,319,777	247,489
325,000	325,000	0	0	0	0	325,000	325,000	0
289,528	289,528	0	0	0	0	289,528	289,528	0
614,528	614,528	0	3,294,199	3,276,891	17,308	11,081,623	10,123,858	957,765
29,972	83,854	53,882	(1,948,579)	(1,607,594)	340,985	(2,883,938)	(1,533,643)	1,350,295
0	0	0	228,000	228,000	0	228,000	228,000	0
0	0	0	0	0	0	0	992	992
0	0	0	1,777,155	1,777,531	376	2,602,255	2,592,531	(9,724)
0	0	0	(1,595,688)	(1,595,688)	0	(2,420,688)	(2,410,688)	10,000
0	0	0	409,467	409,843	376	409,567	410,835	1,268
29,972	83,854	53,882	(1,539,112)	(1,197,751)	341,361	(2,474,371)	(1,122,808)	1,351,563
408,898	408,898	0	3,913,384	3,913,384	0	9,921,035	9,921,035	0
0	0	0	277,949	277,949	0	630,933	630,933	0
\$438,870	\$492,752	\$53,882	\$2,652,221	\$2,993,582	\$341,361	\$8,077,597	\$9,429,160	\$1,351,563



**THE CITY OF HEATH, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise	Internal Service	Totals (Memorandum Only)
<b><u>Operating Revenues:</u></b>			
Charges for Services	\$2,799,498	\$309,095	\$3,108,593
Other Operating Revenues	13,019	0	13,019
Total Operating Revenues	2,812,517	309,095	3,121,612
<b><u>Operating Expenses:</u></b>			
Personal Services	868,006	321,771	1,189,777
Materials and Supplies	236,438	0	236,438
Contractual Services	777,220	0	777,220
Depreciation	872,542	0	872,542
Total Operating Expenses	2,754,206	321,771	3,075,977
Operating Income (Loss)	58,311	(12,676)	45,635
<b><u>Non-Operating Revenues (Expenses):</u></b>			
Interest Earnings	29,126	0	29,126
Interest and Fiscal Charges	(456,187)	0	(456,187)
Loss on Disposal of Fixed Assets	(27,042)	0	(27,042)
Total Non-Operating Revenues (Expenses)	(454,103)	0	(454,103)
Loss Before Operating Transfers	(395,792)	(12,676)	(408,468)
<b><u>Operating Transfers:</u></b>			
Operating Transfers In	184,533	0	184,533
Operating Transfers Out	(181,843)	0	(181,843)
Total Operating Transfers	2,690	0	2,690
Net Loss	(393,102)	(12,676)	(405,778)
Retained Earnings at Beginning of Year	7,483,775	243,361	7,727,136
Retained Earnings at End of Year	\$7,090,673	\$230,685	\$7,321,358

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

**THE CITY OF HEATH, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Customers	\$2,815,739	\$309,095	\$3,124,834
Cash Payments for Goods and Services	(969,552)	0	(969,552)
Cash Payments to Employees	(881,206)	(286,041)	(1,167,247)
Other Operating Cash Receipts	13,019	0	13,019
Net Cash Provided by Operating Activities	<u>978,000</u>	<u>23,054</u>	<u>1,001,054</u>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>			
Transfers In from Other Funds	184,533	0	184,533
Transfers Out to Other Funds	(181,843)	0	(181,843)
Net Cash Provided by Noncapital Financing Activities	<u>2,690</u>	<u>0</u>	<u>2,690</u>
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>			
Principal Paid on General Obligation Bonds	(110,000)	0	(110,000)
Acquisition and Construction of Assets	(145,024)	0	(145,024)
Cash Received from Tap In Fees in Excess of Cost	161,609	0	161,609
Principal Paid on Ohio Water Development Authority Loans	(354,670)	0	(354,670)
Interest Paid on All Debt	(450,305)	0	(450,305)
Net Cash Used by Capital and Related Financing Activities	<u>(898,390)</u>	<u>0</u>	<u>(898,390)</u>
<b><u>Cash Flows from Investing Activities:</u></b>			
Receipts of Interest	29,126	0	29,126
Net Cash Provided by Investing Activities	<u>29,126</u>	<u>0</u>	<u>29,126</u>
Net Increase in Cash and Cash Equivalents	111,426	23,054	134,480
Cash and Cash Equivalents at Beginning of Year	3,317,655	279,831	3,597,486
Cash and Cash Equivalents at End of Year	<u>\$3,429,081</u>	<u>\$302,885</u>	<u>\$3,731,966</u>

(Continued)

**THE CITY OF HEATH, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>			
<b>Provided by Operating Activities:</b>			
Operating Income (Loss)	\$58,311	(\$12,676)	\$45,635
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	872,542	0	872,542
Changes to Assets and Liabilities:			
Decrease in Accounts Receivable	16,241	0	16,241
Increase in Inventory	(13,542)	0	(13,542)
Decrease in Prepaid Items	1,103	0	1,103
Increase in Accounts Payable	56,665	35,730	92,395
Decrease in Accrued Wages and Benefits Payable	(1,546)	0	(1,546)
Decrease in Compensated Absences Payable	(11,774)	0	(11,774)
Total Adjustments	919,689	35,730	955,419
Net Cash Provided by Operating Activities	\$978,000	\$23,054	\$1,001,054

**Schedule of Noncash Investing, Capital and Financing Activities:**

As of December 31, 1999, the Water and Sewer Funds had outstanding liabilities of \$164 and \$164, respectively, for the purchase of certain capital assets. The Water and Sewer Funds received capital assets contributed from other funds in the amounts of \$20,554 and \$228,000 respectively.

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

**THE CITY OF HEATH, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Heath, Ohio (the "City") is a home rule municipal corporation created under the laws of the State of Ohio. Heath was first incorporated as a village on March 21, 1952 and achieved city status on April 28, 1965. The City currently operates under and is governed by its own Charter. The current Charter, which provides for a Mayor-Council form of government, was adopted in 1964.

The accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 1999 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**A. Reporting Entity**

The accompanying general purpose financial statements comply with the provisions of the 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 primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, account groups, agencies, boards and commissions that are part of the primary government, which include 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.

**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*

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except that accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, use 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 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 limitations of the City Charter.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or 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 obligation long-term debt principal and interest other than those accounted for in the proprietary funds.

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*

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components. Proprietary fund type 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. The City maintains separate enterprise funds for its water and sewer utility services.

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City created the Self Insurance Internal Service Fund to pay employee health insurance claims and life insurance premiums.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Basis of Presentation - Fund Accounting** (Continued)*Fiduciary Funds*

Trust Funds - These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains three expendable trust funds. The expendable trust funds are accounted for and reported similarly to governmental funds.

*Account Groups*

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

General Fixed Assets Account Group - 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 of the City except that 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, the expendable trust funds and the agency fund. 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.

Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues are recorded as revenue 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 4.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are 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 legal level of budgetary control is by fund at the major object level (personal services, materials and supplies, contractual services, etc.) by department. Budgetary modifications may only be made by ordinance of the City Council.

1. Tax Budget

By July 15, the Mayor 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 determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. 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 which states 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 and may be modified during the year by Ordinance of City Council. Total fund appropriations may not exceed the current estimated resources certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level. During the year, several supplemental appropriations were necessary to budget for major capital improvement projects that were not originally appropriated. Administrative control is maintained through the establishment of more detailed line-item budgets. Funds may be moved from one line-item account to another within the same object without approval of City Council. The City Auditor maintains an accounting of the line-item expenditures to insure that the total expenditures within a department by object do not exceed approved appropriations. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. 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.

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 Projects Funds
GAAP Basis (as reported)	(\$690,484)	\$816,016	\$116,117	\$422,520
Increase (Decrease):				
Accrued Revenues at December 31, 1999 received during 2000	(453,459)	(23,603)	(84,000)	(140,000)
Accrued Revenues at December 31, 1998 received during 1999	492,107	22,761	51,737	155,211
Accrued Expenditures at December 31, 1999 paid during 2000	200,409	154,071	0	162,537
Accrued Expenditures at December 31, 1998 paid during 1999	(138,539)	(184,041)	0	(15,062)
1998 Prepays for 1999	28,747	12,952	0	0
1999 Prepays for 2000	(33,653)	(13,489)	0	0
Outstanding Encumbrances	(101,936)	(96,770)	0	(1,782,957)
Budget Basis	(\$696,808)	\$687,897	\$83,854	(\$1,197,751)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**E. Cash and Cash Equivalents**

During fiscal year 1999, cash and cash equivalents included amounts in demand deposits, certificates of deposit with original maturities less than months and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the general purpose financial statements.

The City pools 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 had maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds consider their share of equity in STAR Ohio to be cash equivalents. (See Note 3, "Cash, Cash Equivalents and Investments.")

**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) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices.

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.

**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 fund when purchased and as expenses in the proprietary 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Fixed Assets and Depreciation (Continued)**

**1. Property, Plant and Equipment - General Governmental Purposes (Continued)**

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 appraisal utilizing the services of Industrial Appraisal Associates. Land and proprietary infrastructure were valued 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.

**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:

<u>Description</u>	<u>Estimated Lives (Years)</u>
Buildings	15 - 40
Improvements other than Buildings	50
Machinery, Equipment, Furniture and Fixtures	5 - 10

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**I. Long-Term Obligations**

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

Obligation	Fund
General Obligation Bonds	Debt Service Fund Water Fund
Installment Loan	Capital Improvements Fund
Capital Leases	General Fund
Ohio Water Development Authority Loans	Sewer Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Water Fund Sewer 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.

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

Compensated absences are expensed in the water and sewer enterprise funds when earned, and the related liability is reported within the fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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 during 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 inventories of supplies and materials, prepaid items and encumbrances (excluding encumbered amounts reflected as payables).

**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 that 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 - COMPLIANCE AND ACCOUNTABILITY**

*Deficit Fund Equities* - The fund deficits at December 31, 1999 of \$28,500 in the Fire Pension Fund and \$27,694 in the Police Pension Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. Deficits do not exist under the budgetary/cash basis of accounting. Operating transfers are provided when cash is required, not when accruals occur.

**NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash 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;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;

## NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- 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.

**A. Deposits**

At year end the carrying amount of the City's deposits was \$10,001,574 and the bank balance was \$10,136,195. Federal depository insurance covered \$200,000 of the bank balance, and all remaining deposits were classified as Category 3.

**NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**B. Investments**

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

Non-Categorized Investments	Fair Value
STAR Ohio	\$5,246,591

**C. Cash With Fiscal Agent**

The City has uninsured and uncollateralized cash in the amount of \$219,767 being held by the Licking County Engineer. This cash is restricted in its use for various road improvement projects.

**D. 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.

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per items A and B of this note are as follows:

	Cash and Cash Equivalents *	Investments
Per Combined Balance Sheet	\$15,248,165	\$0
Investments:		
STAR Ohio	(5,246,591)	5,246,591
Per GASB Statement No. 3	<u>\$10,001,574</u>	<u>\$5,246,591</u>

\* Does not include Cash with Fiscal Agent

**NOTE 4 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property located in the City and used in business. 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 reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 1999. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

**NOTE 4 - TAXES (Continued)**

**A. Property Taxes** (Continued)

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 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 described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Heath. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 1999 was \$5.40 per \$1,000 of assessed value. The assessed value upon which the 1999 levy was based was \$233,751,260. This amount constitutes \$176,197,990 in real property assessed value, \$7,319,020 in public utility assessed value and \$50,234,250 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 .540% (5.40 mills) of assessed value.

**B. Income Tax**

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as 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 5 - RECEIVABLES**

Receivables at December 31, 1999 consisted of taxes, accounts receivables and intergovernmental receivables arising from shared revenues.

## NOTE 6 - OPERATING TRANSFERS

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

Fund	Transfer In	Transfer Out
General Fund	\$0	\$815,000
Special Revenue Funds:		
Street Construction, Maintenance and Repair Fund	589,000	0
Swimming Pool Fund	55,000	0
Fire Pension Fund	71,500	0
Police Pension Fund	99,500	0
Total Special Revenue Funds	<u>815,000</u>	<u>0</u>
Debt Service Fund:		
General Obligation Debt Service Fund	0	184,533
Capital Projects Funds:		
Capital Improvement Fund	67,329	1,594,897
Lake-Liberty Drive Bridge Replacement Fund	0	791
Thornwood Drive Culverts Fund	192,447	0
South 30th Street Improvements Fund	1,517,755	0
Total Capital Projects Funds	<u>1,777,531</u>	<u>1,595,688</u>
Enterprise Funds:		
Water Fund	184,533	115,305
Sewer Fund	0	66,538
Total Enterprise Funds	<u>184,533</u>	<u>181,843</u>
Totals	<u>\$2,777,064</u>	<u>\$2,777,064</u>

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**NOTE 7 - 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	\$672,686	\$0	\$0	\$672,686
Buildings	4,154,871	47,357	0	4,202,228
Improvements Other than Buildings	488,363	12,944	(21,741)	479,566
Machinery and Equipment	4,517,153	917,192	(307,769)	5,126,576
Construction in Progress	500	0	(500)	0
<b>Totals</b>	<b>\$9,833,573</b>	<b>\$977,493</b>	<b>(\$330,010)</b>	<b>\$10,481,056</b>

Schedule of General Fixed Assets at December 31, 1999:

General Fixed Assets		Investment in General Fixed Assets	
		Assets Acquired Prior to 1990	\$61,192
		General Fund	1,685,091
		Special Revenue Funds	1,254,875
		Capital Projects Funds	6,431,724
		Proprietary Funds	10,281
		Fiduciary Funds	1,000
		Donations	1,036,893
<b>Total</b>	<b>\$10,481,056</b>	<b>Total</b>	<b>\$10,481,056</b>

**B. Proprietary Fixed Assets**

Summary by Category at December 31, 1999:

Category	Historic Cost	Accumulated Depreciation	Book Value
Land	\$397,374	\$0	\$397,374
Buildings and Improvements	13,459,737	(2,481,745)	10,977,992
Infrastructure	9,636,725	(5,210,297)	4,426,428
Machinery and Equipment	4,596,576	(3,484,710)	1,111,866
Construction in Progress	28,316	0	28,316
<b>Property, Plant and Equipment</b>	<b>\$28,118,728</b>	<b>(\$11,176,752)</b>	<b>\$16,941,976</b>

**NOTE 8 – 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 \$283,018, \$265,147 and \$248,165, 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 \$87,725.

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 8 – 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 \$169,604, \$160,434 and \$147,625 for police and \$161,284, \$144,567 and \$114,541 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 \$60,883 representing 7.00% of covered payroll for police and \$47,041 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 9 – COMPENSATED ABSENCES**

The City accrues a liability for accumulated unpaid sick, vacation, and compensatory time when earned by employees. Employees earn sick and vacation leave at varying rates based upon length of service. Upon retirement, an employee with ten or more years of service with the City will be compensated for their accumulated sick leave at a rate of 50% of the balance. 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 amount decreased from a beginning year balance of \$381,251 to a year end balance of \$380,403.

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

	<u>Hours</u>	<u>Amount</u>
Sick Leave	20,014	\$345,413
Vacation / Compensatory Time	2,256	34,990
Total	<u>22,270</u>	<u>\$380,403</u>

**NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS**

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

		<u>Balance December 31, 1998</u>	<u>Issued (Retired)</u>	<u>Balance December 31, 1999</u>	
<b>Enterprise Funds:</b>					
General Obligation Bond:					
3.70 - 4.75%	Water Improvement	2018	\$3,340,000	(\$110,000)	\$3,230,000
Ohio Water Development Authority Loans:					
5.00%	Loan SRF-112	2012	4,951,005	(278,398)	4,672,607
5.00%	Loan SRF-114	2010	1,151,987	(76,272)	1,075,715
	Subtotal OWDA Loans		<u>6,102,992</u>	<u>(354,670)</u>	<u>5,748,322</u>
	Total Enterprise Long-Term Debt		<u>\$9,442,992</u>	<u>(\$464,670)</u>	<u>\$8,978,322</u>
<b>General Long-Term Debt:</b>					
General Obligation Bonds:					
2.70 - 4.90%	Emergency Equipment	1999	\$65,000	(\$65,000)	\$0
3.70 - 4.25%	30th Street Improvement	2005	1,275,000	(165,000)	1,110,000
3.70 - 4.75%	Fire Station Improvement	2018	1,900,000	(60,000)	1,840,000
	Total General Long-Term Debt		<u>3,240,000</u>	<u>(290,000)</u>	<u>2,950,000</u>
<b>Other Long-Term Obligations:</b>					
	Capital Leases		5,183	(2,971)	2,212
	Installment Loan Payable		0	228,000	228,000
	Compensated Absences		381,251	(848)	380,403
	Total Other Long-Term Obligations		<u>386,434</u>	<u>224,181</u>	<u>610,615</u>
	Total General Long-Term Debt and Other Long-Term Obligations		<u>\$3,626,434</u>	<u>(\$65,819)</u>	<u>\$3,560,615</u>

**NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

Principal and interest requirements to retire long-term obligations outstanding at December 31, 1999 were as follows:

Years	General Obligation Bonds		Installment Loan		OWDA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$350,000	\$273,612	\$43,521	\$7,882	\$372,625	\$282,816
2001	360,000	259,788	42,793	8,611	391,489	263,952
2002	370,000	245,387	44,938	6,466	411,308	244,133
2003	400,000	230,403	47,191	4,214	432,331	223,111
2004	400,000	214,013	49,557	1,842	453,807	201,634
2005-2009	1,380,000	854,567	0	0	2,638,972	638,235
2010-2014	1,470,000	557,713	0	0	1,047,790	63,688
2015-2018	1,450,000	176,463	0	0	0	0
Totals	\$6,180,000	\$2,811,946	\$228,000	\$29,015	\$5,748,322	\$1,917,569

Debt of the Enterprise Funds is recorded within the Enterprise Funds. All other debt is reflected in the General Long-Term Obligations Account Group.

**A. Defeased Debt**

In August 1998, the City defeased \$1,300,000 of General Obligation Bonds for 30<sup>th</sup> Street Improvements dated November 1, 1989 (the "1989 Bonds") through the issuance of \$1,420,000 of General Obligation Bonds for 30<sup>th</sup> Street Improvements (the "1998 Bonds"). The net proceeds of the 1998 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which had an outstanding balance of \$1,040,000 at December 31, 1999 are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

**NOTE 11 - CAPITAL LEASES**

The City leases a copier and a mailing machine under capital leases. The cost of the equipment obtained under the capital leases are 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 leases together with the present value of the net minimum lease payments as of December 31, 1999:

Year Ending December 31,	Capital Leases
2000	\$2,001
2001	312
Minimum Lease Payments	<u>2,313</u>
Less amount representing interest at the City's incremental borrowing rate of interest	(101)
Present value of minimum lease payments	<u>\$2,212</u>

**NOTE 12 - 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. There has been no significant reduction in insurance coverages from the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' 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 of Heath is a member of the Ohio Municipal League (OMB) Workers' Compensation Pool. The pool groups similar municipal employers to gain a greater discount in worker's compensation premiums for City employees. Section 4123.29 of the Ohio Revised Code, and the rules promulgated thereunder, permit the establishment of the employer group rating plan. Said plans pool and group the experience (payroll amounts and claims losses) of the participating employers in order to create a lower worker's compensation premium rate. The Ohio Municipal League (OMB) as a sponsoring organization offers the plan to achieve lower workers' compensation premium rates for participants and to promote establishment of a safer working environment.

The City has a group health insurance program for employees and their eligible dependents. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the Self Insurance Fund (internal service fund) are available to pay claims and administrative costs. The plan is administered by a third party administrator, Professional Claims Management, Inc., which monitors all claim payments. Excess loss coverage, provided by the Insurance Company of North America, becomes effective after \$10,000 per year per specific claim. There is a lifetime maximum coverage per person of \$2,000,000.

The claims liability of \$72,200 reported in the fund at December 31, 1999 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the 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 reasonably estimated.

Changes in the fund's claims liability amount in fiscal years 1998 and 1999 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
1998	\$47,995	\$239,071	(\$250,596)	\$36,470
1999	36,470	357,501	(321,771)	72,200

**NOTE 13 - 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 14 - 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. The key financial information for the year ended December 31, 1999 for these enterprise activities is indicated below:

	Water	Sewer	Total
Operating Revenues	\$974,026	\$1,838,491	\$2,812,517
Depreciation	326,292	546,250	872,542
Operating Income (Loss)	(144,479)	202,790	58,311
Operating Transfers In	184,533	0	184,533
Operating Transfers Out	115,305	66,538	181,843
Net Loss	(239,675)	(153,427)	(393,102)
Property, Plant and Equipment:			
Additions	32,950	301,179	334,129
Deletions	44,215	128,344	172,559
Current Capital Contributions	81,813	328,350	410,163
Assets	11,024,714	9,795,802	20,820,516
Net Working Capital	1,496,200	2,209,594	3,705,794
Bonds and Loans Payable	3,230,000	5,748,322	8,978,322
Total Equity	7,689,256	3,897,137	11,586,393

**NOTE 15 - CONTRIBUTED CAPITAL**

During the year, contributed capital in the enterprise funds increased from shared revenues as follows:

	Water Fund	Sewer Fund	Total
Balance at Beginning of Year	\$2,206,803	\$1,878,754	\$4,085,557
Additions:			
Contributions from other funds	20,554	228,000	248,554
Tap in Fees in Excess of Cost	61,259	100,350	161,609
Balance at End of Year	<u>\$2,288,616</u>	<u>\$2,207,104</u>	<u>\$4,495,720</u>

**NOTE 16 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of December 31, 1999, the City had the following significant construction projects that will be financed through a combination of resources such water and sewer charges and bond anticipation notes.

Projects	Remaining Construction Commitment	Expected Date of Completion
Lift Station Construction	\$242,929	December 2000
30th Street Improvement	981,490	May 2000

*COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP  
STATEMENTS AND SCHEDULES*

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*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE THE  
GENERAL FUND, SPECIAL REVENUE FUNDS, CAPITAL PROJECTS FUNDS,  
ENTERPRISE FUNDS, FIDUCIARY FUND TYPES AND THE GENERAL FIXED  
ASSETS ACCOUNT GROUP.*

*GENERAL FUND*

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The General Fund is used to account for government resources not accounted for in any other fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter and/or the general laws of Ohio.

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**GENERAL FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$3,133,062	\$3,039,920	(\$93,142)
Intergovernmental Revenues	610,038	650,445	40,407
Charges for Services	161,720	164,541	2,821
Licenses and Permits	45,750	40,999	(4,751)
Investment Earnings	600,000	588,675	(11,325)
Fines and Forfeitures	40,500	25,940	(14,560)
All Other Revenues	34,700	34,154	(546)
Total Revenues	4,625,770	4,544,674	(81,096)
<u>Expenditures:</u>			
Security of Persons and Property:			
Police:			
Personal Services	1,104,725	1,051,102	53,623
Contractual Services	127,097	91,269	35,828
Materials and Supplies	38,084	31,656	6,428
Capital Outlay	56,700	56,133	567
Total Police	1,326,606	1,230,160	96,446
Communications:			
Personal Services	334,749	298,394	36,355
Contractual Services	20,908	19,335	1,573
Total Communications	355,657	317,729	37,928
Fire:			
Personal Services	731,161	709,915	21,246
Contractual Services	84,862	82,467	2,395
Materials and Supplies	64,427	49,041	15,386
Capital Outlay	19,050	18,758	292
Total Fire	899,500	860,181	39,319
Street Lighting:			
Contractual Services	62,000	60,794	1,206
Total Street Lighting	62,000	60,794	1,206
Total Security of Persons and Property	2,643,763	2,468,864	174,899
Public Health and Welfare Services:			
Health Department:			
Contractual Services	55,000	52,500	2,500
Total Public Health and Welfare Services	55,000	52,500	2,500

(Continued)

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**GENERAL FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Leisure Time Activities:</b>			
<b>Parks:</b>			
Personal Services	240,540	219,573	20,967
Contractual Services	266,189	222,043	44,146
Materials and Supplies	65,837	46,801	19,036
Other Expenditures	5,500	221	5,279
Capital Outlay	70,511	60,584	9,927
<b>Total Leisure Time Activities</b>	<b>648,577</b>	<b>549,222</b>	<b>99,355</b>
<b>Community Environment:</b>			
<b>Planning and Zoning:</b>			
Personal Services	117,285	113,792	3,493
Contractual Services	131,500	99,713	31,787
Materials and Supplies	2,683	1,156	1,527
Other Expenditures	200	71	129
Capital Outlay	45,000	33,810	11,190
<b>Total Community Environment</b>	<b>296,668</b>	<b>248,542</b>	<b>48,126</b>
<b>General Government:</b>			
<b>Mayor:</b>			
Personal Services	62,300	60,003	2,297
Contractual Services	10,650	3,437	7,213
Materials and Supplies	1,500	345	1,155
Capital Outlay	4,000	1,672	2,328
<b>Total Mayor</b>	<b>78,450</b>	<b>65,457</b>	<b>12,993</b>
<b>City Council:</b>			
Personal Services	32,200	32,200	0
Contractual Services	5,450	576	4,874
Materials and Supplies	547	111	436
Capital Outlay	1,000	0	1,000
<b>Total City Council</b>	<b>39,197</b>	<b>32,887</b>	<b>6,310</b>
<b>Law Director:</b>			
Personal Services	85,525	85,456	69
Contractual Services	153,000	92,490	60,510
<b>Total Law Director</b>	<b>238,525</b>	<b>177,946</b>	<b>60,579</b>

(Continued)

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**GENERAL FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Clerk of Council:			
Personal Services	28,485	28,427	58
Contractual Services	750	514	236
Materials and Supplies	1,290	688	602
Capital Outlay	1,500	1,352	148
Total Clerk of Council	<u>32,025</u>	<u>30,981</u>	<u>1,044</u>
Auditor:			
Personal Services	39,000	39,000	0
Contractual Services	3,500	1,529	1,971
Materials and Supplies	400	79	321
Total Auditor	<u>42,900</u>	<u>40,608</u>	<u>2,292</u>
General Administrative:			
Personal Services	216,596	182,959	33,637
Contractual Services	221,144	180,443	40,701
Materials and Supplies	18,057	9,922	8,135
Capital Outlay	15,050	13,995	1,055
Total General Administrative	<u>470,847</u>	<u>387,319</u>	<u>83,528</u>
Court Fees:			
Contractual Services	48,650	18,438	30,212
Total Court Fees	<u>48,650</u>	<u>18,438</u>	<u>30,212</u>
Civil Service:			
Contractual Services	20,850	19,845	1,005
Total Civil Service	<u>20,850</u>	<u>19,845</u>	<u>1,005</u>
Safety/Service:			
Personal Services	60,900	58,526	2,374
Contractual Services	70,650	58,059	12,591
Materials and Supplies	14,200	11,810	2,390
Capital Outlay	14,000	13,857	143
Total Safety/Service	<u>159,750</u>	<u>142,252</u>	<u>17,498</u>
Income Tax:			
Personal Services	183,077	164,496	18,581
Contractual Services	19,779	14,902	4,877
Materials and Supplies	16,162	11,763	4,399
Capital Outlay	1,500	1,452	48
Total Income Tax	<u>220,518</u>	<u>192,613</u>	<u>27,905</u>
Total General Government	<u>1,351,712</u>	<u>1,108,346</u>	<u>243,366</u>
Total Expenditures	<u>4,995,720</u>	<u>4,427,474</u>	<u>568,246</u>

(Continued)

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**GENERAL FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(369,950)	117,200	487,150
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	0	992	992
Operating Transfers In	600	0	(600)
Operating Transfers Out	(825,000)	(815,000)	10,000
Total Other Financing Sources (Uses)	(824,400)	(814,008)	10,392
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,194,350)	(696,808)	497,542
Fund Balance at Beginning of Year	4,529,985	4,529,985	0
Prior Year Encumbrances	86,679	86,679	0
Fund Balance at End of Year	<u>\$3,422,314</u>	<u>\$3,919,856</u>	<u>\$497,542</u>

## *SPECIAL REVENUE FUNDS*

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

### **Street Construction, Maintenance and Repair Fund**

To account for state levied and controlled gasoline tax and motor vehicle license fees designated for local street construction, maintenance and repair.

### **State Highway Fund**

To account for the portion of the state gasoline tax and motor vehicle license fees designated for construction, maintenance and repair of state highways within the City.

### **County \$5 Permissive License Tax Fund**

To account for permissive license tax received from the County for a project approved by the county engineer, or transfers to finance the project until completion whereupon reimbursement will be received.

### **Swimming Pool Fund**

To account for revenues and expenditures related to the operations of the Heath Municipal Pool.

### **Fire Levy Fund**

To account for property tax collected and designated for the operations of the Fire Department.

### **Fire Pension Fund**

To account for taxes levied toward partial payment of the current and accrued liability for fire disability and pension.

### **Police Pension Fund**

To account for taxes levied toward partial payment of the current and accrued liability for police disability and pension.

### **Law Enforcement Trust Fund**

To account for funds received by the police department for contraband, per state statute.

(Continued)

*SPECIAL REVENUE FUNDS*

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**Enforcement and Education Fund**

To account for financial resources used to educate the public regarding laws governing the operation of motor vehicles while under the influence of alcohol.

**D.A.R.E. Fund**

To account for revenues and expenditures relative to D.A.R.E. activities.

**Grants Fund**

To account for revenues and expenditures relative to grants for the planning of the reuse of the Newark Air Force Base.

**THE CITY OF HEATH, OHIO  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
DECEMBER 31, 1999**

	Street Construction, Maintenance and Repair	State Highway	County \$5 Permissive License Tax	Swimming Pool	Fire Levy
<b>Assets:</b>					
Cash and Cash Equivalents	\$493,191	\$97,867	\$0	\$209,542	\$730,789
Receivables (net of allowances for doubtful accounts)					
Taxes	0	0	0	0	537,117
Intergovernmental Receivables	18,035	1,462	0	0	3,070
Inventory of Supplies at Cost	65,713	0	0	6,200	0
Prepaid Items	12,289	0	0	1,177	0
<b>Restricted Assets:</b>					
Cash with Fiscal Agent	0	0	219,767	0	0
<b>Total Assets</b>	<b>\$589,228</b>	<b>\$99,329</b>	<b>\$219,767</b>	<b>\$216,919</b>	<b>\$1,270,976</b>
<b>Liabilities and Fund Equity:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$8,103	\$688	\$0	\$513	\$0
Accrued Wages and Benefits	21,627	0	0	6,366	14,069
Deferred Revenue	0	0	219,767	0	537,117
<b>Total Liabilities</b>	<b>29,730</b>	<b>688</b>	<b>219,767</b>	<b>6,879</b>	<b>551,186</b>
<b>Fund Equity:</b>					
Reserved for Encumbrances	17,475	0	0	2,451	39,274
Reserved for Supplies Inventory	65,713	0	0	6,200	0
Reserved for Prepaid Items	12,289	0	0	1,177	0
Unreserved	464,021	98,641	0	200,212	680,516
<b>Total Fund Equity</b>	<b>559,498</b>	<b>98,641</b>	<b>0</b>	<b>210,040</b>	<b>719,790</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$589,228</b>	<b>\$99,329</b>	<b>\$219,767</b>	<b>\$216,919</b>	<b>\$1,270,976</b>

**THE CITY OF HEATH, OHIO  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
DECEMBER 31, 1999**

Fire Pension	Police Pension	Law Enforcement Trust	Enforcement and Education	D.A.R.E.	Grants	Totals
\$19,092	\$24,438	\$19,290	\$7,870	\$4,865	\$512,796	\$2,119,740
66,348	66,348	0	0	0	0	669,813
368	368	300	0	0	0	23,603
0	0	0	0	0	0	71,913
0	0	0	0	23	0	13,489
0	0	0	0	0	0	219,767
<u>\$85,808</u>	<u>\$91,154</u>	<u>\$19,590</u>	<u>\$7,870</u>	<u>\$4,888</u>	<u>\$512,796</u>	<u>\$3,118,325</u>
\$0	\$0	\$2,245	\$0	\$0	\$0	\$11,549
47,960	52,500	0	0	0	0	142,522
66,348	66,348	0	0	0	0	889,580
114,308	118,848	2,245	0	0	0	1,043,651
0	0	93	0	0	28,235	87,528
0	0	0	0	0	0	71,913
0	0	0	0	23	0	13,489
(28,500)	(27,694)	17,252	7,870	4,865	484,561	1,901,744
(28,500)	(27,694)	17,345	7,870	4,888	512,796	2,074,674
<u>\$85,808</u>	<u>\$91,154</u>	<u>\$19,590</u>	<u>\$7,870</u>	<u>\$4,888</u>	<u>\$512,796</u>	<u>\$3,118,325</u>

**THE CITY OF HEATH, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	Street Construction, Maintenance and Repair	State Highway	County \$5 Permissive License Tax	Swimming Pool	Fire Levy
<b>Revenues:</b>					
Taxes	\$0	\$0	\$0	\$0	\$515,362
Intergovernmental Revenues	236,199	19,151	19,005	0	44,254
Charges for Service	0	0	0	152,847	0
Investment Earnings	0	0	0	0	17,708
Fines and Forfeitures	0	0	0	0	0
All Other Revenues	1,050	0	0	3,764	0
<b>Total Revenues</b>	<b>237,249</b>	<b>19,151</b>	<b>19,005</b>	<b>156,611</b>	<b>577,324</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Security of Persons and Property	0	0	0	0	469,065
Leisure Time Activities	0	0	0	146,437	0
Transportation	705,910	12,310	19,005	0	0
<b>Total Expenditures</b>	<b>705,910</b>	<b>12,310</b>	<b>19,005</b>	<b>146,437</b>	<b>469,065</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(468,661)	6,841	0	10,174	108,259
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In	589,000	0	0	55,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>589,000</b>	<b>0</b>	<b>0</b>	<b>55,000</b>	<b>0</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	120,339	6,841	0	65,174	108,259
Fund Balance (Deficit) at Beginning of Year	440,093	91,800	0	145,643	611,531
Decrease in Inventory Reserve	(934)	0	0	(777)	0
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$559,498</b>	<b>\$98,641</b>	<b>\$0</b>	<b>\$210,040</b>	<b>\$719,790</b>

**THE CITY OF HEATH, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

Fire Pension	Police Pension	Law Enforcement Trust	Enforcement and Education	D.A.R.E.	Grants	Totals
\$63,427	\$63,427	\$0	\$0	\$0	\$0	\$642,216
5,529	5,529	0	0	0	500,000	829,667
0	0	0	0	0	0	152,847
0	0	0	0	0	12,796	30,504
0	0	8,119	2,583	0	0	10,702
0	171	3,825	0	3,958	0	12,768
<u>68,956</u>	<u>69,127</u>	<u>11,944</u>	<u>2,583</u>	<u>3,958</u>	<u>512,796</u>	<u>1,678,704</u>
136,223	173,100	12,931	1,000	1,707	0	794,026
0	0	0	0	0	0	146,437
0	0	0	0	0	0	737,225
<u>136,223</u>	<u>173,100</u>	<u>12,931</u>	<u>1,000</u>	<u>1,707</u>	<u>0</u>	<u>1,677,688</u>
(67,267)	(103,973)	(987)	1,583	2,251	512,796	1,016
<u>71,500</u>	<u>99,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>815,000</u>
<u>71,500</u>	<u>99,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>815,000</u>
4,233	(4,473)	(987)	1,583	2,251	512,796	816,016
(32,733)	(23,221)	18,332	6,287	2,637	0	1,260,369
0	0	0	0	0	0	(1,711)
<u>(\$28,500)</u>	<u>(\$27,694)</u>	<u>\$17,345</u>	<u>\$7,870</u>	<u>\$4,888</u>	<u>\$512,796</u>	<u>\$2,074,674</u>

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>			
Intergovernmental Revenues	\$217,100	\$235,601	\$18,501
All Other Revenues	0	1,050	1,050
Total Revenues	<u>217,100</u>	<u>236,651</u>	<u>19,551</u>
<b>Expenditures:</b>			
Transportation:			
Streets Department:			
Personal Services	532,090	468,767	63,323
Contractual Services	151,005	101,909	49,096
Materials and Supplies	186,385	137,351	49,034
Capital Outlay	47,691	31,162	16,529
Total Expenditures	<u>917,171</u>	<u>739,189</u>	<u>177,982</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(700,071)	(502,538)	197,533
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	589,000	589,000	0
Total Other Financing Sources (Uses):	<u>589,000</u>	<u>589,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(111,071)	86,462	197,533
Fund Balance at Beginning of Year	365,257	365,257	0
Prior Year Encumbrances	17,381	17,381	0
Fund Balance at End of Year	<u>\$271,567</u>	<u>\$469,100</u>	<u>\$197,533</u>

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**STATE HIGHWAY FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>			
Intergovernmental Revenues	\$17,500	\$19,103	\$1,603
<b>Total Revenues</b>	<b>17,500</b>	<b>19,103</b>	<b>1,603</b>
<b>Expenditures:</b>			
Transportation:			
Streets Department:			
Contractual Services	3,100	2,659	441
Materials and Supplies	17,776	6,611	11,165
Capital Outlay	3,300	3,300	0
<b>Total Expenditures</b>	<b>24,176</b>	<b>12,570</b>	<b>11,606</b>
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(6,676)	6,533	13,209
Fund Balance at Beginning of Year	86,258	86,258	0
Prior Year Encumbrances	5,076	5,076	0
<b>Fund Balance at End of Year</b>	<b>\$84,658</b>	<b>\$97,867</b>	<b>\$13,209</b>

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**COUNTY \$5 PERMISSIVE LICENSE TAX FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>			
Intergovernmental Revenues	\$19,005	\$19,005	\$0
Total Revenues	19,005	19,005	0
<b>Expenditures:</b>			
Transportation:			
Streets Department:			
Capital Outlay	19,005	19,005	0
Total Expenditures	19,005	19,005	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**SWIMMING POOL FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>			
Charges for Services	\$153,300	\$152,847	(\$453)
All Other Revenues	3,700	3,764	64
<b>Total Revenues</b>	<b>157,000</b>	<b>156,611</b>	<b>(389)</b>
<b>Expenditures:</b>			
Leisure Time Activities:			
Swimming Pool:			
Personal Services	85,685	85,512	173
Contractual Services	64,650	44,069	20,581
Materials and Supplies	59,800	38,728	21,072
Capital Outlay	32,964	17,721	15,243
<b>Total Expenditures</b>	<b>243,099</b>	<b>186,030</b>	<b>57,069</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,099)	(29,419)	56,680
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	55,000	55,000	0
<b>Total Other Financing Sources (Uses):</b>	<b>55,000</b>	<b>55,000</b>	<b>0</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(31,099)	25,581	56,680
Fund Balance at Beginning of Year	166,386	166,386	0
Prior Year Encumbrances	15,064	15,064	0
<b>Fund Balance at End of Year</b>	<b>\$150,351</b>	<b>\$207,031</b>	<b>\$56,680</b>

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**FIRE LEVY FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$472,897	\$515,362	\$42,465
Intergovernmental Revenues	40,813	44,118	3,305
Investment Earnings	14,000	17,708	3,708
Total Revenues	<u>527,710</u>	<u>577,188</u>	<u>49,478</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Fire:			
Personal Services	299,825	202,199	97,626
Contractual Services	15,380	13,597	1,783
Materials and Supplies	3,987	3,987	0
Capital Outlay	294,772	291,250	3,522
Total Expenditures	<u>613,964</u>	<u>511,033</u>	<u>102,931</u>
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(86,254)	66,155	152,409
Fund Balance at Beginning of Year	395,875	395,875	0
Prior Year Encumbrances	228,459	228,459	0
Fund Balance at End of Year	<u>\$538,080</u>	<u>\$690,489</u>	<u>\$152,409</u>

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**FIRE PENSION FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$58,291	\$63,427	\$5,136
Intergovernmental Revenues	5,149	5,513	364
Total Revenues	63,440	68,940	5,500
<b>Expenditures:</b>			
Security of Persons and Property:			
Fire:			
Personal Services	128,100	124,645	3,455
Contractual Services	4,020	1,666	2,354
Total Expenditures	132,120	126,311	5,809
Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,680)	(57,371)	11,309
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	71,000	71,500	500
Total Other Financing Sources (Uses):	71,000	71,500	500
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,320	14,129	11,809
Fund Balance at Beginning of Year	4,963	4,963	0
Fund Balance at End of Year	\$7,283	\$19,092	\$11,809

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**POLICE PENSION FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$58,291	\$63,427	\$5,136
Intergovernmental Revenues	5,149	5,513	364
All Other Revenues	0	171	171
<b>Total Revenues</b>	<b>63,440</b>	<b>69,111</b>	<b>5,671</b>
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Personal Services	174,260	165,206	9,054
Contractual Services	4,020	1,666	2,354
<b>Total Expenditures</b>	<b>178,280</b>	<b>166,872</b>	<b>11,408</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(114,840)	(97,761)	17,079
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	109,500	99,500	(10,000)
<b>Total Other Financing Sources (Uses):</b>	<b>109,500</b>	<b>99,500</b>	<b>(10,000)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,340)	1,739	7,079
Fund Balance at Beginning of Year	22,699	22,699	0
<b>Fund Balance at End of Year</b>	<b>\$17,359</b>	<b>\$24,438</b>	<b>\$7,079</b>

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**LAW ENFORCEMENT TRUST FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>			
Fines and Forfeitures	\$7,000	\$7,919	\$919
All Other Revenues	3,000	3,825	825
Total Revenues	10,000	11,744	1,744
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Contractual Services	12,325	8,972	3,353
Materials and Supplies	500	18	482
Capital Outlay	4,000	4,000	0
Total Expenditures	16,825	12,990	3,835
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(6,825)	(1,246)	5,579
Fund Balance at Beginning of Year	18,578	18,578	0
Prior Year Encumbrances	325	325	0
Fund Balance at End of Year	\$12,078	\$17,657	\$5,579

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**ENFORCEMENT AND EDUCATION FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>			
Fines and Forfeitures	\$2,700	\$2,755	\$55
Total Revenues	2,700	2,755	55
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Materials and Supplies	500	500	0
Capital Outlay	500	500	0
Total Expenditures	1,000	1,000	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,700	1,755	55
Fund Balance at Beginning of Year	6,115	6,115	0
Fund Balance at End of Year	\$7,815	\$7,870	\$55

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**D.A.R.E. FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>			
All Other Revenues	\$3,900	\$3,958	\$58
Total Revenues	3,900	3,958	58
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Materials and Supplies	3,301	1,730	1,571
Total Expenditures	3,301	1,730	1,571
Excess (Deficiency) of Revenues Over (Under) Expenditures	599	2,228	1,629
Fund Balance at Beginning of Year	2,637	2,637	0
Fund Balance at End of Year	\$3,236	\$4,865	\$1,629

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**GRANTS FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>			
Intergovernmental Revenues	\$500,000	\$500,000	\$0
Investment Earnings	0	12,796	12,796
Total Revenues	500,000	512,796	12,796
<b>Expenditures:</b>			
Community Environment:			
State Grant:			
Contractual Services	28,235	28,235	0
Total Expenditures	28,235	28,235	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	471,765	484,561	12,796
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$471,765	\$484,561	\$12,796

## ***CAPITAL PROJECTS FUNDS***

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The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

### **Capital Improvement Fund**

To account for financial resources used for the major capital projects undertaken by the City.

### **Lake-Liberty Drive Bridge Replacement Fund**

To account for financial resources used for the replacement of the Lake-Liberty Drive bridge.

(The Balance Sheet is not presented because there are no assets or liabilities at year end.)

### **Thornwood Drive Culverts Fund**

To account for financial resources used to replace culverts on Thornwood Drive

### **South 30th Street Improvement Fund**

To account for financial resources used for the improvements to South 30<sup>th</sup> Street.

**THE CITY OF HEATH, OHIO  
COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS  
DECEMBER 31, 1999**

	Capital Improvement	Thornwood Drive Culverts	South 30th Street Improvements	Totals
<b>Assets:</b>				
Cash and Cash Equivalents	\$3,221,210	\$198,403	\$1,356,926	\$4,776,539
Receivables (net of allowances for doubtful accounts)				
Taxes	153,895	0	0	153,895
<b>Total Assets</b>	<b>\$3,375,105</b>	<b>\$198,403</b>	<b>\$1,356,926</b>	<b>\$4,930,434</b>
<b>Liabilities and Fund Equity:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$54,578	\$0	\$107,959	\$162,537
Deferred Revenue	13,895	0	0	13,895
<b>Total Liabilities</b>	<b>68,473</b>	<b>0</b>	<b>107,959</b>	<b>176,432</b>
<b>Fund Equity:</b>				
<b>Fund Balances:</b>				
Reserved for Encumbrances	607,469	0	1,012,951	1,620,420
Unreserved - Undesignated	2,699,163	198,403	236,016	3,133,582
<b>Total Fund Equity</b>	<b>3,306,632</b>	<b>198,403</b>	<b>1,248,967</b>	<b>4,754,002</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$3,375,105</b>	<b>\$198,403</b>	<b>\$1,356,926</b>	<b>\$4,930,434</b>

**THE CITY OF HEATH, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	Capital Improvement	Lake-Liberty Drive Bridge Replacement	Thornwood Drive Culverts	South 30th Street Improvements	Totals
<b>Revenues:</b>					
Taxes	\$1,120,150	\$0	\$0	\$0	\$1,120,150
Intergovernmental Revenues	0	0	220,707	236,016	456,723
All Other Revenues	77,213	0	0	0	77,213
<b>Total Revenues</b>	<b>1,197,363</b>	<b>0</b>	<b>220,707</b>	<b>236,016</b>	<b>1,654,086</b>
<b>Expenditures:</b>					
Security of Persons and Property	8,000	0	0	0	8,000
Leisure Time Activities	84,660	0	0	0	84,660
Community Environment	28,263	0	0	0	28,263
Basic Utility Services	69,235	0	0	0	69,235
Transportation	611,533	0	214,751	504,804	1,331,088
General Government	120,163	0	0	0	120,163
<b>Total Expenditures</b>	<b>921,854</b>	<b>0</b>	<b>214,751</b>	<b>504,804</b>	<b>1,641,409</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	275,509	0	5,956	(268,788)	12,677
<b>Other Financing Sources (Uses):</b>					
Proceeds from Installment Loan	228,000	0	0	0	228,000
Operating Transfers In	67,329	0	192,447	1,517,755	1,777,531
Operating Transfers Out	(1,594,897)	(791)	0	0	(1,595,688)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,299,568)</b>	<b>(791)</b>	<b>192,447</b>	<b>1,517,755</b>	<b>409,843</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,024,059)	(791)	198,403	1,248,967	422,520
Fund Balance at Beginning of Year	4,330,691	791	0	0	4,331,482
<b>Fund Balance at End of Year</b>	<b>\$3,306,632</b>	<b>\$0</b>	<b>\$198,403</b>	<b>\$1,248,967</b>	<b>\$4,754,002</b>

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

CAPITAL IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$1,125,000	\$1,135,361	\$10,361
All Other Revenues	0	77,213	77,213
Total Revenues	1,125,000	1,212,574	87,574
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Capital Outlay	92,372	91,874	498
Total Police	92,372	91,874	498
Fire:			
Contractual Services	4,912	0	4,912
Total Fire	4,912	0	4,912
Total Security of Persons and Property	97,284	91,874	5,410
Leisure Time Activities:			
Parks:			
Contractual Services	83,580	83,580	0
Capital Outlay	50,109	46,193	3,916
Total Parks	133,689	129,773	3,916
Swimming Pool:			
Capital Outlay	40,236	38,866	1,370
Total Swimming Pool	40,236	38,866	1,370
Total Leisure Time Activities	173,925	168,639	5,286
Community Environment:			
Planning and Zoning:			
Contractual Services	29,750	29,750	0
Total Community Environment	29,750	29,750	0
Basic Utility Services:			
Water:			
Contractual Services	37,170	37,170	0
Capital Outlay	18,023	16,583	1,440
Total Water	55,193	53,753	1,440

(Continued)

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**CAPITAL IMPROVEMENT FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Sewer:</b>			
Contractual Services	32,100	32,100	0
Capital Outlay	228,000	228,000	0
Total Sewer	260,100	260,100	0
Total Basic Utility Services	315,293	313,853	1,440
<b>Transportation:</b>			
Streets Department:			
Contractual Services	104,288	104,288	0
Capital Outlay	624,550	624,550	0
Total Transportation	728,838	728,838	0
<b>General Government:</b>			
General Administrative:			
Contractual Services	123,449	123,449	0
Capital Outlay	38,000	37,022	978
Total General Administrative	161,449	160,471	978
Safety/Service:			
Contractual Services	500	500	0
Capital Outlay	53,605	50,460	3,145
Total Safety/Service	54,105	50,960	3,145
Total General Government	215,554	211,431	4,123
Total Expenditures	1,560,644	1,544,385	16,259
Excess (Deficiency) of Revenues Over (Under) Expenditures	(435,644)	(331,811)	103,833
<b>Other Financing Sources (Uses):</b>			
Proceeds from Installment Loan	228,000	228,000	0
Operating Transfers In	67,000	67,329	329
Operating Transfers Out	(1,594,897)	(1,594,897)	0
Total Other Financing Sources (Uses)	(1,299,897)	(1,299,568)	329
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,735,541)	(1,631,379)	104,162
Fund Balance at Beginning of Year	3,912,593	3,912,593	0
Prior Year Encumbrances	277,949	277,949	0
Fund Balance at End of Year	\$2,455,001	\$2,559,163	\$104,162

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**LAKE-LIBERTY DRIVE BRIDGE REPLACEMENT FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	(791)	(791)	0
Total Other Financing Sources (Uses)	(791)	(791)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(791)	(791)	0
Fund Balance at Beginning of Year	791	791	0
Fund Balance at End of Year	\$0	\$0	\$0

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**THORNWOOD DRIVE CULVERTS FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$220,600	\$220,707	\$107
Total Revenues	220,600	220,707	107
<u>Expenditures:</u>			
Transportation:			
Capital Outlay	215,800	214,751	1,049
Total Expenditures	215,800	214,751	1,049
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,800	5,956	1,156
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	192,400	192,447	47
Total Other Financing Sources (Uses)	192,400	192,447	47
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	197,200	198,403	1,203
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$197,200	\$198,403	\$1,203

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**SOUTH 30TH STREET IMPROVEMENTS FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$20	\$236,016	\$235,996
Total Revenues	20	236,016	235,996
<u>Expenditures:</u>			
Transportation:			
Capital Outlay	1,517,755	1,517,755	0
Total Expenditures	1,517,755	1,517,755	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,517,735)	(1,281,739)	235,996
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	1,517,755	1,517,755	0
Total Other Financing Sources (Uses)	1,517,755	1,517,755	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	20	236,016	235,996
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$20	\$236,016	\$235,996

## ***ENTERPRISE FUNDS***

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The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City has decided that periodic determination of net income is appropriate for accountability purposes.

### **Water Fund**

To account for the operation of the City's water service.

### **Sewer Fund**

To account for the operation of the City's sanitary sewer service.

**THE CITY OF HEATH, OHIO  
COMBINING BALANCE SHEET  
ENTERPRISE FUNDS  
DECEMBER 31, 1999**

	Water	Sewer	Totals
<b>Assets:</b>			
Cash and Cash Equivalents	\$1,349,281	\$2,079,800	\$3,429,081
Receivables (net of allowances for doubtful accounts):			
Accounts	124,989	239,089	364,078
Inventory of Supplies at Cost	68,496	11,267	79,763
Prepaid Items	2,953	2,665	5,618
Property, Plant and Equipment	12,293,213	15,797,199	28,090,412
Less Accumulated Depreciation	(2,814,218)	(8,362,534)	(11,176,752)
Net Fixed Assets	9,478,995	7,434,665	16,913,660
Construction in Progress	0	28,316	28,316
<b>Total Assets</b>	<b>\$11,024,714</b>	<b>\$9,795,802</b>	<b>\$20,820,516</b>
<b>Liabilities and Fund Equity:</b>			
<b>Liabilities:</b>			
Accounts Payable	\$17,713	\$99,654	\$117,367
Accrued Wages and Benefits	19,693	23,573	43,266
Accrued Interest Payable	12,113	0	12,113
Compensated Absences Payable	55,939	27,116	83,055
Ohio Water Development Authority Loans Payable	0	5,748,322	5,748,322
General Obligation Bonds Payable	3,230,000	0	3,230,000
<b>Total Liabilities</b>	<b>3,335,458</b>	<b>5,898,665</b>	<b>9,234,123</b>
<b>Fund Equity:</b>			
Contributed Capital	2,288,616	2,207,104	4,495,720
Retained Earnings:			
Unreserved	5,400,640	1,690,033	7,090,673
<b>Total Fund Equity</b>	<b>7,689,256</b>	<b>3,897,137</b>	<b>11,586,393</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$11,024,714</b>	<b>\$9,795,802</b>	<b>\$20,820,516</b>

**THE CITY OF HEATH, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	Water	Sewer	Totals
<u>Operating Revenues:</u>			
Charges for Services	\$964,651	\$1,834,847	\$2,799,498
Other Operating Revenues	9,375	3,644	13,019
Total Operating Revenues	974,026	1,838,491	2,812,517
<u>Operating Expenses:</u>			
Personal Services	455,927	412,079	868,006
Materials and Supplies	161,484	74,954	236,438
Contractual Services	174,802	602,418	777,220
Depreciation	326,292	546,250	872,542
Total Operating Expenses	1,118,505	1,635,701	2,754,206
Operating Income (Loss)	(144,479)	202,790	58,311
<u>Non-Operating Revenues (Expenses):</u>			
Interest Earnings	0	29,126	29,126
Interest and Fiscal Charges	(155,415)	(300,772)	(456,187)
Loss on Disposal of Fixed Assets	(9,009)	(18,033)	(27,042)
Total Non-Operating Revenues (Expenses)	(164,424)	(289,679)	(454,103)
Loss Before Operating Transfers	(308,903)	(86,889)	(395,792)
<u>Operating Transfers:</u>			
Operating Transfers In	184,533	0	184,533
Operating Transfers Out	(115,305)	(66,538)	(181,843)
Total Operating Transfers	69,228	(66,538)	2,690
Net Loss	(239,675)	(153,427)	(393,102)
Retained Earnings at Beginning of Year	5,640,315	1,843,460	7,483,775
Retained Earnings at End of Year	\$5,400,640	\$1,690,033	\$7,090,673

**THE CITY OF HEATH, OHIO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	Water	Sewer	Totals
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Customers	\$964,677	\$1,851,062	\$2,815,739
Cash Payments for Goods and Services	(343,143)	(626,409)	(969,552)
Cash Payments to Employees	(445,863)	(435,343)	(881,206)
Other Operating Cash Receipts	9,375	3,644	13,019
Net Cash Provided by Operating Activities	<u>185,046</u>	<u>792,954</u>	<u>978,000</u>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>			
Transfers In from Other Funds	184,533	0	184,533
Transfers Out from Other Funds	(115,305)	(66,538)	(181,843)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>69,228</u>	<u>(66,538)</u>	<u>2,690</u>
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>			
Principal Paid on General Obligation Bonds	(110,000)	0	(110,000)
Acquisition and Construction of Assets	(69,236)	(75,788)	(145,024)
Cash Received from Tap In Fees in Excess of Cost	61,259	100,350	161,609
Principal Paid on Ohio Water Development Authority Loans	0	(354,670)	(354,670)
Interest Paid on All Debt	(149,533)	(300,772)	(450,305)
Net Cash Used for Capital and Related Financing Activities	<u>(267,510)</u>	<u>(630,880)</u>	<u>(898,390)</u>
<b><u>Cash Flows from Investing Activities:</u></b>			
Receipts of Interest	0	29,126	29,126
Net Cash Provided by Investing Activities	<u>0</u>	<u>29,126</u>	<u>29,126</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,236)	124,662	111,426
Cash and Cash Equivalents at Beginning of Year	<u>1,362,517</u>	<u>1,955,138</u>	<u>3,317,655</u>
Cash and Cash Equivalents at End of Year	<u>\$1,349,281</u>	<u>\$2,079,800</u>	<u>\$3,429,081</u>

**THE CITY OF HEATH, OHIO  
COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Water	Sewer	Totals
<b><u>Reconciliation of Operating Income (Loss) to Net Cash</u></b>			
<b>Provided by Operating Activities:</b>			
Operating Income (Loss)	(\$144,479)	\$202,790	\$58,311
<b>Adjustments to Reconcile Operating Income (Loss) to</b>			
<b>Net Cash Provided by Operating Activities:</b>			
Depreciation Expense	326,292	546,250	872,542
<b>Changes in Assets and Liabilities:</b>			
Decrease in Accounts Receivable	26	16,215	16,241
Increase in Inventory	(12,111)	(1,431)	(13,542)
Decrease in Prepaid Items	606	497	1,103
Increase in Accounts Payable	4,768	51,897	56,665
Decrease in Accrued Wages and Benefits Payable	(344)	(1,202)	(1,546)
Increase (Decrease) in Compensated Absences Payable	10,288	(22,062)	(11,774)
Total Adjustments	329,525	590,164	919,689
Net Cash Provided by Operating Activities	<u>\$185,046</u>	<u>\$792,954</u>	<u>\$978,000</u>

**Schedule of Noncash Investing, Capital and Financing Activities:**

As of December 31, 1999, the Water and Sewer Funds had outstanding liabilities of \$164 and \$164, respectively, for the purchase of certain capital assets. The Water and Sewer Funds received capital assets contributed from other funds in the amounts of \$20,554 and \$228,000 respectively.

***FIDUCIARY FUND TYPE***

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Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

***EXPENDABLE TRUST FUNDS***

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**Conn Memorial Trust Fund**

To account for money left to the City by the Conn family in trust for the operation and maintenance of the John C. Geller Park.

**Shai House Fund**

To account for donations to the City in trusts to move the historic Shai House to a City owned property and restore it to its original grandeur. The house is to be used for community purposes.

**Unclaimed Monies Fund**

To account for funds which rightfully belong to the payor and are refunded when the payor provides proof of claim for the funds within the period specified by law.

**THE CITY OF HEATH, OHIO  
COMBINING BALANCE SHEET  
FIDUCIARY FUNDS  
DECEMBER 31, 1999**

	<i>Expendable Trust Funds</i>			Totals
	Conn Memorial Trust	Shai House	Unclaimed Monies	
<b><u>Assets:</u></b>				
Cash and Cash Equivalents	\$71,144	\$33,696	\$536	\$105,376
Total Assets	<u>\$71,144</u>	<u>\$33,696</u>	<u>\$536</u>	<u>\$105,376</u>
<b><u>Liabilities and Fund Equity:</u></b>				
<b>Liabilities:</b>				
Accounts Payable	\$0	\$108	\$0	\$108
Total Liabilities	<u>0</u>	<u>108</u>	<u>0</u>	<u>108</u>
<b>Fund Equity:</b>				
Reserved for Encumbrances	0	11,500	0	11,500
Unreserved	71,144	22,088	536	93,768
Total Fund Equity	<u>71,144</u>	<u>33,588</u>	<u>536</u>	<u>105,268</u>
<b>Total Liabilities and Fund Equity</b>	<u><u>\$71,144</u></u>	<u><u>\$33,696</u></u>	<u><u>\$536</u></u>	<u><u>\$105,376</u></u>

**THE CITY OF HEATH, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	<i>Expendable Trust Funds</i>			Totals
	Conn Memorial Trust	Shai House	Unclaimed Monies	
<u>Revenues:</u>				
Intergovernmental Revenues	\$0	\$50,000	\$0	\$50,000
Charges for Services	1,320	0	0	1,320
Investment Earnings	3,440	0	0	3,440
All Other Revenue	0	1,320	536	1,856
Total Revenues	4,760	51,320	536	56,616
<u>Expenditures:</u>				
Community Environment	0	33,384	0	33,384
Total Expenditures	0	33,384	0	33,384
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,760	17,936	536	23,232
Fund Balance at Beginning of Year	66,384	15,652	0	82,036
Fund Balance at End of Year	\$71,144	\$33,588	\$536	\$105,268

## ***GENERAL FIXED ASSETS ACCOUNT GROUP***

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General Fixed Assets Account Group is used to account for fixed assets other than those accounted for in the Proprietary Funds.

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

General Fixed Assets:

Land	\$672,686
Buildings	4,202,228
Improvements Other Than Buildings	479,566
Machinery and Equipment	5,126,576
Total General Fixed Assets	<u>\$10,481,056</u>

Investment in General Fixed Assets:

Assets Acquired Prior to 1990	\$61,192
General Fund	1,685,091
Special Revenue Funds	1,254,875
Capital Projects Funds	6,431,724
Proprietary Funds	10,281
Fiduciary Funds	1,000
Donations	1,036,893
Total Investment in General Fixed Assets	<u>\$10,481,056</u>

**THE CITY OF HEATH, OHIO**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**BY CATEGORY**  
**DECEMBER 31, 1999**

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Total
<b><u>General Government:</u></b>					
Mayor	\$0	\$0	\$0	\$10,130	\$10,130
City Council	0	0	0	23,676	23,676
Clerk of Council	0	0	0	8,112	8,112
City Auditor	0	0	0	3,871	3,871
General Administration	258,188	762,040	19,179	93,285	1,132,692
Safety/Service	0	20,125	0	7,836	27,961
Income Tax	0	0	0	33,479	33,479
Total General Government	258,188	782,165	19,179	180,389	1,239,921
<b><u>Security of Persons and Property:</u></b>					
Police	0	20,000	4,013	869,993	894,006
Communications	0	0	40,287	24,591	64,878
Fire	39,890	1,997,945	15,467	2,280,214	4,333,516
Occupational Safety and Health Administration	0	0	0	9,445	9,445
Total Security of Persons and Property	39,890	2,017,945	59,767	3,184,243	5,301,845
<b><u>Transportation:</u></b>					
Streets	115,902	294,622	12,269	1,147,223	1,570,016
<b><u>Community Environment:</u></b>					
Zoning	0	0	0	162,870	162,870
<b><u>Leisure Time Activities:</u></b>					
Parks	258,706	550,934	220,903	351,348	1,381,891
Swimming Pool	0	556,562	167,448	100,503	824,513
Total Leisure Time Activities	258,706	1,107,496	388,351	451,851	2,206,404
Total General Fixed Assets	\$672,686	\$4,202,228	\$479,566	\$5,126,576	\$10,481,056

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

Function and Activity	December 31, 1998	Transfers	Additions	Deletions	December 31, 1999
<b><u>General Government:</u></b>					
Mayor	\$11,266	\$934	\$1,778	(\$3,848)	\$10,130
City Council	23,676	0	0	0	23,676
Clerk of Council	6,439	0	1,673	0	8,112
City Auditor	3,623	(934)	1,752	(570)	3,871
General Administration	1,118,854	0	44,306	(30,468)	1,132,692
Safety/Service	9,254	0	20,462	(1,755)	27,961
Income Tax	24,781	0	13,195	(4,497)	33,479
Total General Government	<u>1,197,893</u>	<u>0</u>	<u>83,166</u>	<u>(41,138)</u>	<u>1,239,921</u>
<b><u>Security of Persons and Property:</u></b>					
Police	824,053	(2,170)	99,212	(27,089)	894,006
Communications	61,458	0	3,420	0	64,878
Fire	3,998,579	2,170	419,676	(86,909)	4,333,516
Occupational Safety and Health Administration	9,445	0	0	0	9,445
Total Security of Persons and Property	<u>4,893,535</u>	<u>0</u>	<u>522,308</u>	<u>(113,998)</u>	<u>5,301,845</u>
<b><u>Transportation:</u></b>					
Streets	1,428,904	(1,362)	263,834	(121,360)	1,570,016
<b><u>Community Environment:</u></b>					
Zoning	130,374	0	34,975	(2,479)	162,870
<b><u>Leisure Time Activities:</u></b>					
Parks	1,379,809	1,362	51,755	(51,035)	1,381,891
Swimming Pool	803,058	0	21,455	0	824,513
Total Leisure Time Activities	<u>2,182,867</u>	<u>1,362</u>	<u>73,210</u>	<u>(51,035)</u>	<u>2,206,404</u>
Total General Fixed Assets	<u>\$9,833,573</u>	<u>\$0</u>	<u>\$977,493</u>	<u>(\$330,010)</u>	<u>\$10,481,056</u>

## *STATISTICAL SECTION*

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***T**HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE CITY.*

**THE CITY OF HEATH, OHIO**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
**LAST TEN YEARS**

Year	Security of Persons and Property	Public Health and Welfare	Leisure Time Activities	Community Environment	Trans- portation	General Government	Debt Service	Total
1990 a	\$1,382,886	\$40,000	\$148,055	\$102,240	\$487,781	\$658,823	\$2,870,721	\$5,690,506
1991 a	1,332,663	42,000	155,428	98,493	493,592	679,877	1,092,393	3,894,446
1992 a	1,475,731	44,000	157,941	96,592	611,013	834,303	225,443	3,445,023
1993 b	1,554,623	45,760	251,922	123,063	486,979	795,287	288,306	3,545,940
1994 b	2,000,115	45,760	305,639	328,297	603,370	766,084	294,125	4,343,390
1995 b	2,141,431	45,760	347,325	376,269	619,462	756,426	290,610	4,577,283
1996 b	2,580,118	45,760	394,204	825,147	841,664	835,845	286,695	5,809,433
1997 b	2,681,078	50,000	501,275	266,905	876,121	848,761	292,098	5,516,238
1998 b	2,802,266	52,500	586,585	247,784	666,636	930,280	355,686	5,641,737
1999 b	3,258,024	52,500	680,463	247,051	737,225	1,084,927	429,995	6,490,185

a - Cash Basis Financial Data

b - GAAP Basis Financial Data

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

Source: City Auditor's Office

**THE CITY OF HEATH, OHIO**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**  
**LAST TEN YEARS**

Year	Taxes	Inter-Governmental Revenue	Charges for Services	Licenses and Permits	Investment Earnings	Fines and Forfeitures	All Other	Total
1990 a	\$4,208,732	\$389,828	\$19,242	\$13,205	\$367,491	\$51,868	\$107,447	\$5,157,813
1991 a	4,429,396	448,453	19,844	11,650	367,780	47,602	53,488	5,378,213
1992 a	4,347,796	458,118	15,762	12,478	358,466	50,264	50,126	5,293,010
1993 b	3,212,802	419,849	7,927	81,025	292,302	80,431	181,022	4,275,358
1994 b	3,240,900	894,922	118,782	22,560	431,762	79,522	45,633	4,834,081
1995 b	3,094,227	980,797	150,359	38,173	713,420	79,777	89,021	5,145,774
1996 b	2,301,871	1,062,861	138,505	37,033	788,452	69,027	47,692	4,445,441
1997 b	3,785,963	888,601	133,188	36,765	1,005,559	55,242	34,525	5,939,843
1998 b	4,083,854	1,047,818	200,654	42,960	828,193	54,447	234,571	6,492,497
1999 b	4,420,579	1,345,588	320,045	40,999	696,334	37,983	53,847	6,915,375

a - Cash Basis Financial Data

b - GAAP Basis Financial Data

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

Source: City Auditor's Office

**THE CITY OF HEATH, OHIO**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN YEARS**

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections		Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes to Total Tax Levy
					To Tax Levy	To Tax Levy		
1990	\$363,827	\$321,372	\$16,946	\$338,318	92.99%	92.99%	\$25,509	7.01%
1991	393,137	346,078	17,131	363,209	92.39%	92.39%	29,928	7.61%
1992	414,679	363,571	8,406	371,977	89.70%	89.70%	42,703	10.30%
1993	442,351	374,848	21,713	396,561	89.65%	89.65%	45,790	10.35%
1994	515,649	428,633	56,686	485,319	94.12%	94.12%	30,329	5.88%
1995	521,518	479,489	25,236	504,725	96.78%	96.78%	16,793	3.22%
1996	740,748	689,389	16,042	705,431	95.23%	95.23%	35,318	4.77%
1997	781,634	730,609	16,878	747,487	95.63%	95.63%	34,147	4.37%
1998	1,155,640	988,251	17,138	1,005,389	87.00%	87.00%	150,251	13.00%
1999	1,276,845	1,074,499	144,908	1,219,407	95.50%	95.50%	57,438	4.50%

Source: Licking County Auditor

**THE CITY OF HEATH, OHIO  
TANGIBLE TAX COLLECTED  
LAST TEN YEARS**

<u>Year Paid</u>	<u>Amount</u>
1990	\$195,230
1991	188,569
1992	169,809
1993	164,320
1994	200,171
1995	192,444
1996	201,529
1997	202,543
1998	212,459
1999	369,213

Source: Heath City Auditor

**THE CITY OF HEATH, OHIO**  
**ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES**  
**OF TAXABLE PROPERTY**  
**LAST TEN YEARS**

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1990	\$87,231,890	\$249,233,970	\$6,967,440	\$19,906,970	\$49,503,180	\$141,437,660	\$143,702,510	\$410,578,600	35.00%
1991	90,907,650	259,736,140	7,838,980	22,397,090	49,441,140	141,260,400	148,187,770	423,393,630	35.00%
1992	94,463,210	269,894,890	7,819,900	22,342,570	44,338,630	126,681,800	146,621,740	418,919,260	35.00%
1993	106,306,980	303,734,230	7,951,830	22,719,510	39,649,530	113,284,370	153,908,340	439,738,110	35.00%
1994	112,527,140	321,506,110	8,106,050	23,160,140	49,546,930	141,562,660	170,180,120	486,228,910	35.00%
1995	117,540,590	335,830,260	7,790,680	22,259,090	48,733,160	139,237,600	174,064,430	497,326,950	35.00%
1996	132,745,180	379,271,940	7,567,020	21,620,057	52,229,560	149,227,314	192,541,760	550,119,311	35.00%
1997	139,212,120	397,748,910	7,270,790	20,773,686	51,962,740	148,464,971	198,445,650	566,987,567	35.00%
1998	150,111,450	428,889,860	7,857,140	22,534,690	53,498,260	152,852,170	211,466,850	604,276,720	35.00%
1999	176,197,990	503,422,830	7,319,020	22,448,970	50,234,250	143,526,430	233,751,260	669,398,230	34.92%

Source: Licking County Auditor

**THE CITY OF HEATH, OHIO**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
*(PER \$1,000 OF ASSESSED VALUATIONS)*  
**LAST TEN YEARS**

Collection Year	City of Heath			Total City	Heath City School District			Licking County Vocational School District			Lakewood Local School District			Licking Valley Local School District			Granville Exempted Village School District		
	General Fund	Police Pension Fund	Fire Pension Fund		Fire Levy Fund	City School District	City School District	City School District	County Vocational School District	County Vocational School District	County Vocational School District	Local School District	Local School District	Local School District	Local School District	Local School District	Local School District	Local School District	Local School District
1990	2.30	0.30	0.30	1.00	3.90	38.90	38.90	2.80	2.80	30.80	30.80	30.80	0.00	0.00	0.00	0.00	0.00	7.00	
1991	2.30	0.30	0.30	1.00	3.90	38.90	38.90	2.80	2.80	30.80	30.80	30.80	0.00	0.00	0.00	0.00	0.00	7.20	
1992	2.30	0.30	0.30	1.00	3.90	38.90	38.90	2.00	2.00	38.80	38.80	38.80	35.90	35.90	0.00	0.00	0.00	7.20	
1993	2.30	0.30	0.30	1.00	3.90	38.90	38.90	2.00	2.00	38.80	38.80	38.80	35.90	35.90	0.00	0.00	0.00	7.20	
1994	2.30	0.30	0.30	1.00	3.90	38.90	38.90	2.00	2.00	38.80	38.80	38.80	30.90	30.90	62.50	62.50	62.50	7.20	
1995	2.30	0.30	0.30	1.00	3.90	40.10	40.10	2.00	2.00	38.80	38.80	38.80	30.90	30.90	66.00	66.00	66.00	6.70	
1996	2.30	0.30	0.30	1.00	3.90	40.10	40.10	2.00	2.00	38.80	38.80	38.80	30.90	30.90	69.70	69.70	69.70	7.20	
1997	2.30	0.30	0.30	2.50	5.40	43.10	43.10	2.00	2.00	38.80	38.80	38.80	30.90	30.90	69.50	69.50	69.50	7.20	
1998	2.30	0.30	0.30	2.50	5.40	43.10	43.10	2.00	2.00	42.50	42.50	42.50	39.70	39.70	69.10	69.10	69.10	7.20	
1999	2.30	0.30	0.30	2.50	5.40	43.10	43.10	2.00	2.00	42.11	42.11	42.11	38.90	38.90	69.00	69.00	69.00	7.20	

Source: Licking County Auditor  
Licking County Treasurer

**THE CITY OF HEATH, OHIO**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**DECEMBER 31, 1999**

	<b>Total Debt</b>	<b>Unvoted Debt</b>
Net Assessed Valuation	\$233,751,260	\$233,751,260
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	24,543,882	12,856,319
Applicable City Debt Outstanding (2)	2,950,000	2,950,000
Less: Applicable Debt Service Fund Amounts	(576,752)	(576,752)
Net Indebtedness Subject to Limitation	2,373,248	2,373,248
Legal Debt Margin	\$22,170,634	\$10,483,071

(1) Direct Debt Limitation Based Upon Section 133, The Uniform Bond Act of the Ohio Revised Code

(2) City Debt Outstanding Includes Non Self-Supporting General Obligation Bonds Only  
 Enterprise Debt is Not Considered in the Computation of the Legal Debt Margin

**THE CITY OF HEATH, OHIO**  
**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE**  
**AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**  
**LAST TEN YEARS**

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of	
						Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
1990	a	\$143,702,510	\$2,820,000	\$487,812	\$2,332,188	1.62%	\$322.53
1991	b	148,187,770	1,920,000	11,824	1,908,176	1.29%	261.32
1992	b	146,621,740	1,830,000	0	1,830,000	1.25%	247.83
1993	b	153,908,340	2,085,000	5,378	2,079,622	1.35%	279.07
1994	b	170,180,120	1,930,000	5,378	1,924,622	1.13%	256.62
1995	b	174,064,430	1,770,000	5,378	1,764,622	1.01%	230.67
1996	b	192,541,760	1,605,000	55,383	1,549,617	0.80%	193.70
1997	b	198,445,650	1,425,000	405,909	1,019,091	0.51%	125.81
1998	b	211,466,850	3,240,000	460,635	2,779,365	1.31%	343.13
1999	b	233,751,260	2,950,000	576,752	2,373,248	1.02%	292.99

Source:

(1) U.S. Bureau of Census of Population - (a) U.S. Bureau of Census, Federal 1990 Census

(b) Estimated 1991 through 1999

(2) Licking County Auditor

(3) Includes all general obligation bonded debt supported by property taxes

**THE CITY OF HEATH, OHIO**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES**  
**FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES**  
**LAST TEN YEARS**

Year	Debt Principal	Debt Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Tax Debt Service to General Governmental Expenditures
1990	a \$2,530,000	\$340,721	\$2,870,721	\$5,690,506	50.45%
1991	a 900,000	192,393	1,092,393	3,894,446	28.05%
1992	a 90,000	135,443	225,443	3,445,023	6.54%
1993	b 145,000	143,306	288,306	3,545,940	8.13%
1994	b 155,000	138,660	293,660	4,343,390	6.76%
1995	b 160,000	130,610	290,610	4,577,283	6.35%
1996	b 165,000	121,695	286,695	5,809,433	4.93%
1997	b 180,000	112,098	292,098	5,516,238	5.30%
1998	b 1,505,000	150,686	1,655,686	6,941,737	23.85%
1999	b 290,000	139,995	429,995	6,490,185	6.63%

a - Cash Basis Financial Data  
b - GAAP Basis Financial Data

**THE CITY OF HEATH, OHIO**  
**COMPUTATION OF ALL DIRECT AND OVERLAPPING DEBT**  
**DECEMBER 31, 1999**

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Heath	Amount Applicable to City of Heath
<b>Direct</b>			
City of Heath	\$2,373,248	100.00%	\$2,373,248
<b>Overlapping Subdivisions</b>			
Heath City School District	900,000	90.32%	812,880
Licking County	15,636,085	9.25%	1,446,338
			<u>2,259,218</u>
			<u>Total</u>
			<u>\$4,632,466</u>

Source: Licking County

**THE CITY OF HEATH, OHIO**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN YEARS**

Year	City of Heath Population (1)	Licking County Population (1)	Unemployment Rate County Area (2)	School Enrollment (3)
1990	a 7,231	128,300	6.2%	1,272
1991	b 7,302	128,300	6.1%	1,281
1992	b 7,384	128,300	6.3%	1,296
1993	b 7,452	128,300	5.7%	1,281
1994	b 7,500	128,300	4.8%	1,322
1995	b 7,650	128,300	5.1%	1,390
1996	b 8,000	128,300	3.9%	1,397
1997	b 8,100	c 137,500	3.8%	1,468
1998	b 8,100	c 135,800	3.8%	1,531
1999	b 8,100	c 135,800	3.6%	1,546

Source: (1) U.S. Bureau of Census of Population - (a) Federal 1990 Census;

(b) Estimated; (c) Chamber of Commerce

(2) Ohio Bureau of Employment Services

(3) Heath City School District, Board of Education

**THE CITY OF HEATH, OHIO**  
**PROPERTY VALUE AND CONSTRUCTION PERMITS**  
**LAST TEN YEARS**

Year	Residential		Commercial	
	Number of Permits	Property Value	Number of Permits	Property Value
1990	12	\$799,900	6	\$6,849,901
1991	14	1,196,500	8	5,187,500
1992	30	2,549,800	4	3,371,000
1993	32	2,844,701	2	2,615,000
1994	56	6,245,628	5	6,587,000
1995	53	6,655,138	6	779,286
1996	45	7,037,765	10	5,310,100
1997	28	4,646,240	7	3,645,000
1998	43	5,738,269	15	8,315,306
1999	56	8,326,708	10	8,827,000

Source: City of Heath Building Department

**THE CITY OF HEATH, OHIO**  
**PRINCIPAL TAXPAYERS (PROPERTY TAX)**  
**DECEMBER 31, 1999**

	Taxpayer	Type of Business	Assessed Valuation (Tax Duplicate)	Percentage of Total Assessed Valuation
1	Glimcher Properties Limited Partnership	Shopping Mall	\$20,050,950	8.58%
2	Ohio Power Co.	Utility Company - Electric	4,725,530	2.02%
3	Southgate Association Ltd Partnership	Shopping Center	4,362,440	1.87%
4	Cross Creek Ltd Partnership	Shopping Center	3,651,800	1.56%
5	Heathwood Village Ltd Partnership	Apartments	3,046,780	1.30%
6	Kaiser Aluminum and Chemical Corporation	Aluminum Processing	2,750,720	1.18%
7	Heath-Newark-Licking County Port Authority	Real Estate - Leasing	2,717,190	1.16%
8	Meritor Heavy Vehicle System	Manufacturer	2,526,830	1.08%
9	Alitel Ohio, Inc.	Utility Company - Telephone	2,517,850	1.08%
10	Wal-Mart Stores	Retail Sales	1,705,970	0.73%
		Sub-Total	48,056,060	20.56%
		All Others	185,695,200	79.44%
		Total	\$233,751,260	100.00%

Based on valuation of property taxes assessed in 1999  
Source: Licking County Auditor - Land and Buildings

**THE CITY OF HEATH, OHIO**  
**PRINCIPAL TAXPAYERS (INCOME TAX)**  
**DECEMBER 31, 1999**

	Taxpayer	Type of Business	Amount of Tax Paid in 1999	Percentage of Total Tax Paid in 1999
1	Rockwell/Meritor Heavy Vehicle Systems	Manufacturing	\$693,447	15.13%
2	Central Ohio Aerospace & Technology Center	Manufacturing	641,938	14.01%
3	Kaiser Aluminum and Chemical Corporation	Manufacturing	204,000	4.45%
4	Englefield Oil	Petroleum Products	91,123	1.99%
5	Heath City Schools	Education	81,400	1.78%
6	Mathews Ford	Automobile Sales and Service	55,500	1.21%
7	Koch Industries	Manufacturing	66,000	1.44%
8	Wal-Mart Stores	Retail Sales	82,000	1.79%
9	Heath Nursing Home	Health Care	55,800	1.22%
10	Resinoid Engineering Corp.	Manufacturing	73,500	1.60%
		Sub-Total	2,044,708	44.62%
		All Others	2,537,829	55.38%
		Total	<u>\$4,582,537</u>	<u>100.00%</u>

Source: Heath City Auditor

**THE CITY OF HEATH, OHIO  
PRINCIPAL EMPLOYERS  
DECEMBER 31, 1999**

	Employer	Type of Business	Number of Employees		
			Full-time	Part-time	Total
1	Central Ohio Aerospace and Technology Center	Manufacturing	1,237	0	1,237
2	Rockwell/Meritor Heavy Vehicle Systems	Manufacturing	1,053	0	1,053
3	Kaiser Aluminum and Chemical Corporation	Manufacturing	287	22	309
4	Wal-Mart Stores	Retail Sales	148	72	220
5	Krogers	Retail Grocery	124	77	201
6	Heath Nursing Home	Health Care	153	42	195
7	Englefield Oil	Petroleum Products	141	29	170
8	Sears	Retail Sales	52	109	161
9	Heath City Schools	Education	146	0	146
10	Mathews Ford	Automobile Sales and Service	112	1	113

Source: City of Heath Income Tax Department

**THE CITY OF HEATH, OHIO**  
**MISCELLANEOUS STATISTICS**  
**DECEMBER 31, 1999**

Date of Incorporation	1952					
Charter Adopted	1964					
Form of Government						Council/Mayor
Area (square miles)	10.5	Elementary Schools	3	Water System:		
Facilities and Services:		Kindergarten - 3rd grade		Number of Purification Plants	1	
Miles of Streets	86	Students	482	Miles of Waterlines	60	
Number of Street Lights	654	4th - 7th grades		Number of Fire Hydrants	505	
Miles of Storm Sewers	51	Students	486	Number of Service Connections	3,050	
Police Services:		Secondary Schools	1	Average Daily		
Number of Stations	1	8th - 12th grades		Consumption (gallons)	1,500,000	
Number of Uniformed Police Officers	20	Students	533	Maximum Daily Capacity	4,000,000	
Number Auxiliary Personnel	10					
Number of Patrol Units	7	Recreation and Culture:		Sewerage System:		
Traffic Citations Issued	843	Number of Parks	8	Number of Treatment Plants	1	
Physical Arrests	598	Park Area (acres)	129	Miles of Sanitary Sewers	80	
Fire/Emergency Medical Services:		Number of Ball Fields:		Average Daily Treatment	1,400,000	
Number of Stations	2	Lighted	3	Maximum Daily Capacity	1,750,000	
Number of Full-time Officers and Fire Personnel	16	Unlighted	4	Peak Load per Day	7,000,000	
Number of Volunteer Fire/EMS Personnel	18	Number of Sand Volley Ball Courts:				
Number of Calls Answered	1,643	Lighted	2			
Number of Inspections	257	Swimming Pool:				
		Lighted	1			
		Vita Course - 2 mile	1			
		Fitness and Recreation Center	1			

Source: Heath City Auditor



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

CITY OF HEATH  
LICKING 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: JUNE 29, 2000