

CITY OF BUCYRUS
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

CITY OF BUCYRUS, OHIO
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CITY OF BUCYRUS, OHIO
ELECTED OFFICIALS
AS OF DECEMBER 31, 1998

<u>ELECTED OFFICIAL</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
Douglas E. Wilson	Mayor	1/1/96 - 12/31/99	(D)	\$10,000	7/31/98 - 7/31/99
Randy Tidaback	Council President	1/1/98 - 12/31/99	(D)	10,000	7/31/98 - 7/31/99
Norma Hill	Council Member	6/1/98 - 12/31/99	(D)	10,000	7/31/98 - 7/31/99
Linda L. Presler	Council Member	1/1/98 - 12/31/99	(D)	10,000	7/31/98 - 7/31/99
Dallis Easterday	Council Member	1/1/98 - 12/31/99	(D)	10,000	7/31/98 - 7/31/99
Bruce D. Truka	Council Member	1/1/98 - 12/31/99	(D)	10,000	7/31/98 - 7/31/99
Michael W. Jacobs	Council Member	1/1/98 - 12/31/99	(D)	10,000	7/31/98 - 7/31/99
Richard Strickland	Council Member	1/1/98 - 12/31/99	(D)	10,000	7/31/98 - 7/31/99
Richard E. Rockwell, Jr.	Council Member	1/1/98 - 12/31/99	(D)	10,000	7/31/98 - 7/31/99
Carol A. Wagner	Auditor	1/1/96 - 12/31/99	(A) (D)	10,000 10,000	1/1/96 - 12/31/99 7/31/98 - 7/31/99
Joyce M. Schifer	Treasurer	1/1/98 - 12/31/2001	(D)	10,000	7/31/98 - 7/31/99
J. Andrew Motter	Law Director	1/1/96 - 12/31/99	(C) (D)	1,000 10,000	1/1/96 - 12/31/99 7/31/98 - 7/31/99

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

CITY OF BUCYRUS, OHIO
APPOINTED OFFICIALS
AS OF DECEMBER 31, 1998

<u>APPOINTED OFFICIAL</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
Regina Zomes	Clerk of Courts	1/1/98 - 12/31/98	(B)	10,000	7/31/98 - 7/31/99
Richard Strickland	Service-Safety Director	8/3/98 - 2/18/99	(B)	10,000	8/3/98 - 7/31/99

(A) Ohio Farmers Insurance Company
(B) St. Paul Mercury Insurance Company

CITY OF BUCYRUS, OHIO
INDEX OF FUNDS

GOVERNMENTAL FUND TYPES

General Funds

General Fund
Income Tax Fund
Parking Fund

Special Revenue Funds

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

Debt Service Funds

General Bond Retirement Fund
Ohio Drive/Whetstone Assessment Fund

Capital Projects Funds

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

PROPRIETARY FUND TYPE

Enterprise Funds

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

CITY OF BUCYRUS, OHIO
INDEX OF FUNDS (CONTINUED)

FIDUCIARY FUND TYPE

Agency Funds

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

ACCOUNT GROUPS

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



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Members of Council
City of Bucyrus, Ohio

We have reviewed the Independent Auditor's Report of the City of Bucyrus, Crawford County, prepared by Pry CPA Services, Inc., for the audit period January 1, 1998 through December 31, 1998. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written over a large, stylized flourish.

JIM PETRO
Auditor of State

January 9, 2000



INDEPENDENT AUDITOR'S REPORT

Members of Council
City of Bucyrus, Ohio

We have audited the accompanying general purpose financial statements of City of Bucyrus, Ohio, as of and for the year ended December 31, 1998, as listed in the table of contents. These financial statements are the responsibility of City of Bucyrus, Ohio's, management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Bucyrus, Ohio, as of December 31, 1998, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 13, 1999, on our consideration of City of Bucyrus, Ohio's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The Supplemental Discussion of Year 2000 Issues on page 50 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

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

PricewaterhouseCoopers Services, Inc.

Findlay, Ohio
October 13, 1999

CITY OF BUCYRUS, OHIO
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1998

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE
Assets and Other Debits					
Assets					
Equity in Pooled Cash and Cash Equivalents	\$2,846,846	\$2,725,098	\$15,567	\$124,818	\$1,905,566
Cash and Cash Equivalents in Segregated Accounts	1,399				
Cash and Cash Equivalents with Fiscal and Escrow Agents		84,591			9,585
Receivables:					
Taxes	614,384	161,181		181,180	
Accounts (net, where applicable, of allowance for uncollectibles)	325	22,470			553,021
Interfund	57,000				
Accrued Interest	8,144				
Due from Other Funds	169,104				
Due from Other Governments	102,195	33,761		65,000	9,000
Materials and Supplies Inventory	7,927	27,322			165,691
Prepaid Items	24,641	4,225			13,911
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents					474,496
Cash and Cash Equivalents with Fiscal Agents					452,042
Unamortized Bond Issuance Costs					78,803
Fixed Assets (net, where applicable, of accumulated depreciation)					11,903,487
Other Debits					
Amount to be Provided from:					
General Government Resources					
Special Assessments					
Total Assets and Other Debits	\$3,831,965	\$3,058,648	\$15,567	\$370,998	\$15,565,602

See Accompanying Notes to the General Purpose Financial Statements.

FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
AGENCY			
	\$6,168		\$7,624,063
			1,399
			94,176
			956,745
			575,816
			57,000
			8,144
			169,104
			209,956
			200,940
			42,777
			474,496
			452,042
			78,803
	\$6,023,127		17,926,614
		\$741,125	741,125
		115,520	115,520
<u>\$6,168</u>	<u>\$6,023,127</u>	<u>\$856,645</u>	<u>\$29,728,720</u>

CITY OF BUCYRUS, OHIO
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1998
 (CONTINUED)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$93,294	\$43,597		\$313
Contracts Payable	2,029	260,391		61,100
Interfund Payable		57,000		
Accrued Wages Payable	88,118	6,301		
Retainage Payable		84,591		
Due to Other Funds				
Due to Other Governments	74,011	5,857		
Deferred Revenue	456,595	107,240		181,180
Deposits Held and Due To Others				
Matured Interest Payable				
Accrued Interest Payable				12,250
Notes Payable				904,000
Payable from Restricted Assets:				
Deposits Held and Due To Others				
Accrued Interest Payable				
Mortgage Revenue Bonds Payable				
Deferred Compensation Payable				
Police and Fire Pension Liability				
Compensated Absences Payable	2,715	260		
OWDA Loans Payable				
OPWC Loans Payable				
General Obligation Revenue Bonds				
Payable (net, where applicable,				
of unamortized discount and				
unamortized loss on advance refunding, see Note 14)				
Mortgage Revenue Bonds Payable				
Capital Leases Payable				
Special Assessment Debt with				
Governmental Commitment				
Total Liabilities	716,762	565,237	0	1,158,843
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Reserved:				
Reserved for Revenue Bond				
Current Debt Service				
Reserved for Revenue Bond				
Renewal and Replacement				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	199,071	417,803		12,311
Reserved for Inventory	7,927	27,322		
Unreserved:				
Designated for Capital Acquisition		50,000		
Undesignated Balance (Deficit)	2,908,205	1,998,286	15,567	(800,156)
Total Fund Equity (Deficit) and Other Credits	3,115,203	2,493,411	15,567	(787,845)
Total Liabilities, Fund Equity and Other Credits	\$3,831,965	\$3,058,648	\$15,567	\$370,998

See Accompanying Notes to the General Purpose Financial Statements.

PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
		GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
ENTERPRISE	AGENCY			
\$157,761				\$294,965
68,135				391,655
				57,000
43,574				137,993
1,457				86,048
169,104				169,104
78,684			\$117,584	276,136
				745,015
	\$6,168			6,168
8,128				8,128
72,951				85,201
1,150,480				2,054,480
127,421				127,421
20,138				20,138
90,000				90,000
				0
			350,996	350,996
134,598			260,061	397,634
2,863,587				2,863,587
134,626				134,626
4,621,545				4,621,545
975,000				975,000
1,842			12,484	14,326
				0
			115,520	115,520
<u>10,719,031</u>	<u>6,168</u>	<u>0</u>	<u>856,645</u>	<u>14,022,686</u>
		\$6,023,127		6,023,127
2,385,788				2,385,788
104,013				104,013
184,348				184,348
2,172,422				2,172,422
				629,185
				35,249
				50,000
				4,121,902
<u>4,846,571</u>	<u>0</u>	<u>6,023,127</u>	<u>0</u>	<u>15,706,034</u>
<u>\$15,565,602</u>	<u>\$6,168</u>	<u>\$6,023,127</u>	<u>\$856,645</u>	<u>\$29,728,720</u>

CITY OF BUCYRUS, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL (MEMORANDUM ONLY)
Revenues:					
Property Taxes	\$471,830	\$81,838		\$188,744	\$742,412
Municipal Income Tax	2,365,920	1,181,349			3,547,269
Other Local Taxes	25,207	329			25,536
Intergovernmental	699,855	513,936		99,735	1,313,526
Special Assessments	121				121
Charges for Services	320,492	183			320,675
Fees, Licenses and Permits	45,316	93,446			138,762
Fines and Forfeitures	78,444				78,444
Interest	311,353	131,287		17,772	460,412
Miscellaneous	158,102	21,592			179,694
Total Revenues	4,476,640	2,023,960	\$0	306,251	6,806,851
Expenditures:					
Current:					
Security of Persons and Property	2,292,777	383,542			2,676,319
Public Health	330,627	320			330,947
Leisure Time Activities	104,251				104,251
Basic Utility Services	42,071				42,071
Transportation	38,567	1,711,848			1,750,415
General Government	1,058,312	97,116			1,155,428
Capital Outlay	10,423			902,543	912,966
Debt Service:					
Principal Retirement	8,883				8,883
Interest and Fiscal Charges	17,184			47,775	64,959
Other	1,134				1,134
Total Expenditures	3,904,229	2,192,826	0	950,318	7,047,373
Excess of Revenues Over Expenditures	572,411	(168,866)	0	(644,067)	(240,522)
Other Financing Sources (Uses):					
Gain on Sale of Fixed Assets	10,290				10,290
Inception of Capital Lease	10,423			151,000	161,423
Advances In					0
Advances Out					0
Operating Transfers - In		222,397		127,820	350,217
Operating Transfers - Out	(350,217)				(350,217)
Miscellaneous					0
Total Other Financing Sources (Uses)	(329,504)	222,397	0	278,820	171,713
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	242,907	53,531	0	(365,247)	(68,809)
Fund Balances (Deficit), Beginning of Year	2,880,751	2,440,846	15,567	(422,598)	4,914,566
Increase (Decrease) in Reserve for Inventory	(8,455)	(966)			(9,421)
Fund Balances (Deficit), End of Year	\$3,115,203	\$2,493,411	\$15,567	(\$787,845)	\$4,836,336

See Accompanying Notes to the General Purpose Financial Statements.

CITY OF BUCYRUS, 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, 1998

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:						
Property Taxes	\$410,000	\$471,830	\$61,830	\$68,300	\$81,838	\$13,538
Municipal Income Tax	2,000,000	2,364,259	364,259	1,000,000	1,180,520	180,520
Other Local Taxes	21,600	25,133	3,533	57,000	62,903	5,903
Intergovernmental	510,325	709,948	199,623	526,220	513,903	(12,317)
Charges for Services	297,800	309,461	11,661		183	183
Fees, Licenses and Permits	25,900	44,480	18,580	80,800	93,443	12,643
Fines and Forfeitures	50,000	80,040	30,040			
Special Assessments		121	121			0
Interest	250,000	317,006	67,006	50,000	131,287	81,287
Miscellaneous	22,325	156,994	134,669		21,591	21,591
Total Revenues	3,587,950	4,479,272	891,322	1,782,320	2,085,668	303,348
Expenditures:						
Current:						
Security of Persons and Property	2,634,393	2,383,834	250,559	418,753	382,615	36,138
Public Health	343,756	331,405	12,351	500	320	180
Leisure Time Activities	127,994	105,150	22,844			
Basic Utility Services	46,172	42,780	3,392			
Transportation	60,008	57,275	2,733	2,426,251	2,298,075	128,176
General Government	1,422,455	1,184,779	237,676	225,658	221,957	3,701
Debt Service:						
Debt Retirement	1,500	1,135	365			
Total Expenditures	4,636,278	4,106,358	529,920	3,071,162	2,902,967	168,195
Excess of Revenues Over (Under) Expenditures	(1,048,328)	372,914	1,421,242	(1,288,842)	(817,299)	471,543
Other Financing Sources (Uses):						
Other Financing Sources	2,000	783	(1,217)			
Other Financing Uses	(10,645)	(9,300)	1,345			
Proceeds of Notes						
Proceeds of Loans						
Gain on Sale of Fixed Assets		10,290	10,290			
Advances - In	65,000	50,000	(15,000)	57,000	57,000	0
Advances - Out	(57,000)	(57,000)	0	(57,000)	(50,000)	7,000
Operating Transfers - In			0	251,775	222,397	(29,378)
Operating Transfers - Out	(430,000)	(350,217)	79,783			
Total Other Sources (Uses)	(430,645)	(355,444)	75,201	251,775	229,397	(22,378)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,478,973)	17,470	1,496,443	(1,037,067)	(587,902)	449,165
Fund Balances, Beginning of Year	2,232,181	2,232,181	0	1,941,592	1,941,592	0
Prior Year Encumbrances Appropriated	311,273	311,273	0	650,084	650,084	0
Fund Balances (Deficit), End of Year	\$1,064,481	\$2,560,924	\$1,496,443	\$1,554,609	\$2,003,774	\$449,165

See Accompanying Notes to the General Purpose Financial Statements.

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS			TOTAL (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
			\$175,000	\$188,744	\$13,744	\$653,300	\$742,412	\$89,112
						3,000,000	3,544,779	544,779
						78,600	88,036	9,436
			99,000	56,639	(42,361)	1,135,545	1,280,490	144,945
						297,800	309,644	11,844
						106,700	137,923	31,223
						50,000	80,040	30,040
						0	121	121
			17,000	17,772	772	317,000	466,065	149,065
						22,325	178,585	156,260
\$0	\$0	\$0	291,000	263,155	(27,845)	5,661,270	6,828,095	1,166,825
			733,921	686,626	47,295	3,787,067	3,453,075	333,992
			6,000	6,000	0	350,256	337,725	12,531
			2,040	2,040	0	130,034	107,190	22,844
			210,600	173,960	36,640	256,772	216,740	40,032
			21,904	21,904	0	2,508,163	2,377,254	130,909
			34,041	17,482	16,559	1,682,154	1,424,218	257,936
820,000	814,440	5,560	10,500	10,284	216	832,000	825,859	6,141
820,000	814,440	5,560	1,019,006	918,296	100,710	9,546,446	8,742,061	804,385
(820,000)	(814,440)	5,560	(728,006)	(655,141)	72,865	(3,885,176)	(1,913,966)	1,971,210
						2,000	783	(1,217)
						(10,645)	(9,300)	1,345
	550,000	550,000	160,000	160,000	0	160,000	710,000	550,000
						0	0	0
						0	10,290	10,290
						122,000	107,000	(15,000)
						(114,000)	(107,000)	7,000
820,000	264,440	(555,560)				1,071,775	486,837	(584,938)
(15,567)		15,567	(136,620)	(136,620)	0	(582,187)	(486,837)	95,350
804,433	814,440	10,007	23,380	23,380	0	648,943	711,773	62,830
(15,567)		15,567	(704,626)	(631,761)	72,865	(3,236,233)	(1,202,193)	2,034,040
15,567	15,567	0	30,951	30,951	0	4,220,291	4,220,291	0
			651,904	651,904	0	1,613,261	1,613,261	0
\$0	\$15,567	\$15,567	(\$21,771)	\$51,094	\$72,865	\$2,597,319	\$4,631,359	\$2,034,040

CITY OF BUCYRUS, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND EQUITY - PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 1998

	ENTERPRISE
<u>Operating Revenues:</u>	
Charges for Services	\$4,168,067
Other Operating Revenues	69,242
	4,237,309
<u>Operating Expenses:</u>	
Personal Services	1,538,821
Contractual Services	655,187
Travel and Transportation	159
Materials and Supplies	374,464
Bad Debt	3,313
Other Operating Expenses	257,708
Depreciation	490,904
	3,320,556
Total Operating Expenses	3,320,556
Operating Income	916,753
<u>Non-Operating Revenues (Expenses)</u>	
Interest Income	31,089
Loss on Disposal of Fixed Assets	(859)
Interest and Fiscal Charges	(820,229)
	(789,999)
Total Non-Operating Revenues (Expenses)	(789,999)
Net (Loss)	126,754
Depreciation on Fixed Assets Acquired by Contributed Capital	10,801
Retained Earnings, Beginning of Year	2,323,228
Retained Earnings, End of Year	2,460,783
Contributed Capital, Beginning of Year	2,003,224
Intergovernmental	61,100
Developers	250,000
Tap-In Fees	4,885
Special Assessments	77,380
Depreciation on Fixed Assets Acquired by Contributed Capital	(10,801)
	2,385,788
Contributed Capital, End of Year	2,385,788
Total Fund Equity, End of Year	\$4,846,571

See Accompanying Notes to the General Purpose Financial Statements.

CITY OF BUCYRUS, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 1998

	ENTERPRISE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:			
Charges for Services	\$3,917,250	\$4,126,528	\$209,278
Proceeds of Notes	1,395,000	1,645,000	250,000
Interest		11,874	11,874
Miscellaneous	90,000	92,529	2,529
Total Revenues	5,402,250	5,875,931	473,681
Expenses:			
Personal Services	1,694,265	1,487,382	206,883
Contractual Services	963,025	851,627	111,398
Travel and Transportation	1,000	194	806
Materials and Supplies	454,067	373,521	80,546
Other	317,315	310,297	7,018
Capital Outlay	1,532,928	1,371,014	161,914
Debt Service:			
Debt Retirement	2,114,525	2,103,064	11,461
Total Expenses	7,077,125	6,497,099	580,026
Excess of Revenues (Under) Expenses	(1,674,875)	(621,168)	1,053,707
Fund Equity, Beginning of Year	2,065,903	2,065,903	0
Prior Year Encumbrances Appropriated	331,256	331,256	0
Fund Equity, End of Year	\$722,284	\$1,775,991	\$1,053,707

See Accompanying Notes to the General Purpose Financial Statements.

CITY OF BUCYRUS, OHIO
 COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 1998

RECONCILIATION OF OPERATING INCOME TO
 NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating Income	\$916,753
Adjustments to Reconcile Operating Income	
To Net Cash Provided By Operating Activities:	
Depreciation	490,904
Allowance for Uncollectibles	3,313
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(80,679)
Decrease in Due from Other Funds	747
(Increase) in Due from Other Governments	(9,000)
(Increase) in Material and Supplies Inventory	(34,355)
(Increase) in Prepaid Items	(552)
Increase in Accounts Payable	88,073
Increase in Contracts Payable	41,719
Increase in Accrued Wages	10,351
(Decrease) in Retainage Payable	(840)
Increase in Due to Other Funds	11,034
Increase in Due to Other Governments	17,466
Increase in Deposits Held and Due to Others	1,659
Increase in Compensated Absences	11,389
Net Cash Provided by Operating Activities	1,467,982
<u>Cash Flows From Capital and Related Financing Activities:</u>	
Principal Paid on General Obligation Revenue Bonds	(215,000)
Principal Paid on Mortgage Revenue Bonds	(85,000)
Principal Paid on OWDA Loans	(178,904)
Principal Paid on OPWC Loans	(7,277)
Principal Paid on Bond Anticipation Notes	(825,000)
Interest Paid on General Obligation Revenue Bonds	(323,524)
Interest Paid on Mortgage Revenue Bonds	(75,329)
Interest Paid on OWDA Loans	(345,323)
Interest Paid on Bond Anticipation Notes	(42,404)
Proceeds from Notes	1,680,480
Acquisition of Assets	(1,082,538)
Sale of Fixed Assets	280
Tap-In Fees	4,885
Lease Principle	(1,035)
Lease Interest	(263)
Net Cash Flows (Used) by Capital and Related Financing Activities	(1,495,952)
<u>Cash Flows From Investing Activities:</u>	
Interest	31,089
Net Increase in Cash and Cash Equivalents	3,119
Cash and Cash Equivalents, Beginning of Year	2,838,570
Cash and Cash Equivalents, End of Year	\$2,841,689

See Accompanying Notes to the General Purpose Financial Statements.

CITY OF BUCYRUS, OHIO
COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998
(CONTINUED)

Non Cash Capital Transactions:

In 1998, developers constructed water lines, in the amount of \$58,000, and donated them to the city. In addition, water lines were constructed in the Community Development Block Grant Capital projects fund, in the amount of \$61,100, and donated to the Water enterprise fund. All of these water lines were capitalized and recorded as contributed capital in the Water enterprise fund. Also, the purchase of a phone system for \$1,003 was financed through a capital lease in the Water enterprise fund.

In 1998, developers constructed sewer lines, in the amount of \$192,000, and donated them to the City. The City also constructed sewer lines in the Marion Road Assessment Construction Fund, in the amount of \$77,380, and donated them to the Sewer enterprise fund. These sewer lines were capitalized and recorded as contributed capital in the Sewer enterprise fund.

See Accompanying Notes to the General Purpose Financial Statements

See Accompanying Notes to the General Purpose Financial Statements.

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

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

A. THE CITY

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

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

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

B. REPORTING ENTITY

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

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

CITY HEALTH DEPARTMENT

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

ACCESS

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to influence significantly the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or can provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. There were no component units of the City of Bucyrus in 1997.

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. FUND ACCOUNTING

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

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

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

GOVERNMENTAL FUND TYPES

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

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

A. FUND ACCOUNTING (Continued)

DEBT SERVICE FUNDS

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

CAPITAL PROJECTS FUNDS

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

PROPRIETARY FUND TYPE

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

ENTERPRISE FUNDS

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

FIDUCIARY FUND TYPES

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

ACCOUNT GROUPS

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

GENERAL FIXED ASSETS ACCOUNT GROUP

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

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

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

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the combined balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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

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

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

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

The City reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of December 31, 1998, and delinquent property taxes, whose availability is indeterminable and which are not intended to finance 1998 operations, have also been recorded as deferred revenue.

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

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

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETARY PROCESS (Continued)

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

TAX BUDGET

A budget of estimated revenues and expenditures for all funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The budget includes proposed expenditures and the means of financing for all funds. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

ESTIMATED RESOURCES

The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The County Budget Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the estimated beginning of year fund balance and projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include the actual unencumbered fund balances from the preceding year. The certificate may be amended further during the year if the City Auditor determines that revenue to be collected will be greater than or less than prior estimates and the County Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the financial statements represent estimates from the final amended certificate issued during 1998.

APPROPRIATIONS

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

BUDGETED LEVEL OF EXPENDITURES

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

ENCUMBRANCES

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent-year expenditures for governmental fund types and are reported in the notes to the general purpose financial statements for the proprietary fund type.

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETARY PROCESS (Continued)

LAPSING OF APPROPRIATIONS

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

D. CASH AND CASH EQUIVALENTS

Cash balances of the City's funds (except cash in segregated accounts or cash held by a trustee or held by fiscal and escrow agents) are pooled and invested in short-term investments in order to provide improved cash management. Investments are stated at cost which approximates market value except for investments for deferred compensation which are stated at market value. Each fund type's share of the pool is presented on the balance sheet in the account "Equity in Pooled Cash and Cash Equivalents." For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, depository amounts and investments with original maturities of three months or less and pooled investments are considered to be "Equity in Pooled Cash and Cash Equivalents."

Cash and cash equivalents that are held separately within departments of the City or held separately for the City by fiscal or escrow agents and not held with the City Treasurer are recorded on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts" or "Cash and Cash Equivalents with Fiscal and Escrow Agents," respectively.

The City utilizes financial institutions as trustees to service its mortgage revenue bonded debt as principal and interest payments come due. Money held by trustees is invested in mutual funds and is presented on the balance sheet as restricted assets, "Cash and Cash Equivalents with Fiscal Agents."

Interest allocation is determined by the Ohio Constitution and state statutes. Under these provisions, City funds required to receive interest allocations are those which receive proceeds from the sale of notes and/or bonds and those which receive distributions of state gasoline tax and motor vehicle license fees. All remaining interest is allocated to the General Fund. Legally, enterprise funds generally do not receive interest except for investments held by trustees in accordance with bond indenture agreements.

E. MATERIALS AND SUPPLIES INVENTORY

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

F. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 1998, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. RESTRICTED ASSETS

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

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

H. FIXED ASSETS

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

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

GENERAL FIXED ASSETS

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

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

ENTERPRISE FUND FIXED ASSETS

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

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

Description	Estimated Lives
Buildings	45 years
Improvements Other Than Buildings	20-50 years
Water and Sewer Lines	50 years
Office Equipment	3 - 7 years
Machinery and Radio Equipment	5-30 years
Furniture and Fixtures	10 - 20 years
Vehicles	5 - 6 years

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. INTERFUND RECEIVABLES/PAYABLES

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

J. UNAMORTIZED BOND DISCOUNT/ISSUANCE COSTS

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

K. COMPENSATED ABSENCES

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

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

L. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. UNAMORTIZED GAIN/LOSS ON ADVANCE REFUNDING

For advance refundings resulting in the defeasance of debt reported in the enterprise funds, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. The accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

The Sewer enterprise fund's general obligation revenue bonds advance refunded outstanding mortgage revenue bonds in a prior year. At December 31, 1998, these bonds are presented in the combined balance sheet net of an unamortized loss in the amount of \$596,145. The loss is being amortized over the remaining fifteen-year life of the bonds.

N. CONTRIBUTED CAPITAL

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

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

O. RESERVES OF FUND EQUITY

The City records reservations for portions of fund balances that are segregated for specific future uses or which do not represent available expendable financial resources and, therefore, are not available for expenditure. Undesignated fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and inventory or supplies related to governmental fund types. The Access special revenue fund has a portion of its fund balance, \$50,000, designated for equipment purchases as required by the City's cable franchise agreement.

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

P. INTERGOVERNMENTAL REVENUES

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

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. INTERFUND TRANSACTIONS

During the course of normal operations the City has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers.

Nonrecurring and nonroutine transfers of equity between funds, capital contributions to the enterprise funds, the subsequent return of all or part of such contributions, and the transfer of residual balances of discontinued funds or projects to the general fund or debt service funds (when financed with debt proceeds) are classified as residual equity transfers.

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

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

R. USE OF ESTIMATES

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

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. ACCOUNTABILITY - FUND EQUITY DEFICITS

The deficits in the Service Garage Facility Fund and the 1996 Fire Levy Fund (both capital projects funds) of \$544,065 and \$275,116, respectively, were caused by the requirement to report bond anticipation note liabilities in the fund(s) receiving the note proceeds. This deficit will be alleviated when the bonds are issued or when the notes are paid. In addition, the general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The deficit in the Sewer enterprise fund, in the amount of \$885,123, is the result of accumulated operating losses and significant capital improvements. The City is reviewing the operation of the fund to determine how best to alleviate the deficit.

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 3 - ACCOUNTABILITY (Continued)

B. COMPLIANCE - APPROPRIATIONS IN EXCESS OF ESTIMATED RESOURCES

The Issue II capital projects fund had appropriations in excess of estimated revenues plus available balances of \$21,904 at December 31, 1998.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

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

	General	Special Revenue	Debt Service	Capital Projects
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
GAAP Basis	\$242,907	\$53,531	\$0	(\$365,247)
Increases (Decreases) Due To:				
Revenue Accruals:				
Accrued 1997, Received in Cash 1998	441,809	171,883		21,904
Accrued 1998, Not Yet Received In Cash	(448,817)	(110,171)		(79,380)
Expense Accruals:				
Accrued 1997, Paid in Cash 1998	(197,548)	(305,718)		(17,357)
Accrued 1998, Not Yet Paid in Cash	270,837	316,406		(251,681)
Change in Prepaid Items	1,204	(388)		
Advances - In	50,000	57,000		
Advances - Out	(57,000)	(50,000)		
Notes Proceeds			550,000	160,000
Loan Proceeds				
Notes Principal Retirement			(650,000)	
Excess of Revenues Over Expenditures for Nonbudgeted Funds		879		
Excess (Deficiency) of:				
Revenues Over (Under) Expenditures into Financial Statement Fund Types			100,000	(100,000)
Encumbrances Outstanding At Year-End (Budgetary Basis)	<u>(285,922)</u>	<u>(721,324)</u>		
Budgetary Basis	<u>\$17,470</u>	<u>(\$587,902)</u>	<u>\$0</u>	<u>(\$631,761)</u>

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Loss/Excess of Revenues Under Expenses Proprietary Fund Type	Enterprise
GAAP Basis	\$126,754
Increase (Decreases) Due To:	
Revenues Accruals:	
Accrued 1997, Received In Cash 1998	521,064
Accrued 1998, Not Yet Received In Cash	(608,351)
Expense Accruals:	
Accrued 1997, Paid In Cash 1998	(611,138)
Accrued 1998, Not Yet Paid In Cash	826,754
Material and Supplies Inventory	(34,355)
Changes in Prepaid Items	(552)
Acquisition of Fixed Assets	(1,471,018)
Gain on Disposal of Fixed Assets	(280)
Loss on Disposal of Fixed Assets	1,419
Depreciation Expense	490,904
Note Proceeds	1,645,000
Debt Principal Retirement	(1,312,216)
Amortization of Bond Issuance Costs	3,111
Amortization of Bond Discount	4,106
Amortization of Loss on Advance Refunding	28,304
Deposits Received	64,150
Deposits Refunded	(62,490)
Contributed Capital:	
Intergovernmental	61,100
Developers	250,000
Special Assessments	77,380
Tap-In Fees	4,885
Encumbrances Outstanding	
at Year-End (Budgetary Basis)	(604,071)
(Deficiency) of Revenues Over Expenses Of Financial Activity With Bond Trustees	(21,628)
Budgetary Basis	(\$621,168)

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

Interim monies could be invested in the following securities:

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

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

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

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

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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

At year end, the City had \$2,774 in undeposited cash on-hand which is included on the combined balance sheet as part of "Equity in Pooled Cash and Cash Equivalents."

At year-end, the carrying amount of the City's deposits was \$2,922,003 and the bank balance was \$3,359,937. Of the bank balance, \$294,175 was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements," requires that local governments disclose the carrying amounts and market value of investments, classified by risk. Category 1 includes investments that are insured or registered for which the securities are held by the City or the City's agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held in the counterpart's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the City's name. Deferred compensation, investments in mutual funds, and STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Carrying Value	Market Value
STAR Ohio	\$5,269,357	\$5,267,357
Mututal Funds	452,042	452,042
	\$5,721,399	\$5,719,399

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$8,646,179	\$0
Cash On-Hand	(\$2,774)	
Investments:		
STAR Ohio	(5,269,357)	5,269,357
Mutul Funds	(452,045)	452,042
	\$2,922,003	\$5,721,399

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 6 - MUNICIPAL INCOME TAXES

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

The City's income tax rate includes one percent authorized by state statutes and levied by the City Council and an additional one-half percent levied with voter approval for a period of five years, expiring in 2001. The additional one-half percent is restricted solely for street improvements and is recorded in the Street Maintenance and Repair special revenue fund. The remaining income tax revenues and all related expenditures for administration and collection are accounted for in the General Fund. Income tax revenue for 1997 was \$3,418,807.

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected on real property (other than public utility property) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by state statute at 35 percent of the appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1994. Real property taxes are payable annually or semiannually. The first payment is due December 31, with the remainder payable by June 20.

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

Taxes collected on tangible personal property (other than public utility property) in one calendar year are levied in the prior calendar year on assessed values on December 31 of the prior year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 7 - PROPERTY TAXES (Continued)

The full tax rate for all City operations for the year ended December 31, 1998 was \$5.80 per \$1,000 of assessed value. The assessed values of real property, tangible personal property, and public utilities upon which 1998 property tax receipts were based are as follows:

Categories	Amount
Real Property:	
Agricultural	\$390,850
Residential	76,907,460
Commercial	18,779,660
Industrial	10,033,910
 Tangible Personal Property	 32,802,069
Public Utility:	
Real	36,400
Personal	9,357,060
Total Assessed Value	\$148,307,409

NOTE 8 - RECEIVABLES

Receivables at December 31, 1998, consisted of taxes, accounts (billings for user charged services, including unbilled utility services), interfund, accrued interest, services charged to other funds, and intergovernmental receivables arising from grants, entitlements, or shared revenues. All receivables are considered fully collectible, except for accounts receivable related to utility services. A summary of accounts receivable related to utility services is as follows:

	Water	Sewer	Solid Waste	Total Enterprise Funds
Receivables:				
Accounts	\$292,475	\$228,879	\$78,640	\$599,994
Less: Allowance for				
Uncollectibles	(22,897)	(17,919)	(6,157)	(46,973)
Net Accounts Receivable	\$269,578	\$210,960	\$72,483	\$553,021

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 8 - RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund:	
Estate Tax	\$68,882
Fines and Forfeitures	4,867
Liquor Permits	210
Local Government	24,160
Local Government Revenue Assistance	3,624
Local Government Library	325
Cigarette Tax	127
	102,195
Special Revenue Funds:	
Permissive Motor Vehicle License Tax	4,624
Total Municipal Motor Vehicle License	4,624
Street Maintenance and Repair	
Gasoline Tax	21,145
Motor Vehicle License Tax	5,807
Total Street Maintenance and Repair	26,952
State Highway	
Gasoline Tax	1,714
Motor Vehicle License Tax	471
Total State Highway	2,185
Total Special Revenue Funds	33,761
Capital Projects Fund:	
CDBG '97	65,000
Total Capital Projects Fund	65,000
Water Fund:	
Issue II	9,000
Total Water Fund	9,000
Total All Funds	\$209,956

By statute, local property taxes have been reduced ten percent, with additional reductions for the elderly and the disabled. The amount of these reductions, estimated to be approximately \$69,606, will be paid to the City by the State of Ohio in the latter part of 1999.

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 9 - FIXED ASSETS

A. GENERAL FIXED ASSETS

A summary of the changes in general fixed assets during 1998 is as follows:

	Balance January 1, 1998	Additions	Reductions	Balance December 31, 1998
Land	\$374,762	\$100,000		\$474,762
Buildings	1,591,821	9,931		1,601,752
Improvements Other Than Buildings	897,052			897,052
Machinery and Equipment	1,292,615	219,053		1,511,668
Furniture and Fixtures	30,355	2,957		33,312
Vehicles	937,426	754,294	\$187,139	1,504,581
Total General Fixed Assets	\$5,124,031	\$1,086,235	\$187,139	\$6,023,127

B. ENTERPRISE FUND FIXED ASSETS

A summary of the enterprise funds' fixed assets at December 31, 1998, follows:

	Water	Sewer	Solid Waste	Total Enterprise Funds
Construction in Progress	\$27,122	\$300,042		\$327,164
Land	922,475	47,422		969,897
Buildings	846,400	1,599,500		2,445,900
Improvements Other Than Buildings	5,248,136			5,248,136
Water and Sewer Lines	4,246,861	5,308,648		9,555,509
Machinery and Equipment	2,139,389	810,421	\$25,415	2,975,225
Furniture and Fixtures	5,700			5,700
Vehicles	145,942	166,591	282,344	594,877
Total	13,582,025	8,232,624	307,759	22,122,408
Less: Accumulated Depreciation	(5,102,429)	(4,892,740)	(223,752)	(10,218,921)
Total Fixed Assets Net of Accumulated Depreciation	\$8,479,596	\$3,339,884	\$84,007	\$11,903,487

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The City of Bucyrus contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. Law enforcement employees contribute 9.0% of covered salary. The 1998 employer contribution rate for state employers was 13.31% of covered payroll. For local government employer units the rate was 13.55% of covered payroll. The law enforcement employer rate was 16.70% of covered payroll. The City's contribution to PERS for the years ended December 31, 1998, 1997, and 1996, were \$277,369, \$255,643, and \$248,077, respectively. For 1998, 77.0 percent has been contributed; 100 percent has been contributed for 1997 and 1996. The unpaid contribution for 1998, in the amount of \$63,825, was recorded as a liability within the respective funds and the general long-term obligations account group.

B. POLICE AND FIREMEN'S DISABILITY AND PENSION FUND

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

Plan members are required to contribute 10% 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 PFDPF for the years ended December 31, 1998, 1997, and 1996, were \$314,615, \$285,245, and \$273,212, respectively. For 1998, 77.1 percent has been contributed; 100 percent has been contributed for 1997 and 1996. The unpaid contribution for 1998, in the amount of \$72,118, was recorded as a liability within the respective funds and the general long-term obligations account group.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

PERS of Ohio provides postretirement health care coverage 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 available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 1998 employer contribution rate for state employers was 13.31% of covered payroll; 4.2% was the portion that was used to fund health care for the year. For local government employer units the rate was 13.55% of covered payroll; 4.2% was the portion that was used to fund health care for the year 1998. The law enforcement employer rate for 1998 was 16.70% and 4.2% was used to fund health care.

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. OPEB is financed through employer contributions and investments earnings there on. The contributions allocated to retiree health and Medicare, 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 OPEB during 1998 were \$440,596,663. As of December 31, 1998, the unaudited estimated net assets available for future OPEB payments were \$9,447,325,318. The number of benefit recipients eligible for OPEB at December 31, 1998 was 115,579.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied 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. POLICE AND FIREMEN'S DISABILITY AND PENSION FUND

PFDPF provides postretirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a two-thirds basis. The health care coverage provided by the retirement system is considered an OPEB as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of PFDPF shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll. The Ohio Revised Code provides the statutory authority allowing the Fund's Board of Trustees to provide health care coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you-go basis. Currently, 6.5% of covered payroll, the Board-defined allocation, is used to pay retiree health care expenses. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1997 are 11,239 for police and 9,025 for firefighters. The City's actual contributions for 1998 that were used to fund postemployment benefits were \$52,486 for police and \$42,568 for fire. PFDPF's total health care expenses for the year ending December 31, 1997 was \$76,459,832.

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. DEFERRED COMPENSATION

The City has also implemented GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" for its deferred compensation plan through Ohio Public Employees Deferred Compensation. On September 1, 1998, Ohio Public Employees Deferred Compensation created a trust for the assets of the plan for which the City has no fiduciary responsibility. Therefore, the balance of the Ohio Public Employees Deferred Compensation Plan of \$457,373 was shown a reduction in the deferred compensation agency fund.

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 12 - OTHER EMPLOYEE BENEFITS (Continued)

B. COMPENSATED ABSENCES

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

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

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

At December 31, 1998, the current amount of unpaid compensated absences and the balance of the liability in the general long-term obligations account group was \$2,975 and \$134,598, respectively. The liability for compensated absences in the enterprise funds at December 31, 1998, was \$260,061.

NOTE 13 - INTERFUND TRANSACTIONS

Interfund balances at December 31, 1998 consisted of the following individual fund receivables and payables:

Fund Type/Fund	RECEIVABLE		PAYABLE	
	Due From	Interfund	Due To	Interfund
General Fund	\$169,104	\$57,000		
Special Revenue Fund:				
COPS Grant				\$57,000
Enterprise Funds:				
Water			\$56,368	
Sewer			56,368	
Solid Waste			56,368	
Total Enterprise Funds			169,104	0
	\$169,104	\$57,000	\$169,104	\$57,000

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 14 - NOTES PAYABLE

The City's note transactions and balances for the year ended December 31, 1998, are as follows:

	Interest Rate	Balance December 31 1997	Issued	Retired	Balance December 31, 1998
<u>Tax Anticipation Note</u>					
Capital Projects Fund:					
1996 Fire Levy	4.70%	\$460,000		\$115,000	\$345,000
<u>Special Assessment Note</u>					
Capital Projects Fund:					
Marion Road Sanitary Sewer	4.10%		\$9,000		9,000
<u>Bond Anticipation Notes</u>					
Capital Projects Fund:					
1997 Service Garage	4.28%	650,000		650,000	0
1998 Service Garage	4.24%		550,000		550,000
Total Capital Projects Fund		650,000	550,000	650,000	550,000
Enterprise Funds:					
1997 Waterworks System Facilities	4.25%	75,000		75,000	0
1997 Sewer System Facilities	4.25%	220,000		220,000	0
1998 Sewer System Facilities	4.25%		530,000	530,000	0
1998 Sewer System Facilities	4.00%		200,000		200,000
1998 Sewer System Facilities	4.00%		530,000		530,000
1998 Sewer Cleaning Equipment	4.00%		200,000		200,000
1998 Waterworks System Facilities	3.88%		135,000		135,000
1998 Waterworks System Facilities	4.00%		50,000		50,000
Total Enterprise Funds		295,000	1,645,000	825,000	1,115,000
Total Bond Anticipation Notes		945,000	2,195,000	1,475,000	1,665,000
Total Notes Payable		\$1,405,000	\$2,204,000	\$1,590,000	\$2,019,000

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

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

All of the City's bond anticipation notes are backed by the full faith and credit of the City and have a maturity of one year.

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

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 15 - LONG-TERM OBLIGATIONS

The City's long-term activity for the year ended December 31, 1998, is as follows:

	Interest Rate	Balance 12/31/1997	Additions/ Issued	Reductions/ Retired	Balance 12/31/1998
General Long-Term Obligations:					
Special Assessment Note:					
Marion Road Sanitary Sewer Note	4.10%		\$115,520		\$115,520
Other Long-Term Obligations:					
Due to Other Governments		\$108,763	117,584	\$108,763	117,584
Police Pension Liability		165,741		1,858	163,883
Fire Pension Liability		189,234		2,121	187,113
Compensated Absences Payable		200,503	59,558		260,061
Capital Leases Payable		6,965	10,423	4,904	12,484
Total Other Long-Term Obligations		671,206	187,565	117,646	741,125
Total General Long-Term Obligations		671,206	303,085	117,646	856,645
Enterprise Fund Long-Term Obligations:					
General Obligation Revenue Bonds:					
1993 Sanitary Sewer Refunding	2.75%-5.9%	3,530,000		160,000	3,370,000
1992 Waterworks System Facilities	3.25-6.5%	2,005,000		55,000	1,950,000
Total General Obligation Revenue Bonds		5,535,000	0	215,000	5,320,000
Mortgage Revenue Bonds:					
1977 Waterworks First Mortgage	5.5-6.375%	1,150,000		85,000	1,065,000
Bond Anticipation Note:					
Marion Road Sanitary Sewer Note	4.10%	0	35,480		35,480
Other Long-Term Obligations:					
OWDA Loans - #0632 Water	11.35%	3,042,491		178,904	2,863,587
OPWC Loan - #CP023 Water	0%	141,903		7,277	134,626
Other					
Compensated Absences		123,209	11,389		134,598
Capital Leases Payable		1,874	1,003	1,035	1,842
Total Other Long-Term Obligations		3,309,477	12,392	187,216	3,134,653
Total Enterprise Fund Long-Term Obligations		9,994,477	47,872	487,216	9,555,133
Total Long-Term Obligations		\$10,665,683	\$350,957	\$604,862	\$10,411,778

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

DEBT SERVICE FUND BALANCE

Under state statutes, the fund balance in the Ohio Whetstone Assessment debt service fund is not available to pay other long-term obligations of the general long-term obligations account group. The balance can be used to pay other general obligation notes upon ordinance of the City Council or may be transferred to the general fund with the approval of the Court of Common Pleas.

SPECIAL ASSESSMENT NOTE

This is a bond anticipation note which is backed by the full faith and credit of the City. It will be paid from the proceeds of special assessments levied against benefitted property owners. The Note was refinanced on a long term basis on April 1, 1999.

DUE TO OTHER GOVERNMENTS

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

POLICE AND FIRE PENSION LIABILITY

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

COMPENSATED ABSENCES PAYABLE

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

CAPITAL LEASES PAYABLE

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

GENERAL OBLIGATION REVENUE BONDS

The general obligation revenue bonds are liabilities of the Water and Sewer enterprise funds and pledge their respective revenues for repayment. The bonds also pledge the full faith, credit, and taxing ability of the City in the event that the enterprise funds' revenues are not sufficient to meet the debt principal and interest requirements. The bonds are reported on the combined balance sheet net of the unamortized discount of \$39,000 in the Water Fund and \$63,311 in the Sewer Fund, as well as net of unamortized loss on advance refunding of \$596,145 in the Sewer Fund.

Fund assets, whose uses are restricted under the bond indenture, are presented as restricted assets on the combined balance sheet. Restricted assets relating to the 1992 waterworks system facilities general obligation revenue bonds at December 31, 1998, include the following:

Restricted Assets Held By the City	
General Obligation Revenue Bond Construction	\$347,075

1993 Sanitary Sewer Refunding Bonds

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

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

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

The sanitary sewer refunding bonds defeased in-substance \$3,960,000 in sewer system mortgage revenue bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's general purpose financial statements. At December 31, 1998, \$3,370,000 of this debt was still outstanding.

1992 Waterworks System Facilities Bonds.

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

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

MORTGAGE REVENUE BONDS

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

Fund assets, whose use are restricted under the bond indentures are presented as restricted assets on the balance sheet. Restricted assets relating to the water mortgage revenue bonds at December 31, 1998 include the following:

<u>Restricted Assets Held By The Trustee</u>	
Mortgage Revenue Bond Current Debt Service	\$214,151
Mortgage Revenue Bond Future Debt Service	237,891

1977 Waterworks First Mortgage Revenue Bonds

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

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

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

BOND ANTICIPATION NOTE

Proceeds were used to construct Marion Road sewer lines. This bond anticipation note was refinanced on a long term basis on April 1, 1999 with 5.0% general obligation revenue bonds..

OWDA LOANS

OWDA Loans consist of money owed to the Ohio Water Development Authority for the construction of a wastewater facility and an upground storage reservoir. OWDA Loans are payable solely from the gross revenues of the water system.

OPWC LOANS

OPWC loans consist of money owed to the Ohio Public Works Commission for the replacement of a water line, including fire hydrants, valves, fittings, and all accessories. The loan is interest free. OPWC loans are payable solely from the gross revenues for the water system.

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

Year	Police and Fire Pension	General Obligation Revenue Bonds	Mortgage Revenue Bonds	OWDA Loans	OPWC Loans	Long- Term Notes	Total
1999	\$19,024	\$538,094	\$154,920	\$524,227	\$7,278	\$5,033	\$1,248,576
2000	19,024	536,724	154,093	524,227	7,278	14,550	\$1,255,896
2001	19,024	539,471	157,753	524,227	7,278	14,200	\$1,261,953
2002	19,024	541,026	155,900	524,227	7,278	13,850	\$1,261,305
2003	19,024	536,471	153,728	524,227	7,278	13,500	\$1,254,228
2004 - 2008	95,120	2,683,094	622,673	2,359,021	29,112	62,250	\$5,851,270
2009 - 2035	503,272	3,049,935				114,400	\$3,667,607
	<u>\$693,512</u>	<u>\$8,424,815</u>	<u>\$1,399,067</u>	<u>\$4,980,156</u>	<u>\$65,502</u>	<u>\$237,783</u>	<u>\$15,800,835</u>

NOTE 16 - CAPITAL LEASES - LESSEE DISCLOSURE

The City has entered into capitalized leases for equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. New capital leases are reflected in the accounts "Capital Outlay" and "Inception of Capital Lease" in the funds which will be making the lease payment. Capital lease payments are reflected as debt service expenditures in the general purpose financial statements for the governmental funds and as a reduction of the liability in the enterprise funds. General fixed assets consisting of equipment have been

CITY OF BUCYRUS, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 16 - CAPITAL LEASES - LESSEE DISCLOSURE

capitalized in the general fixed assets account group in the amount of \$24,103 and in the Water, and Solid Waste enterprise funds in the amount of \$2,601 and \$1,598, respectively. These amounts represent the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group and in the enterprise funds. Principal payments in 1998 totaled \$4,904 in the governmental funds and \$1,035 in the enterprise funds.

	Water	Solid Waste	Total Enterprise Funds
Property under Capital Lease	\$2,601	\$1,598	\$4,199
Less Accumulated Depreciation	(1,541)	(1,440)	(2,981)
Net Property under Capital Lease	\$1,060	\$158	\$1,218

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 1998:

<u>Year</u>	GLTOAG	Enterprise
1999	\$7,009	\$1,521
2000	3,630	330
2001	3,630	330
2002	3,630	330
2003	330	330
Total	18,229	2,511
Less: Amount Representing Interest	(5,745)	(669)
Present Value of Net Minimum Lease Payments	\$12,484	\$1,842

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 17 - RISK MANAGEMENT

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

Description of Coverage	Amount	Deductible
Boiler and Machinery	\$50,000,000	\$1,000
Property (building and contents)	20,071,532	1,000
Property (extra expense)	120,000	1,000
Earthquake	20,000,000	10,000
Flood	1,000,000	10,000
Electronic Data and Equipment	100,000	250
Data, Media, Extra Expense	20,000	250
Valuable Paper and Records	100,000	0
Employee Benefits Liability (aggregate)	3,000,000	*
Employee Benefits Liability (each occurrence)	1,000,000	1,000
Health Care Facility Medical (aggregate)	3,000,000	*
Health Care Facility Medical (each occurrence)	1,000,000	0
Public Entity Management (aggregate)	2,000,000	*
Public Entity Management (each occurrence)	1,000,000	5,000
Police Professional Liability (aggregate)	2,000,000	*
Police Professional Liability (each occurrence)	1,000,000	5,000
General Liability (aggregate)	3,000,000	*
General Liability (per occurrence)	1,000,000	0
Commercial Umbrella (aggregate)	9,000,000	*
Commercial Umbrella (per occurrence)	9,000,000	0
Commercial Umbrella (products - completed operations)	9,000,000	0
General Liability (premises damage limit)	500,000	0
General Liability (medical expenses limit)	10,000	0
Personal Injury (each person)	1,000,000	0
Advertising Injury (each person)	1,000,000	0
Blanket Public Employee Dishonesty	10,000	0
Contractor's Equipment	1,795,935	250
Auto Fleet Liability/Physical Damage (each accident)	1,000,000	250/500
Monies and Securities Protection	10,000	0
Miscellaneous Property (fire department vehicles)	379,337	500
Products and Completed Work (aggregate)	1,000,000	*
Airport (aggregate)	500,000	*
Airport (each occurrence)	500,000	500
Airport (products - completed operations)	500,000	500
Airport (personal and advertising injury limit)	500,000	500

* Deductibles are per occurrence. Therefore, total deductibles depend on the total number of occurrences.

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 17 - RISK MANAGEMENT (Continued)

There have been no significant reductions in insurance coverage from 1997 and no insurance settlement has exceeded insurance coverage during the last three years.

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

NOTE 18 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains three enterprise funds which are intended to be self-supporting through user fees charged for services provided to consumers for water, sewer and refuse services. Financial segment information for the year ended December 31, 1998, is as follows:

	Water	Sewer	Solid Waste	Total Enterprise Funds
Operating Revenues	\$2,192,996	\$1,455,967	\$588,346	\$4,237,309
Depreciation Expense	296,124	172,373	22,407	490,904
Operating Income (Loss)	661,306	264,916	(9,469)	916,753
Non-Operating Revenues (Expenses):				
Interest Income	31,089			31,089
Loss on Disposal of Fixed Assets	633	226		859
Interest and Fiscal Charges	546,212	272,866	1,151	820,229
Net Income (Loss)	145,550	(8,176)	(10,620)	126,754
Current Capital Contributions:				
Intergovernmental	61,100			61,100
Developers	58,000	192,000		250,000
Special Assessments		77,380		77,380
Tap-In Fees		4,885		4,885
Fixed Assets:				
Additions	342,223	1,059,959	69,839	1,472,021
Deletions	24,943	5,661		30,604
Net Working Capital	790,581	(479,467)	195,746	506,860
Bonds and Other Long-Term Obligations:				
OWDA Loans Payable	2,664,377			2,664,377
OPWC Loans Payable	127,349			127,349
General Obligation Revenue Bonds Payable (net of unamortized discount and unamortized loss on advance refunding)	1,851,000	2,545,545		4,396,545
Mortgage Revenue Bonds Payable	975,000			975,000
Notes Payable		35,480		35,480
Total Assets	10,922,144	4,255,864	387,594	15,565,602
Total Equity	4,270,958	310,904	264,709	4,846,571
Encumbrances Outstanding (Budgetary Basis) at December 31, 1998	450,678	118,932	34,461	604,071

CITY OF BUCYRUS, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 19 - RELATED ORGANIZATION

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

NOTE 20 - CONTINGENT LIABILITIES

A. LITIGATION

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

B. FEDERAL AND STATE GRANTS

For the period January 1, 1998, to December 31, 1998, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 21 - SUBSEQUENT EVENTS

On April 1, 1999, the City retired related notes by issuing \$151,000 in bonds for the construction of a sanitary sewer. The bonds have an interest rate of 5.0 percent and mature through December, 2019.

On November 2, 1999, the City held its periodic general election. There are significant changes in the composition of City elected officials resulting from the general election. New personnel will occupy the positions of mayor, treasurer, and council president, effective January 1, 2000.

CITY OF BUCYRUS, OHIO
STATUS OF PRIOR YEAR CITATIONS AND RECCOMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 1998

CITATIONS - None

RECOMMENDATIONS - None



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

Members of Council
City of Bucyrus, Ohio

We have audited the general purpose financial statements of City of Bucyrus, Ohio, as of and for the year ended December 31, 1998, and have issued our report thereon dated October 13, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Bucyrus, Ohio's, general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of City of Bucyrus, Ohio, in a separate letter dated October 13, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Bucyrus, Ohio's, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial management that we have reported to management of City of Bucyrus, Ohio, in a separate letter dated October 13, 1999.

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

Pry CPA Services, Inc.

Findlay, Ohio
October 13, 1999

CITY OF BUCYRUS, OHIO
SCHEDULE OF FINDINGS
DECEMBER 31, 1998

A. SUMMARY OF AUDIT RESULTS

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

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

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

For 1998, City of Bucyrus, Ohio, is not required to have a Single Audit performed in accordance with Office of Management and Budget Circular A-133.

B. FINDINGS – AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS

MATERIAL NONCOMPLIANCE – None noted

REPORTABLE CONDITIONS – None noted

MATERIAL WEAKNESSES – None noted

**CITY OF BUCYRUS, OHIO
GENERAL COMMENTS**

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

CITY OF BUCYRUS, OHIO
CONCLUSION STATEMENT

The audit report, including recommendations and citations, was reviewed with and acknowledged by the following officials on December 17, 1999:

Carol A. Wagner

City Auditor

Karen M. Beck

Assistant City Auditor

These officials were informed that they had five days from the date of the post-audit conference to respond to, or contest, in writing, the citations made.

CITY OF BUCYRUS, OHIO
SUPPLEMENTAL DISCUSSION OF YEAR 2000 ISSUES
FOR THE YEAR ENDED DECEMBER 31, 1998

YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal year 1999.

The City of Bucyrus has completed an inventory of computer systems and other equipment necessary to conduct City operations and has identified such systems as being accounting and financial reporting, payroll/employee benefits, utility department billing system, tax collection, building operations, and water treatment and wastewater treatment plant operations.

Accounting and Financial Reporting, Payroll/Employee Benefits, and Utility Department Billing System - The City utilizes Software Solutions software for financial reporting, payroll/employee benefits, and income tax collection and Creative Microsystems software for the utility department billing system. The City has installed updates provided by the manufacturers for all systems described above. Both manufacturers have issued a statement to the City claiming that the updated version of related software is validated to be year 2000 compliant.

Tax Collection - Crawford County collects various taxes (property, sales, gasoline, and estate) for distribution to City of Bucyrus. Crawford County is responsible for remediating their tax collection/distribution system. In addition, the State of Ohio forwards the City's share of various tax payments to the City. Like Crawford County, the State of Ohio is responsible for remediating their tax collection/distribution system.

Building Operations - The City has assessed building power systems (including heating and cooling functions), and does not anticipate any difficulties related to year 2000. In any event, the City is prepared to manually override computer systems for short-term operations if problems and/or difficulties are encountered.

Water Treatment and Wastewater Treatment Plant Operations - The City has assessed water treatment and wastewater treatment plant operations, including the distribution of water and treatment of sewage, and does not anticipate any difficulties related to year 2000. In any event, the City has made contingency plans and is prepared to manually override computer systems for short-term operations if problems and/or difficulties are encountered.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the City is or will be Year 2000 ready, that the City's remediation efforts will be successful in whole or in part, or that parties with whom the Village does business will be year 2000 ready.



STATE OF OHIO
OFFICE OF THE AUDITOR

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CITY OF BUCYRUS

CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: JAN 20 2000