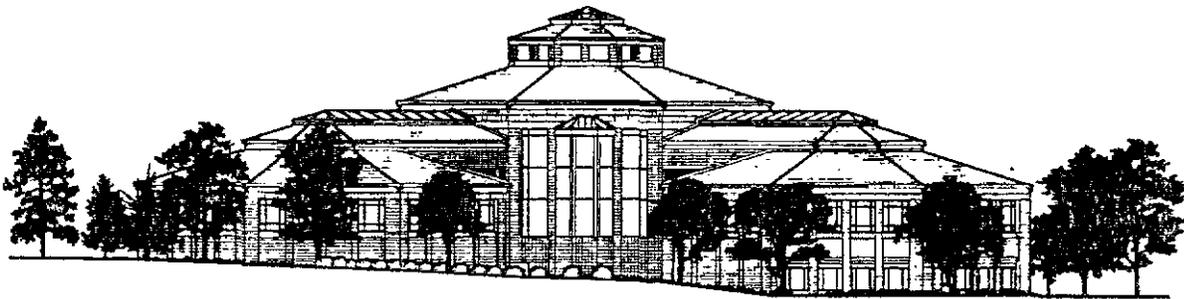


City of Springdale, Ohio

GENERAL PURPOSE FINANCIAL STATEMENTS

For the Year Ended December 31, 1999



PREPARED BY:

FINANCE DEPARTMENT

**ACCOUNT
CLERK I**

**ACCOUNT
CLERK II**

**FINANCE OFFICER/
TAX COMMISSIONER**

**CLERK OF COUNCIL/
FINANCE DIRECTOR**

Cynthia A. Miller

Martha R. Holden

Jeffrey T. Williams

Edward F. Knox

**CITY OF SPRINGDALE, OHIO
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999**

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INTRODUCTORY SECTION



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

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398

Honorable Mayor and City Council
City of Springdale
Springdale, Ohio

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

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



JIM PETRO
Auditor of State

June 26, 2000

City of Springdale

Finance Department

EDWARD F. KNOX
Clerk of Council / Finance Director

JEFFREY T. WILLIAMS
Finance Officer / Tax Commissioner

CECIL W. OSBORN
City Administrator

June 12, 2000

Honorable Doyle H. Webster, Mayor and Members of City Council
City of Springdale, Ohio
11700 Springfield Pike
Springdale, Ohio 45246

Dear Mayor Webster and Members of City Council:

We are pleased to submit to you the General Purpose Financial Statements for the City of Springdale, Ohio for the year ended December 31, 1999 in accordance with the City's Administrative Code. The financial statements were prepared using generally accepted accounting principles for governmental entities. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to set forth fairly, in all material respects, the financial position and results of operations of the City as measured and reported by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an adequate understanding of the City's financial affairs have been included. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City.

To facilitate the understanding of the City's financial affairs, this report is divided into an introductory section and a financial section. The introductory section includes a table of contents, this letter of transmittal, and a list of principal City officials. The financial section consists of the Report of Independent Auditors and the General Purpose Financial Statements.

A basis for preparing the General Purpose Financial Statements for the City was the identification of the reporting entity. Potential component units were evaluated to determine whether they should be reported in the City's General Purpose Financial Statements. A component unit was considered to be part of the City's reporting entity when it was concluded that the City was financially accountable for the entity or the nature and significance of the relationship between the City and the entity was such that exclusion would cause the City's financial statements to be misleading or incomplete. The General Purpose Financial Statements contain all financial entities that are controlled by the City's Administration including the Springdale Mayor's Court and the City Health District.

Reflected in these financial statements is the extensive range of services provided by the City of Springdale. These services include police and fire protection, parks and recreation, planning and zoning, public works (highways, streets and waste collection), general administrative services as well as the activities of the previously mentioned public agencies and authorities.

Economic Condition and Outlook

The City is located in northern Hamilton County, approximately twenty miles from downtown Cincinnati. Bisected by I-275 and bordered by I-75, it is the home of a highly developed commercial and industrial community, as well as stable, well-maintained residential neighborhoods.

As a result of the significant commercial development that has occurred on our community, the City's demographic profile is very unique, having a residential population of just over 10,600 and a daytime business population of over 100,000. The City has a diverse employment base which has a stabilizing effect on the City's economy and somewhat protects it from general economic downturns or the loss of a specific enterprise or industry.

While the economic environment and public expenditure policies are subject to change and re-evaluation, it is anticipated that the City will experience manageable growth that will not be disruptive to the current financial position of the City.

Financial Information, Management and Control

A detailed understanding of the financial position and operating results of the City is provided in the General Purpose Financial Statements. Presented below is a brief description of financial information, management of financial resources and obligations, and control techniques applicable to financial resources, obligations and information.

Internal Control The Administration believes that the City's internal control structure provides reasonable assurance that assets are safeguarded, transactions are recorded and reported appropriately and policies are followed. The concept of reasonable assurance recognizes that the cost of a control procedure should not exceed the expected benefit. An important element of the City's control structure is the ongoing program to promote control consciousness throughout the organization. The Administration's commitment to this program is emphasized through written policies and procedures and a well-qualified financial staff.

Basis of Presentation - Fund Accounting The financial statements of the City were prepared in accordance with standards promulgated by the Governmental Accounting Standards Board. These standards include the effective pronouncements of the National Council on Governmental Accounting and the American Institute of Certified Public Accounts which are considered to be generally accepted accounting principles for state and local governmental entities, until they are altered, amended, supplemented, revoked or superseded by a subsequent Governmental Accounting Standards Board pronouncement.

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. A fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. The City utilizes three fund types and a number of discrete funds within each fund type. 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 expendable available financial resources.

Governmental Fund Type - Governmental funds are those through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities are accounted for through governmental funds. Annual appropriations are made by councilmanic action. The City maintains records showing revenues, actual and accrued expenditures, and encumbrances to assure legal and accounting compliance and to assure that budgetary authority is not exceeded. The funds included in this category are as follows:

General Fund - This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources other than amounts relating to special assessments or major capital projects that are legally restricted to expenditures for specific purposes.

Capital Projects Funds- These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Fund Type - Proprietary funds account for operations that are organized to be self-supporting through user charges. The City's proprietary fund types consist of only one Enterprise Fund.

Enterprise Fund - This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund Type - Fiduciary funds are used to account for assets held by the City as a trustee or as an agent for individuals, private organizations, other units of government. The City's fiduciary funds consist only of agency funds.

Agency Funds - Agency funds are custodial in nature and do not involve measurement of the results of operations.

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

General Fixed Assets Account Group - Used to account for general fixed assets acquired principally for general purposes.

General Long-Term Obligations Account Group - Used to account for the outstanding principal balances of general obligations, including special assessment debt.

Basis of Accounting and Measurement Focus - Accounting basis determines when transactions and economic events are reflected in the financial statements. All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. The modified accrual basis is a mixture of both cash and accrual basis concepts.

Under the modified accrual basis revenues are recognized in the accounting period when they become both measurable and available. Revenue is considered measurable when the amount of the transaction can be determined. Revenue is considered available when it is collectible during the current period or soon enough thereafter to be used to pay current year liabilities, which for the City is thirty-one days after year end.

At year end the City considers certain of the following revenue sources collected within subsequent to year-end to be both measurable and available: interest earnings, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), fines and forfeitures, fees, licenses and permits, cable franchise fees, admissions tax, occupancy tax and income tax.

The proprietary fund uses the accrual basis of accounting and the flow of all economic resources (measurement focus). This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, and revenues are recorded when earned and expenses are recorded when incurred. Under this basis of accounting and measurement focus, the City applies (a) all GASB pronouncements and (b) FASB Statements and Interpretations, APB Opinions, and Accounts Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

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 a subsequent period, when both revenue recognition criteria are met, the liability or deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of year end whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Budgets and the Budgetary Process The budgetary process, prescribed by provisions of the Ohio Revised Code and the City Charter entails the preparation of budgetary documents within an established timetable. This process entails the preparation of the tax budget, a certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the non-GAAP budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance may be amended by councilmanic action 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. The primary level of budgetary control is at the object level (personal services and operations and maintenance) within each department.

The City's charter requires the Mayor, Clerk of Council/Finance Director and the City Administrator to present the budget to city council by June 1 of each year. A tax 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 County Budget Commission certifies its actions to the City by September 1 and as a part of this certification, the City receives the official certificate of estimated resources, which states the projected

revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if a new source of revenue is received or actual receipts exceed current estimated receipts.

Risk Management The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters and has established a risk management strategy that attempts to minimize losses and the carrying cost of insurance. In this regard, the City is a member of the Miami Valley Risk Management Association (MVRMA), a property and casualty pooling arrangement (Note 14). MVRMA's deductible is \$2,500 per community per occurrence. After the City's deductible is reached, MVRMA insures up to \$250,000 for property claims with the exception of boiler and machinery for which there is a \$5,000 per occurrence retention limit. Liability had a per-occurrence retention limit of \$500,000 in 1998. There is no aggregate stop loss policy in effect for the accident period 1997, rather MVRMA is aggregating premiums previously paid for such coverage into an accumulating fund to be used at the discretion of the MVRMA Board. In 1997, liability excess coverage for \$10,000,000 excess of \$1,000,000 was obtained as a joint purchase with other pools through the National Public Entity Excess Program and this program continued for 1998.

General Government Functions Municipal activities and services are accounted for in the General Fund, the Special Revenue Funds, the Capital Projects Funds, the Enterprise Fund and the Agency Funds.

General Fund - The General Fund reported an excess of revenues over expenditures of \$3,827,228 for the year ended December 31, 1999. Revenues from the General Fund amounted to \$14,160,149 for the year ended December 31, 1999, an increase of approximately 7.40% from the previous fiscal year. The sources of revenues for the year ended December 31, 1999 are summarized below:

	1999 <u>Amount</u>	1999 Percentage of Total <u>Revenues</u>	Increase (Decrease) Over 1998 <u>Amount</u>	Increase (Decrease) Over 1998 <u>Percentage</u>
Municipal income taxes	\$ 9,422,000	66.54%	\$646,390	7.30%
Property and other taxes	3,145,807	22.22%	538,038	20.63%
Intergovernmental	588,739	4.16%	50,257	9.33%
Charges for services	253,829	1.79%	(33,527)	(11.67%)
Fines and forfeitures	192,521	1.36%	(3,640)	(1.86%)
Fees, license and permits	268,842	1.90%	(94,460)	(26.00%)
Special Assessments	0	0%	(388)	(100.00%)
Interest	274,604	1.94%	(79,509)	(22.45%)
Contributions	2,324	0.02%	1,499	181.70%
Other	11,483	0.07%	(43,428)	(79.09%)
Total revenues	\$ 14,160,149	100.00%	\$981,232	7.40%

Expenditures from the General Fund amounted to \$10,332,921 for the year ended December 31, 1999, an increase of 9.82% over the previous year. An analysis of expenditures for the year is presented below:

	1999 <u>Amount</u>	1999 Percentage of Total <u>Expenditures</u>	Increase (Decrease) Over 1998 <u>Amount</u>	Increase (Decrease) Over 1998 <u>Percentage</u>
Security of persons and property	\$5,139,978	49.74%	\$445,732	9.50%
Public health services	223,293	2.16%	16,967	8.22%
Leisure time activities	959,916	9.29%	(27,091)	(2.74%)
Community environment	341,812	3.31%	24,752	7.81%
Basic utility services	265,080	2.57%	5,114	1.97%
Transportation	731,177	7.08%	72,460	11.00%
General government	<u>2,671,665</u>	<u>25.85%</u>	<u>385,922</u>	16.86%
 Total expenditures	 <u>\$10,332,921</u>	 <u>100.00%</u>	 <u>\$923,856</u>	 9.82%

Special Revenue Funds - These funds consist of the Street Maintenance and Repair Fund, the State Highway Fund, the Drug Law Enforcement Fund, the DUI Fund, the Law Enforcement Fund, the Residential Recycling Fund, the Vehicle Immobilization Fund, the Parks and Urban Forestry Fund and the Other Special Revenues Fund. These funds have combined revenues of \$573,694 and expenditures of \$686,597 for the year ended December 31, 1999.

Capital Projects Funds - These funds consist of the Capital Improvements Fund and the Northwest Business District Fund and are used to account for financial resources to be used for the acquisition or construction of major capital facilities. During the year ended December 31, 1999, the Capital Projects Funds had total revenues of \$257,218 generated by special assessments, interest and contributions. Total expenditures from the Capital Projects Fund were \$5,758,566 for the year ended December 31, 1999.

Agency Funds - The OBBS Assessment Fund, the Mayors Court Fund, and the Unclaimed Moneys Fund are accounted for as agency funds. These funds are used to account for assets held by the City as a trustee or as an agent for individuals, private organizations or other units of government.

Enterprise Fund - The Adult Sports Fund is accounted for as an enterprise fund. This fund is used to account for the fees collected and the costs incurred for adults who participate in league sports at the City's Recreation Center. It is the City's intent that the cost of providing the adult league sports be recovered primarily through user fees. The operating expenses of this fund consist of official's fees, awards, registration fees, and miscellaneous supplies. For the year ended December 31, 1999, this fund generated a net income before operating transfers out of \$1,368.

Cash Management and Investments The City maintains a cash and investment pool used by all funds. Each fund has an equity interest in this account. Interest income is distributed to the funds according to Ohio Revised Code and the City Ordinances. Moneys of substantially all funds of the City are maintained or invested in a common group of bank accounts and in short-term investments. This is done in order to maximize the rate of interest that can be earned on invested funds.

The provisions of the Ohio Revised Code and City Ordinances govern the investment and deposit of City moneys. In accordance with these provisions, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The provisions also permit the City to invest its moneys in certificates of deposit, savings accounts, money market accounts and obligations of the United States Government or certain agencies thereof. The City may also enter into repurchase agreements with any eligible depository for a period not exceeding thirty days.

GASB Statement No. 3. "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the City's investments be classified as to credit risk within the following three categories:

- Category 1 Insured or registered, or securities held by the City or its agent in the City's name.

- Category 2 *Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.*

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

At December 31, 1999, 100% of the City's investments were unclassified because Star Ohio investments are not evidenced by securities that exist in physical or book entry form.

Independent Audit

The Financial records, books of account and transactions of the City and its components for the year ended December 31, 1999, have been audited by Berge & Company Ltd., and their opinion is included in the financial section of this report.

The financial statements are the responsibility of the City. The responsibility of the Auditor is to express an opinion on the City's financial statements based on their audit. An audit is conducted in accordance with generally accepted auditing standards and Government Auditing Standards. Those standards require that the audit be planned and performed in a manner to obtain a reasonable assurance as to whether the financial statements are free of material misstatement.

Responsibility and Acknowledgment

The Finance Department prepared the General Purpose Financial Statements of the City of Springdale for the year ended December 31, 1999. The City Council, as required by law, is responsible for the complete and accurate preparation of the City's General Purpose Financial Statements. We believe that the information presented is accurate in all material respects and that it reports fairly the financial position and results of operations of the various funds and account groups of the City.

The preparation of the General Purpose Financial Statements on a timely basis could not have been accomplished without the efforts and dedication of the staff of the Finance Department. Each member of the Finance Department has our sincere appreciation of the contribution made in the preparation of this report. We would also like to express our appreciation to the employees in other City departments who contributed their cooperation and assistance in matters pertaining to the financial affairs of the City.

contributed their cooperation and assistance in matters pertaining to the financial affairs of the City. Also, we would like to thank the Mayor and the City Council for their interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

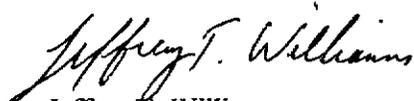
Respectfully submitted,



Cecil W. Osborn
City Administrator



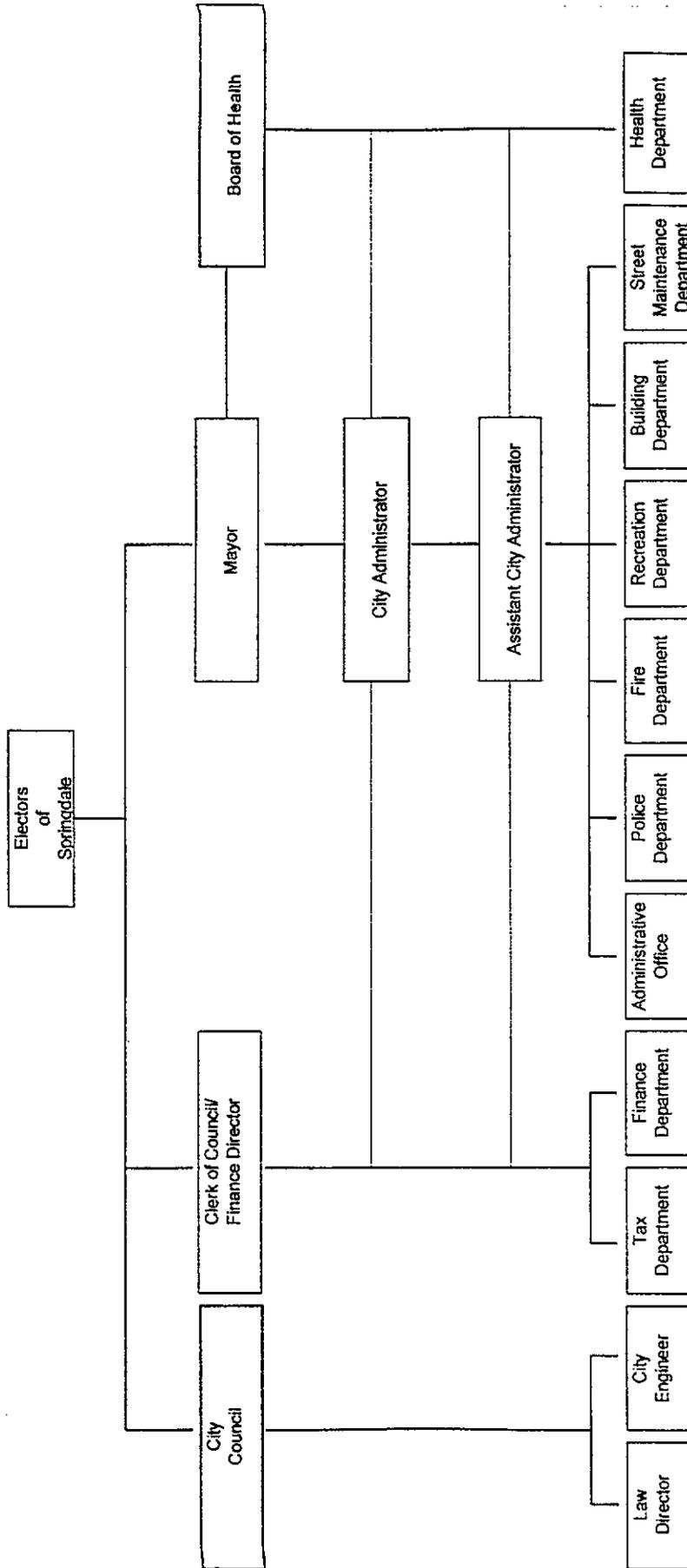
Edward F. Knox
Finance Director / Clerk of Council



Jeffrey T. Williams
Finance Officer / Tax Commissioner

CITY OF SPRINGDALE

ORGANIZATIONAL TABLE



**CITY OF SPRINGDALE, OHIO
ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL
AS OF DECEMBER 31, 1999**

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term of Office</u>	<u>Salary</u>
Doyle H. Webster	Mayor	12/01/99-11/30/03	\$ 12,000
Kathy McNear	President	12/01/99-11/30/03	5,100
Tom Vanover	Vice-President	12/01/97-11/30/01	4,500
Marjorie Pollitt	Member	12/01/97-11/30/01	4,500
Robert Wilson	Member	12/01/97-11/30/01	4,500
Randy Danbury	Member	12/01/97-11/30/01	4,500
Jim Squires	Member	12/01/99-11/30/03	4,500
Steve Galster	Member	12/01/99-11/30/03	4,500
Edward F. Knox*	Clerk of Council/ Finance Director	12/01/99-11/30/03	9,600

ADMINISTRATIVE PERSONNEL

Cecil W. Osborn, City Administrator*
Derrick Parham, Assistant City Administrator*

James H. Burton, Parks and Recreation Director	Robert Posega, Chief of Fire
Jeffrey T. Williams, Finance Officer/Tax Commissioner*	Kenneth J. Schneider, Law Director
John Flessa, City Prosecutor	Robert N. Sears, Superintendent of Public Works
James Freland, Chief of Police	Wayne F. Shuler, City Engineer
William McErlane, Chief Building Official	David Winfough, Health Commissioner

* Surety Bond is held with Travelers Indemnity Company for the amount of \$100,000. The bond is renewed annually.

**CITY OF SPRINGDALE, OHIO
INDEX OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

Governmental Fund Types

General Fund

Special Revenue Funds:

- Street Maintenance and Repair
- State Highway
- Driving Under the Influence
- Law Enforcement
- Drug Law Enforcement
- Residential Recycling
- Vehicle Immobilization
- Parks and Urban Forestry
- Other Special Revenue

Capital Projects Funds:

- Capital Improvements
- Northwest Business District

Proprietary Fund Type:

Enterprise Fund:

- Adult Sports Fund

Fiduciary Fund Type:

Agency Funds:

- Mayors Court
- Unclaimed Money
- OBBS Assessment

**FINANCIAL
SECTION**

Report of Independent Auditors

Honorable Mayor and City Council
City of Springdale, Ohio

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated June 12, 2000 on our consideration of the City of Springdale, Ohio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



June 12, 2000

CITY OF SPRINGDALE, OHIO
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 1999

Governmental Fund Types

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>
Assets:			
Cash and cash equivalents	\$4,187,028	\$161,577	\$7,658,120
Receivables:			
Taxes	3,575,445		
Accounts	58,069		
Interest			
Due from other governments	190,240	40,896	
Due from other funds	46,512	44,442	
Prepaid expenses	17,905		
Inventory	93,013		
Property and equipment (net)			
Restricted assets:			
Funds on deposit for unclaimed monies			
Funds on deposit for OBBS assessments			
Funds on deposit for performance bonds and plan review fees	72,569		
Amount to be provided for retirement of general long-term obligations			
Total assets	\$8,240,781	\$246,915	\$7,658,120

The notes to the financial statements are an integral part of this statement.
See the accompanying Report of Independent Auditors.

<u>Proprietary Fund</u>	<u>Fiduciary Funds</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>	
<u>Enterprise Fund</u>	<u>Agency Funds</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	<u>December 31, 1999</u>	<u>December 31, 1998</u>
\$3,301	\$16,568			\$12,026,594	\$6,889,780
				3,575,445	3,241,732
				58,069	66,994
	58			58	2,464
				231,136	201,390
				90,954	82,330
				17,905	8,242
				93,013	79,122
		\$17,096,452		17,096,452	13,758,205
	5,026			5,026	4,326
	238			238	244
	560			73,129	57,743
			\$303,742	303,742	312,033
<u>\$3,301</u>	<u>\$22,450</u>	<u>\$17,096,452</u>	<u>\$303,742</u>	<u>\$33,571,761</u>	<u>\$24,704,605</u>

(Continued)

CITY OF SPRINGDALE, OHIO
Combined Balance Sheet (Continued)
All Fund Types and Account Groups
December 31, 1999

	Governmental Fund Types		
	General Fund	Special Revenue Funds	Capital Projects Funds
Liabilities:			
Accounts payable	\$151,693	\$17,428	\$7,965
Contracts payable	26,951		834,033
Accrued expenses:			
Salaries and wages	454,766	14,402	
Compensated absences	21,989	887	
Worker's Compensation	92,443		
Interest			98,549
Due to other funds	44,369	34,639	
Due to other governments			
Undistributed monies	72,569		
Unclaimed monies			
OBBS assessment			
Claims and judgments payable	22,431		
Deferred revenue	1,460,346		
Bond anticipation notes payable			7,000,000
Special assessment notes payable with governmental commitment			2,000,000
	2,347,557	67,356	9,940,547
Total liabilities			
Fund Equity:			
Investment in general fixed assets			
Retained earnings:			
Unreserved			
Fund balance:			
Reserved:			
Reserved for encumbrances	172,801	10,558	3,757,653
Reserved for inventory	93,013		
Reserved for prepaid expenses	17,905		
Total fund balance, reserved	283,719	10,558	3,757,653
Unreserved:			
Undesignated	3,581,949	169,001	(6,040,080)
Designated:			
Health Insurance	383,289		
Liability Insurance	1,644,267		
Total fund balance, designated, unreserved	2,027,556		
Total fund balance, unreserved	5,609,505	169,001	(6,040,080)
Total fund balance	5,893,224	179,559	(2,282,427)
Total fund equity	5,893,224	179,559	(2,282,427)
Total liabilities and fund equity	\$8,240,781	\$246,915	\$7,658,120

The notes to the financial statements are an integral part of this statement.
See the accompanying Report of Independent Auditors.

Proprietary Fund	Fiduciary Funds	Account Groups		Total (Memorandum Only)	
		General Fixed Assets	General Long-Term Obligations	December 31, 1999	December 31, 1998
				\$177,086	\$99,777
				860,984	1,015,771
				469,168	415,495
			\$284,173	307,049	290,294
				92,443	94,864
				98,549	21,370
	\$11,946			90,954	82,330
	4,680			4,680	0
	560			73,129	61,095
	5,026			5,026	4,326
	238			238	245
			19,569	42,000	90,655
				1,460,346	1,204,757
				7,000,000	0
				2,000,000	2,000,000
0	22,450	0	303,742	12,681,652	5,380,979
		17,096,452		17,096,452	13,758,205
\$3,301				3,301	5,649
				3,941,012	1,500,836
				93,013	79,122
				17,905	8,242
				4,051,930	1,588,200
				(2,289,130)	2,044,846
				383,289	1,713,450
				1,644,267	213,276
				2,027,556	1,926,726
				(261,574)	3,971,572
				3,790,356	5,559,772
3,301	0	17,096,452	0	20,890,109	19,323,626
\$3,301	\$22,450	\$17,096,452	\$303,742	\$33,571,761	\$24,704,605

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CITY OF SPRINGDALE, OHIO
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 1999

	<u>Governmental Fund Types</u>			<u>Total (Memorandum Only)</u>	
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>December 31, 1999</u>	<u>December 31, 1998</u>
Revenues:					
Municipal income taxes	\$9,422,000			\$9,422,000	\$8,775,610
Property and other taxes	3,145,807	\$474,952	\$2,154	3,622,913	3,125,868
Intergovernmental	588,739	55,258		643,997	609,835
Charges for services	253,829			253,829	287,356
Fines and forfeitures	192,521	3,926		196,447	203,659
Fees, licenses and permits	268,842			268,842	363,302
Special Assessments			68,963	68,963	107,884
Interest	274,604	4,402	154,647	433,653	400,373
Contributions	2,324	35,156		37,480	825
Other	1,483		31,454	42,937	54,911
Total revenues	<u>14,160,149</u>	<u>573,694</u>	<u>257,218</u>	<u>14,991,061</u>	<u>13,929,623</u>
Expenditures:					
Security of persons and property	5,139,978	26,740	191,430	5,358,148	4,884,095
Public health services	223,293			223,293	206,326
Leisure time activities	959,916		3,804,262	4,764,178	2,115,751
Community environment	341,812	22,932		364,744	324,894
Basic utility services	265,080	66,305		331,385	327,915
Transportation	731,177	570,620	1,593,902	2,895,699	3,478,448
General government	2,671,665		17,001	2,688,666	2,298,617
Debt service:					
Interest and fiscal charges			151,971	151,971	81,458
Total expenditures	<u>10,332,921</u>	<u>686,597</u>	<u>5,758,566</u>	<u>16,778,084</u>	<u>13,717,504</u>
Excess of revenues over (under) expenditures	<u>3,827,228</u>	<u>(112,903)</u>	<u>(5,501,348)</u>	<u>(1,787,023)</u>	<u>212,119</u>
Other financing sources (uses):					
Transfers-in	3,716	47,319	3,689,797	3,740,832	70,096
Transfers-out	(3,737,116)			(3,737,116)	(70,096)
Total other financing sources (uses)	<u>(3,733,400)</u>	<u>47,319</u>	<u>3,689,797</u>	<u>3,716</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>93,828</u>	<u>(65,584)</u>	<u>(1,811,551)</u>	<u>(1,783,307)</u>	<u>212,119</u>
(Increase) decrease in encumbrances and prepaid expenses	<u>(129,295)</u>	<u>(7,208)</u>	<u>(2,313,336)</u>	<u>(2,449,839)</u>	<u>(1,309,855)</u>
Net change in unreserved fund balance	<u>(35,467)</u>	<u>(72,792)</u>	<u>(4,124,887)</u>	<u>(4,233,146)</u>	<u>(1,097,736)</u>
Beginning fund balance - unreserved	<u>5,644,972</u>	<u>241,793</u>	<u>(1,915,193)</u>	<u>3,971,572</u>	<u>5,069,308</u>
Ending fund balance - unreserved	<u>\$5,609,505</u>	<u>\$169,001</u>	<u>(\$6,040,080)</u>	<u>(\$261,574)</u>	<u>\$3,971,572</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying Report of Independent Auditors.

CITY OF SPRINGDALE, OHIO
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget (Non-GAAP Budgetary Basis) and Actual
All Governmental Fund Types - Appropriated
For the Year Ended December 31, 1999

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:						
Municipal income taxes	\$8,999,580	\$9,323,577	\$323,997			
Property and other taxes	1,867,798	1,833,985	(33,813)			
Intergovernmental	1,831,419	1,889,574	58,155	\$604,399	\$525,724	(\$78,675)
Charges for services	265,500	259,464	(6,036)			
Fines and forfeitures	255,000	188,571	(66,429)	9,000	4,353	(4,647)
Fees, licenses and permits	317,793	276,744	(41,049)			
Special Assessments						
Interest	312,000	276,986	(35,014)	7,600	4,583	(3,017)
Contributions	2,324	2,324	0	35,156	35,156	0
Other	22,837	18,870	(3,967)	1,000	0	(1,000)
Total revenues	13,874,251	14,070,095	195,844	657,155	569,816	(87,339)
Expenditures:						
Security of persons and property	5,676,212	5,125,882	550,330	35,816	25,025	10,791
Public health services	258,531	221,935	36,596			
Leisure time activities	1,110,124	968,094	142,030			
Community environment	376,267	340,339	35,928	113,795	98,013	15,782
Basic utilities services	308,662	264,453	44,209			
Transportation	864,796	783,494	81,302	601,402	572,339	29,063
General government	3,206,822	2,844,816	362,006			
Debt service:						
Principal payments						
Interest						
Total expenditures	11,801,414	10,549,013	1,252,401	751,013	695,377	55,636
Excess of revenues over (under) expenditures	2,072,837	3,521,082	1,448,245	(93,858)	(125,561)	(31,703)
Other financing sources (uses):						
Proceeds of bond anticipation notes						
Advances from other funds	30,000	0	(30,000)			
Transfers-in	5,267	5,267	0	52,988	36,818	(16,170)
Transfers-out	(3,742,785)	(3,726,615)	16,170			
Total other financing sources (uses)	(3,707,518)	(3,721,348)	(13,830)	52,988	36,818	(16,170)
Excess of revenues and other sources over (under) expenditures and other uses	<u>(\$1,634,681)</u>	<u>(200,266)</u>	<u>\$1,434,415</u>	<u>(\$40,870)</u>	<u>(88,743)</u>	<u>(\$47,873)</u>
Cancellation of prior year's encumbrances		98,455			3,350	
Net change in unreserved fund balance for year		(101,811)			(85,393)	
Beginning fund balance - unreserved		4,168,992			227,081	
Ending fund balance - unreserved		<u>\$4,067,181</u>			<u>\$141,688</u>	

The notes to the financial statements are an integral part of this statement.
See the accompanying Report of Independent Auditors.

Capital Projects Funds			Total (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
			\$8,999,580	\$9,323,577	\$323,997
			1,867,798	1,833,985	(33,813)
			2,435,818	2,415,298	(20,520)
			265,500	259,464	(6,036)
			264,000	192,924	(71,076)
			317,793	276,744	(41,049)
\$35,144	\$32,960	(\$2,184)	35,144	32,960	(2,184)
166,473	154,648	(11,825)	486,073	436,217	(49,856)
			37,480	37,480	0
602,012	69,612	(532,400)	625,849	88,482	(537,367)
<u>803,629</u>	<u>257,220</u>	<u>(546,409)</u>	<u>15,335,035</u>	<u>14,897,131</u>	<u>(437,904)</u>
994,235	920,846	73,389	6,706,263	6,071,753	634,510
			258,531	221,935	36,596
5,159,017	6,660,041	(1,501,024)	6,269,141	7,628,135	(1,358,994)
			490,062	438,352	51,710
			308,662	264,453	44,209
3,913,564	2,631,392	1,282,172	5,379,762	3,987,225	1,392,537
630,750	18,405	612,345	3,837,572	2,863,221	974,351
2,000,000	2,000,000	0	2,000,000	2,000,000	0
75,000	74,792	208	75,000	74,792	208
<u>12,772,566</u>	<u>12,305,476</u>	<u>467,090</u>	<u>25,324,993</u>	<u>23,549,866</u>	<u>1,775,127</u>
<u>(11,968,937)</u>	<u>(12,048,256)</u>	<u>(79,319)</u>	<u>(9,989,958)</u>	<u>(8,652,735)</u>	<u>1,337,223</u>
9,000,000	9,000,000	0	9,000,000	9,000,000	0
30,000	0	(30,000)	60,000	0	(60,000)
3,689,797	3,689,797	0	3,748,052	3,731,882	(16,170)
			<u>(3,742,785)</u>	<u>(3,726,615)</u>	<u>16,170</u>
<u>12,719,797</u>	<u>12,689,797</u>	<u>(30,000)</u>	<u>9,065,267</u>	<u>9,005,267</u>	<u>(60,000)</u>
<u>\$750,860</u>	641,541	<u>(\$109,319)</u>	<u>(\$924,691)</u>	352,532	<u>\$1,277,223</u>
	<u>2,323,602</u>			<u>2,425,407</u>	
	2,965,143			2,777,939	
	<u>107,580</u>			<u>4,503,653</u>	
	<u>\$3,072,723</u>			<u>\$7,281,592</u>	

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CITY OF SPRINGDALE, OHIO
Statements of Revenues, Expenses and Changes in Retained Earnings
Enterprise Fund
For the Years Ended December 31, 1999 and 1998

	<u>December 31,</u> <u>1999</u>	<u>December 31,</u> <u>1998</u>
Operating revenues:		
Charges and fees	\$10,931	\$11,374
Operating expenses:		
Officials fees, awards, registration fees, and miscellaneous supplies	<u>9,563</u>	<u>10,117</u>
Operating income before operating transfers-out	1,368	1,257
Operating transfers-out	<u>(3,716)</u>	<u>0</u>
Net income (loss)	(2,348)	1,257
Beginning retained earnings - unreserved	<u>5,649</u>	<u>4,392</u>
Ending retained earnings - unreserved	<u><u>\$3,301</u></u>	<u><u>\$5,649</u></u>

The notes to the financial statements are an integral part of this statement.
See the accompanying Report of Independent Auditors.

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CITY OF SPRINGDALE, OHIO
Statements of Cash Flows
Enterprise Fund
For the Years Ended December 31, 1999 and 1998

	<u>December 31,</u> <u>1999</u>	<u>December 31,</u> <u>1998</u>
Cash flows from operating activities:		
Cash received from members	\$10,931	\$11,374
Cash payments for goods and services	9,563	10,117
Net cash provided by operating activities	1,368	1,257
Cash flows from noncapital financing activities:		
Transfers-out	(3,716)	0
Net increase (decrease) in cash	(2,348)	1,257
Beginning cash	5,649	4,392
Ending cash	\$3,301	\$5,649
Reconciliation of net income to net cash provided by operating activities:		
Net income (loss)	(\$2,348)	\$1,257
Adjustments to reconcile operating income to net cash provided by operating activities:		
Transfers-out	3,716	0
Net cash provided by operating activities	\$1,368	\$1,257

The notes to the financial statements are an integral part of this statement.
See the accompanying Report of Independent Auditors.

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CITY OF SPRINGDALE, OHIO
Notes to Financial Statements
December 31, 1999

The accounting methods and procedures adopted by the City of Springdale (City), conform to generally accepted accounting principles (GAAP) as applied to governmental entities. The following notes to the financial statements are an integral part of the City's General Purpose Financial Statements.

1. FINANCIAL REPORTING ENTITY

The City was incorporated as a home rule municipality under the laws of the State of Ohio in 1959 and operates under its own charter which provides for an elected Mayor/Council form of government. The Mayor and Clerk of Council/Finance Director are each elected to four-year terms. The Mayor appoints a full-time City Administrator and all executive department directors, with the exception of the Finance Officer/Tax Commissioner, who is appointed by the Clerk of Council/Finance Director.

To provide necessary services to its citizens, the City is divided into several departments and financial management and control systems. These departments provide professional, well-managed governmental services which include police protection and a mayor's court, fire protection and emergency medical services, planning and zoning, public works (highway and street maintenance and repair), recreation (six parks, a swimming pool and a recreation center) and general administrative services. These activities comprise the oversight unit of the City in that they are the primary government unit of the City and are directly responsible to Council and the Mayor. Therefore, they are included in the reporting entity.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Springdale as described above and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City considers the following criteria in determining whether or not an organization is a component unit:

1. The City appoints a voting majority of the organization's governing board and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City;
or
2. The organization is fiscally dependent upon the City; or
3. The nature and significance of the relationship between the organization and the City are such that to exclude the organization from the financial reporting entity would render the financial statements misleading or incomplete.

The City of Springdale, by ordinance of Council, has established a local Board of Health and based upon the application of the criteria listed above, it has been included in the City's financial statements. The Board is composed of five members appointed by the Mayor and confirmed by Council. A Board of Health Resolution approves all fees established by the Board of Health. According to the City Charter, the Board of Health must budget in the manner and form established by Council. The Charter also gives Council

authority in hiring, firing, disciplining and compensating personnel. The Board of Health receives total funding from revenue appropriated through the General Fund of the City, except for a small subsidy received from the Ohio Department of Health, Division of Local Services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - Fund Accounting

The financial statements of the City were prepared in accordance with standards promulgated by the Governmental Accounting Standards Board (GASB). These standards include the effective pronouncements of the National Council on Governmental Accounting (NCGA) and the American Institute of Certified Public Accountants (AICPA) which are considered to be generally accepted accounting principles for state and local governmental entities, until they are altered, amended, supplemented, revoked or superseded by a subsequent GASB pronouncement.

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. A fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The City utilizes the governmental fund type, the proprietary fund type, and the fiduciary fund type, as well as specific account groups. 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 expendable available financial resources.

Governmental Fund Type - Governmental funds are those through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities are accounted for through governmental funds. Annual appropriations are made by councilmanic action. The City maintains records showing revenues, actual and accrued expenditures and encumbrances to assure legal and accounting compliance and to assure that budgetary authority is not exceeded. The funds included in this category are as follows:

General Fund - This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources other than amounts relating to special assessments or major capital projects that are legally restricted to expenditures for specific purposes.

Capital Improvement Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Fund Type - Proprietary funds account for operations that are organized to be self-supporting through user charges and include both Enterprise Funds and Internal Service Funds. The City's proprietary fund type consists of an Enterprise Fund only.

Enterprise Fund – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund Type - Fiduciary funds are used to account for assets held by the City as a trustee or as an agent for individuals, private organizations, or other units of government. The City's fiduciary fund types consist only of agency funds.

Agency Funds - Agency funds are custodial in nature and do not involve measurement of the results of operations.

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

General Fixed Assets Account Group - This account group is used to account for general fixed assets acquired principally for general purposes.

General Long-Term Obligations Account Group – This account group is used to account for the outstanding principal balances of general obligations.

Basis of Accounting and Measurement Focus

Accounting basis determines when transactions and economic events are reflected in its financial statements. All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. The modified accrual basis is a mixture of both cash and accrual basis concepts.

Under the modified accrual basis revenues are recognized in the accounting period when they become both measurable and available. Revenue is considered measurable when the amount of the transaction can be determined. Revenue is considered available when it is collectible during the current period or soon enough thereafter to be used to pay current year liabilities, which for the City is considered to be thirty-one days after year end.

At year end the City considers certain of the following revenue sources collected within subsequent to year-end to be both measurable and available: interest earnings, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), fines and forfeitures, fees, licenses and permits, cable franchise fees, admissions tax, occupancy tax and income tax.

The proprietary fund uses the accrual basis of accounting and the flow of all economic resources (measurement focus). This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, and revenues are recorded when earned and expenses are recorded when incurred. Under this basis of accounting and measurement focus, the City applies (a) all GASB pronouncements and (b) FASB Statements and Interpretations, APB Opinions, and Accounts Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

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 a subsequent period, when both revenue recognition criteria are met, the liability or deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes, estate taxes, and income taxes measurable as of year end whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Budgets and the Budgetary Process

The budgetary process, prescribed by provisions of the Ohio Revised Code and the City Charter, entails the preparation of budgetary documents within an established timetable. This process entails the preparation of the tax budget, a certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the non-GAAP budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance may be amended by councilmanic action 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. The primary level of budgetary control is at the object level (personal services, operations and maintenance, ect.) within each department.

The City's charter requires the Mayor, Clerk of Council/Finance Director and the City Administrator to present the tax budget to city council by June 1 of each year. A tax 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 County Budget Commission certifies its actions to the City by September 1, and as a part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must prepare its annual budget by line item so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation ordinance.

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if a new source of revenue is received or actual receipts exceed current estimated receipts. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources.

Appropriations - A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance may be supplemented during the year by councilmanic action as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may also be modified during the year by councilmanic action. The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all amendments and modifications.

Encumbrances - As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of moneys are 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 expenditure.

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

Budgetary Basis of Accounting - The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The adjustments necessary to convert the results of operations and fund balances at the end of the year on the GAAP basis to the Non-GAAP budgetary basis are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>
Excess of revenues and other sources over (under) expenditures and other uses as reported (GAAP)	\$93,828	\$(65,584)	\$(1,811,551)
Adjustments:			
Revenues received in 1999 and earned in 1998	3,518,506	76,404	
Revenues received in 2000 and earned in 1999	(3,870,325)	(85,337)	
Expenditures paid in 1999 and accrued in 1998	(647,023)	(61,692)	(902,058)
Expenditures accrued in 1999 and paid in 2000	887,212	67,356	940,547
Prepaid items in 1998	8,242		
Prepaid items in 1999	(17,905)		
Current year encumbrances	(172,801)	(19,890)	(4,585,397)
Increase in Note issuance			7,000,000
Excess of revenues and other sources over (under) expenditures and other uses on legal (Non-GAAP budgetary) basis	<u>\$(200,266)</u>	<u>\$(88,743)</u>	<u>\$641,541</u>

Cash and Cash Equivalents

Cash is pooled and invested in short-term investments for cash management purposes. Investments with original maturities of three months or less are considered to be cash equivalents.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Interest Receivable

Interest on investments and certain receivables is recorded as revenue in the year the interest is earned and available to pay liabilities of the current period.

Due To and Due From Other Funds

During the course of normal operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" in the period in which the transactions are executed.

Prepaid Items

Payments made to vendors for services that will benefit subsequent periods are recorded as prepaid items. Prepaid items are equally offset by a fund balance reserve which indicates that these prepaid items do not constitute available spendable resources even though they are a component of net current assets.

Inventory

Inventory is valued at cost using the first-in, first-out method. Inventory is equally offset by a fund balance reserve which indicates that these inventories do not constitute available spendable resources even though they are a component of net current assets.

Property and Equipment

Property and equipment used in governmental fund types is recorded as an expenditure in the fund making the expenditure and capitalized at cost in the General Fixed Assets Account Group. A fixed asset has the following characteristics:

1. It is tangible in nature (possesses physical substance).
2. Its expected useful life is three years or more.

For purposes of financial reporting on a GAAP basis, only fixed assets valued at \$1,000 or more are reported. The costs of normal maintenance and repairs which do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Property and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the asset. Assets acquired by gift or bequest are recorded at their estimated fair market value on the date received.

Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs, gutters, sidewalks, and drainage systems are not capitalized, as these assets are immovable and of value only to the City.

The City has elected to record accumulated depreciation in the General Fixed Asset Account Group, the effect of which is to increase accumulated depreciation and decrease the investment in property and equipment. Depreciation has been provided over the estimated useful life of each asset using the straight-line method.

The estimated useful lives for each major class of depreciable fixed assets are as follows:

Buildings	60 years
Land Improvements	20-50 years
Machinery and Equipment	3-25 years
Vehicles	3-5 years
Furniture and Fixtures	15-20 years

Compensated Absences

In accordance with GASB 16, the City provides a liability for accumulated unpaid overtime and sick leave for eligible employees when the future payments for such absences are probable. The current portion of unpaid compensated absences is the amount expected to be paid using current available resources and is recorded as a fund liability. The non-current portion of the liability is recorded in the General Long-Term Obligations Account Group.

Long-Term Obligations

Long-term obligations are recognized as a liability of a governmental fund when due. The portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligations account group.

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

<u>Obligation</u>	<u>Fund</u>
?? Claims and judgments payable	General fund
?? Compensated absences	Paid by the fund from which the employee's salary is paid.

Pensions

The provision for pension cost is recorded on an accrual basis, and the city’s policy is to fund pension costs as they accrue.

Fund Equity

Unreserved Fund Balances - The unreserved fund balances represent the amount available for budgeting future operations and may consist of designated and undesignated portions.

Designated Fund Balance - Fund balance designations are established to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies. Such designations reflect tentative managerial plans or intent and are subject to change.

Undesignated Fund Balance - Undesignated portions of fund balance represent

financial resources available to finance expenditures other than those tentatively planned.

Reserved Fund Balances - The reserved fund balances represent the amount that has been legally identified for specific purposes. Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure or the portion of fund balance that is legally segregated for a specific future use. Fund balances have been reserved for encumbrances, inventories of supplies and materials and prepaid items.

Intergovernmental Revenues

In governmental funds, grants awarded on a non-reimbursement basis, shared revenues, and entitlements are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursable grants are recorded as intergovernmental receivables and revenues when the related expenditures are made.

Interest Income

Interest income is distributed to the funds according to the Ohio Revised Code and the City Charter. Total interest revenue during 1999 was \$436,217 (includes \$2,623 for the Agency Fund).

Inter-Fund Transactions

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources to provide services, construct assets and service debt. These are generally reflected as transfers.

Quasi-external transactions are accounted for as revenues or expenditures in the funds involved. Reimbursement transactions for expenditures initially made from one fund but properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed

Compliance and Accounting

The fund deficit at December 31, 1999 of \$6,040,080 in the Capital Projects Funds is due to the issuance of Bond Anticipation Notes in 1999, which are recorded as a liability of the Capital Projects Fund under the modified accrual basis of accounting and as other financing sources under the budgetary basis of accounting.

Total (Memorandum Only)

The Combined Financial Statements include total columns that are described as memorandum only. The amounts in these columns are a summation of the accounts of the fund types and account groups and are presented solely to assist in financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with GAAP. Eliminations of interfund transactions have not been made and the data presented is not to be considered consolidated. In addition, the amounts in total are not to be interpreted as total resources and obligations of the City or sources and uses thereof.

3. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool used by all funds. Each fund has an equity interest in this account. Interest income is distributed to the funds according to the Ohio Revised Code and City Ordinances. Moneys of substantially all funds of the City are maintained or invested in a common group of bank accounts and in short-term investments. This is done in order to maximize the rate of interest that can be earned on invested funds.

The provisions of the Ohio Revised Code and City Ordinances govern the investment and deposit of City moneys. In accordance with these provisions, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits.

Ohio law requires the classification of funds held by the City into three categories:

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

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

Category 3 consists of "interim" funds – those funds not needed for immediate use but needed before the end of the current period of designation of depositories. The City's investment policy allows funds to be invested in certificates of deposit, savings accounts, money market accounts and obligations of the United States Government or certain agencies thereof. The City may also enter into repurchase agreements with any eligible depository for a period not exceeding thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. 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 City or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Insurance Corporation (FSLIC), or may pledge a pool of government securities the face value of which is at least 110 percent of the total value of public moneys on deposit at the institution.

Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require that security for public deposits and investments be maintained in the name of the City.

Deposits

At year-end, the carrying amount of the City's deposits was \$9,292,078 and the bank balance was \$9,397,715. Of the bank balance, \$200,000 was covered by federal deposit insurance. The remaining amounts were uninsured and uncollateralized as defined by GASB Statement No. 3 because the securities held as collateral by the financial institutions or their trust departments or agencies were not held in the City's name. As authorized by state statute, the pledging bank has established an investment and securities pool to collateralize all public deposits.

Investments

GASB Statement No. 3. "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the City's investments be classified as to credit risk within the following three categories:

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

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

	<u>Carrying Amount</u>	<u>Market Value</u>
State Treasurer's Asset Reserve (Star Ohio)	\$2,812,909	\$2,812,909

The City's investment in Star Ohio is not categorized because it not evidenced by securities that exist in physical or book entry form.

The classification of cash and cash equivalents and investments for reporting purposes is based on 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 cash equivalents, and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Cash and Cash Equivalents per GASB Statement 9	\$12,104,987	
Investments (Star Ohio)	(2,812,909)	\$2,812,909
GASB Statement 3 (as detailed above)	<u>\$ 9,292,078</u>	<u>\$2,812,909</u>

4. PROPERTY TAXES

The assessed valuation of property within the City subject to the levy of ad valorem taxes includes real property, public utilities property and tangible personal property. The City's property taxes are collected by the Hamilton County Auditor and are remitted to the City on a periodic basis. The full tax rate for all City operations for the year ended December 31, 1999, was \$3.08 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

Real Property – 1999 Assessed Valuation	\$265,368,800
Public Utility Tangible Personal Property – 1999 Assessed Valuation	11,956,870
Tangible Personal Property – 1999 Assessed Valuation	<u>110,314,530</u>
Total	<u>\$387,640,200</u>

Property taxes receivable represents real and tangible personal property taxes, public utility property taxes and outstanding delinquencies which are measurable as of December 31, 1999. Although total property tax collections for the next fiscal year are measurable, the City recognizes property taxes as deferred revenue since the first settlement date is more than thirty-one days after year end and does not meet the availability criteria for accrual and because the taxes are not intended to finance current operations.

Real property taxes collected in any calendar year are generally levied on assessed values as of January 1 of the preceding year according to the following calendar:

?? Lien date	January 1, 1999
?? Levy date - first half	December 31, 1999
?? First installment payment due	January 31, 2000
?? Levy date - second half	March 31, 2000
?? Second installment payment due	June 20, 2000

Assessed values are established by the County Auditor at no more than 35% of appraised market value. The laws of the State of Ohio require that all property be revalued every six years, and at any time the County Auditor finds that true or taxable value thereof has changed, and in the third calendar year following the year in which a sexennial reappraisal is completed or ordered by the State Commissioner of Tax Equalization. Real property last experienced a reappraisal during 1999 with the results affecting collections beginning in 2000.

Tangible personal property used in business, other than public utilities, is currently assessed for ad valorem taxation purposes at 25% 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.

Public utilities real and tangible personal property taxes collected in any calendar year are those levied on assessed values as of December 31 of the preceding year. Certain tangible personal property of public utilities is currently assessed at 100% of its true value. Real property of public utilities is currently assessed at 35% of true value. Property taxes on public utilities are subject to the same calendar as real property taxes, which is described above.

5. MUNICIPAL INCOME TAX

The City levies a municipal income tax of 1% on substantially all earnings (gross salaries, wages and other personal service compensation) of its residents both in out of the City and to earnings of nonresidents

working within the City. The City allows a credit to residents for income taxes paid to another municipality of up to 100% of the City's current tax rate.

The municipal income tax also applies to net income of business conducted in the City. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City on a quarterly basis. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

The municipal income tax is the largest single source of General Fund revenue. Income tax proceeds are to be used to pay the cost of administering the tax within the General Fund, capital improvements and other general governmental functions as determined by Council.

In 1999, earnings tax revenues were allocated to the General Fund. Earnings tax revenues for 1999 were \$9,422,000. At December 31, 1999, the City has accrued \$2,046,299 as revenue from municipal income taxes which is related to 1999.

6. DUE TO / FROM OTHER FUNDS

Interfund loan asset and liability balances at December 31, 1999, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Residential Recycling Fund	General Fund	\$ 4,088
Other Special Revenue Fund	General Fund	\$40,281
DUI Fund	Mayor's Court Fund	\$73
General Fund	Residential Recycling Fund	\$9,868
General Fund	Other Special Revenue Fund	\$24,771
General Fund	Mayor's Court Fund	\$11,873

7. DUE FROM OTHER GOVERNMENTS

At December 31, 1999, intergovernmental receivables consisted of amounts arising from grants, entitlements and shared revenues. All amounts summarized below are considered fully collectible.

<u>General Fund:</u>	
Sales Income and Franchise Tax	\$ 24,114
Revenue Assistance	2,864
Liquor License	2,125
Estate Tax	149,810
Local Government Assistance	<u>11,327</u>
Total General Fund	\$190,240

Special Revenue Funds:

Street Maintenance and Repair Fund:	
Gasoline Tax	\$18,709
Permissive Tax	6,195
Motor Vehicle License Tax	<u>5,160</u>
Total Street Maintenance Fund	30,064
State Highway Fund:	
Gasoline Tax	1,517
Permissive Tax	502
Motor Vehicle Tax	<u>419</u>
Total State Highway Fund	2,438
Residential Recycling Fund:	
Residential Recycling Incentive	<u>3,875</u>
Total Residential Recycling Fund	3,875
Other Special Revenue Fund:	
D.A.R.E. Grant	<u>4,519</u>
Total Other Special Revenue Fund	<u>4,519</u>
Total Special Revenue Funds	<u>40,896</u>
Total All Funds	<u>\$231,136</u>

8. PROPERTY AND EQUIPMENT

Activity for general fixed assets capitalized by the City is summarized below:

	Balances <u>12/31/98</u>	<u>Additions</u>	<u>Disposals</u>	Balances <u>12/31/99</u>
Land	\$ 1,964,637			\$ 1,964,637
Buildings	11,385,179	\$ 189,394		11,574,573
Land Improvements	1,137,704	36,940		1,174,644
Machinery and Equipment	1,976,398	206,947	\$(11,889)	2,171,456
Furniture and Fixtures	214,116	21,906		236,022
Vehicles	1,992,579	181,655		2,174,234
Construction in Progress		<u>3,376,898</u>		<u>3,376,898</u>
Fixed Assets at Cost	<u>18,670,613</u>	<u>4,013,740</u>	<u>(11,889)</u>	<u>22,672,464</u>
Less:				
Accumulated Depreciation	<u>(4,912,408)</u>	<u>(674,558)</u>	<u>10,954</u>	<u>(5,576,012)</u>
Net Fixed Assets	<u>\$13,758,205</u>	<u>\$ 3,339,182</u>	<u>\$ (935)</u>	<u>\$17,096,452</u>

9. DEFINED BENEFIT PENSION PLANS

Public Employees Retirement System

Substantially all City employees, other than full-time fire and police personnel, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan operated by the State of Ohio. All employees are required to be members of PERS. PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1 (800) 222-PERS (7377).

Pension Contributions – The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates for the year ended December 31, 1999 were 8.5%. The 1999 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 City of Springdale's contribution to PERS for the years ended December 31, 1999, 1998 and 1997 were \$368,084, \$347,077, and \$335,278, respectively, equal to the required contributions for each year. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records.

Pension Benefits - 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. Benefits fully vest upon reaching 5 years of service and are established by state statute. Participants may retire at any age with 30 years of service, at or after age 60 with 5 years of credited service, and at age 55 with a minimum of 25 years of service. Those individuals retiring with less than 30 years of service or less than age 65 receive reduced retirement benefits. Upon retirement, participants are entitled to a retirement benefit, payable monthly for life, equal to 2.1% of their final average salary for each year of credited service up to 30 years. Members are entitled to 2.5% of their final average salary for each year of service in excess of 30 years. Final average salary is calculated as the participant's average salary over the highest three years of earnings.

Other Postemployment Benefits - In addition to the pension benefit obligation described above, PERS also 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 post retirement health care. The 1999 employer contribution rate for local government employer units was 13.55% of covered payroll; 4.2% was the portion that was used to fund health care for the year 1999. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to PERS.

OPEB is financed through employer contributions and investment 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 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit

recipients eligible for OPEB at December 31, 1998 was 118,062.

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

Ohio Police and Firemen's Disability Pension Fund

The City of Springdale contributes to the Ohio Police and Firemen's Disability and Pension Fund (PFDPF); a cost-sharing multiple-employer defined benefit pension plan for the benefit of all full-time fire and police personnel. 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.

Pension Contributions – Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City of Springdale's contributions to PFDPF for the years ending December 31, 1999, 1998, and 1997 were \$578,201, \$540,076, and \$530,374, respectively, equal to the required contributions for each year.

Pension Benefits – Participants become vested in certain benefits after fifteen years of service and become vested in full normal retirement benefits after twenty-five years of service. Participants are eligible for normal retirement benefits at age forty-eight with twenty-five years of service credit or at age sixty-two with fifteen years of service credit. The normal retirement benefit is equal to 2.5% of annual earnings for each of the first twenty years of service, 2% for each of the next five years of service, and 1.5% for each year of service thereafter. However, this normal retirement benefit is not to exceed 72% of the participant's average annual salary for the three years during which the total earnings were greatest. Participants with fifteen years of service may retire with reduced benefits at the later of age forty-eight or twenty-five years from their full-time hire date. The reduced benefit is equal to 1.5% of the average annual salary multiplied by the number of complete years of service.

Other Postemployment Benefits - The PFDPF System of Ohio provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a two-thirds basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate (identified above). The Ohio Revised Code provides the statutory authority allowing the Fund's Board of Trustees to provide health care coverage to all eligible individuals.

The portion of the 1999 employer contribution rate (identified above) which was used to fund health care benefits was 35.9% of employer's contributions for police and 29.2% of employers contribution's for firefighters which amounted to \$117,474 and \$73,285 respectively.

Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 6.5% and 7.0% of covered payroll in 1998 and 1999, respectively. The allocation is 7.25% in 2000. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1998, the date of the last actuarial valuation available, are 11,424 for police and 9,186 for firefighters. The fund's total health care expense for the year ending December 31, 1998, the date of the last actuarial valuation available, was \$78,596,790 which was net of member contributions of \$5,331,515.

10. OTHER EMPLOYEE BENEFITS

Deferred Compensation Plan

City employees may participate in the Ohio Public Employees Deferred Compensation Plan ("Plan") created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary, payroll deduction basis. Under this Plan, employees can defer up to 25% of their annual compensation not to exceed \$7,500 until a future time (usually after retirement). The deferred amounts as well as any income earned related to the deferral are not subject to federal or state income tax until actually received by the employee. The Plan permits deferral of compensation until future years. According to the Plan, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The Plan agreement states that the City and the Plan have no liability for losses under the Plan with the exception of fraud or wrongful taking.

The Deferred Compensation Plan assets are placed in trust for the sole benefit of employees or other beneficiaries. In accordance with GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code, Section 457, Deferred Compensation Plans, these amounts are not reflected on the City's financial statements.

Compensated Absences

Accumulated Unpaid Vacation Leave - City employees earn vacation leave at varying rates based upon length of service. Vacation leave earned in one year must be used in the same year. Employees are compensated at year-end for any unused vacation. No obligation exists at December 31, 1999 for unpaid vacation leave.

Accumulated Unpaid Sick Leave - City employees earn sick leave at the rate of ten hours per month, provided that in each month, one hundred hours were worked. Sick leave may be accumulated up 1,600 hours. In the case of death or retirement, an employee (or the employee's estate) is paid for one-third of the accumulated sick leave hours. In accordance with GASB 16, a liability for sick leave is accrued if it is probable that the City will compensate the employee for the benefits through cash payments conditioned on the employees' retirement. For purposes of this accrual the City considers it probable that compensation in the form of cash payments will be made to all employees who are currently within five years of their eligible retirement date. The total obligation for sick leave was \$257,616 at December 31, 1999.

Compensatory Time - All non-exempt employees not covered by a collective bargaining agreement, may accrue compensatory time for hours worked in excess of eight hours in a day or forty hours in a week. Compensatory hours will be compensated at a rate of one and one-half times the employees regular pay rate. The maximum amount of compensatory time that may be accumulated is sixty-eight hours. The total obligation for compensatory time was \$49,434 at December 31, 1999.

11. LONG-TERM OBLIGATIONS

As of December 31, 1999, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$38,764,020 with the vote of the electors and \$13,567,407 without the vote of the electors.

A summary of the activity in General Long-Term Obligations Account Group for the year ended December 31, 1999 is as follows:

	<u>Balances</u> <u>12/31/98</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Balances</u> <u>12/31/99</u>
Compensated Absences	\$290,294	\$(6,121)	\$284,173
Claims and Judgments	21,739	(2,170)	19,569
	<u>\$312,033</u>	<u>\$(8,291)</u>	<u>\$303,742</u>

Claims and judgments represent amounts incurred for health claims but not yet reported to or paid by the City. These claims will be paid from the General Fund.

12. SPECIAL ASSESSMENT NOTES PAYABLE

The City issued \$2,000,000 Street Improvement Bond Anticipation Notes dated September 17, 1999. The notes mature September 14, 2000 and bear interest at the rate of 3.80%. The notes are issued in anticipation of the issuance of general obligation bonds which bonds, unless paid from other sources, will be payable from an ad valorem tax to be levied upon all the taxable property in the City. The amount received from the sale of bonds anticipated by these notes is pledged for the retirement of the note at maturity. The liability at December 31, 1999 for the Special Assessment Notes Payable is \$2,000,000.

13. BOND ANTICIPATION NOTES PAYABLE

The City issued \$7,000,000 Recreation Facility Improvement Bond Anticipation Notes dated September 23, 1999. The notes mature September 22, 2000 and bear interest at the rate of 4.05%. The notes are issued in anticipation of the issuance of a like principal amount of bonds for the purpose of paying the cost of constructing, furnishing and equipping additions and renovations to Municipal Recreation Facility in the City, and paying related costs, under authority of the general laws of the State of Ohio and the Uniform Public Securities Law of the Ohio Revised Code, and by virtue of ordinances duly adopted by the Council of the City on August 25, 1999. The liability at December 31, 1999 for the Bond Anticipation Notes Payable is \$7,000,000.

14. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters and has established a risk management strategy that attempts to minimize losses and the carrying cost of insurance. Effective June 1, 1991, the City joined Miami Valley Risk Management Association (MVRMA), a property and casualty pooling arrangement (Note 15). MVRMA's deductible is \$2,500 per community per occurrence. MVRMA retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by excess reinsurance contracts. MVRMA's per-occurrence retention limit for property was \$250,000 in 1999 with the exception of boiler and machinery for which there was a \$5,000 per-occurrence retention limit in 1999. Liability had a per-occurrence retention limit of \$500,000 in 1999. There is no aggregate stop loss policy in effect for the accident period 1998, rather MVRMA is aggregating premiums previously paid for such coverage into an accumulating fund to be used at the discretion of the MVRMA Board. In 1998, liability excess coverage for \$10,000,000 excess of \$1,000,000 was obtained as a joint purchase with other pools through the National Public Entity Excess Program and this program continued for 1999.

The City pays the state Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

In May of 1994 the City began managing the hospital/medical and dental benefits for its employees on a self-insured basis. At December 31, 1999, 112 employees were enrolled in the plan which covers approximately 350 lives. The City accounts for and finances this activity in the General Fund. The hospital/medical plan operates on a cost-sharing basis with the maximum annual employee cost being \$500 for a single employee and \$1,000 for a covered family. A prescription drug card program is also part of this self-insurance plan requiring a nominal co-pay by the employee for prescription drugs. The City provides a dental plan with coverage ranging from 50 percent to 100 percent depending on the type of dental work done. There is a monthly "premium" charge for employees enrolled in the dental plan. A third party administrator reviews all claims which are then paid by the City. The City is responsible for up to \$25,000 per employee (specific limit) and \$1,000,000 lifetime medical coverage. Upon exceeding the \$25,000 limit, the City's stop loss coverage will apply. The City records a liability for incurred but not reported claims (IBNR) in accordance with GASB Statement No. 10. Portions of the IBNR liability are recorded in the General Long-Term Obligations Account Group and in the General Fund. The total IBNR liability at December 31, 1999 was \$42,000.

15. JOINT VENTURES

The cities of Beavercreek, Blue Ash, Kettering, Madeira, Mason, Miamisburg, Montgomery, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington, and Wyoming, Ohio and the City of the Village of Indian Hill, Ohio have entered a joint venture for the purpose of providing various types of insurance coverage. This association is organized as an Ohio not-for-profit corporation operating under the name of Miami Valley Risk Management Association (MVRMA). The association exists for the public purpose of enabling its member political subdivisions to obtain insurance coverage, provide methods for paying claims, and provide a formalized, jointly administered self-insurance pool. In addition to the self-insurance pool, the Association provides risk management services, loss prevention programs, and various other educational materials.

MVRMA was incorporated December 1, 1988 under Section 2744.081 of the Ohio Revised Code and is governed by a fifteen-member Board of Trustees, consisting of a trustee appointed by each of the member cities with each trustee having a single vote. The Board of Trustees elects the officers of the

corporation, and is responsible for its own financial matters including budgeting. The City exercises no significant influence over the Board of Trustees and there is no liability on the part of the City for MVRMA's fiscal matters. MVRMA issues a stand-alone Comprehensive Annual Financial Report. Interested parties may obtain a copy by making a written request to 1450 E. David Road, Suite 1B, Kettering, OH 45429 or by calling (513) 438-8878.

MVRMA retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by excess reinsurance contracts. During 1998, MVRMA's per-occurrence retention limit for property was \$250,000, with the exception of boiler and machinery for which there was a \$5,000 per-occurrence retention limit.

MVRMA maintains excess reinsurance contracts with insurance carriers who provide various limits of coverage over MVRMA's self-insured retention limits. For the year ended December 31, 1998, MVRMA purchased the following types of reinsurance in excess of its self-insurance retention presented in the previous paragraph:

<u>Excess Reinsurance</u>	<u>Per-Occurrence Limits</u>
?? General Liability (including law enforcement)	\$ 10,500,000
?? Automobile Liability	10,500,000
?? Public Officials Liability	500,000
?? Boiler and Machinery	40,000,000
?? Property (excluding flood and earthquake)	458,024,465
?? Property - flood and earthquake	100,000,000

MVRMA has established a Shock Loss Fund (SLF) to replace the aggregate stop-loss policy. MVRMA members will contribute based on a moving target equal to the annual loss fund. MVRMA members will annually fund approximately 15% of the moving target with an expectation that within six years the balance of the SLF would be equivalent to the current year's annual loss fund. Once the fund reaches the total of the current year's annual loss fund, additional deposits from members who had contributed for the entire six-year period would be discontinued until such time as the balance falls below the target amount.

During 1998, MVRMA purchased an umbrella policy which covered any loss, excluding property, in excess of the per-occurrence retention limit up to \$10,000,000 per occurrence and in aggregate.

As of December 31, 1998, the pool contribution factors are: Beaver Creek 7.43%, Blue Ash 6.38%, Indian Hill 3.47%, Kettering 18.11%, Madeira 2.32%, Mason 1.38%, Miamisburg 12.31%, Montgomery 3.24%, Sidney 10.80%, Springdale 6.78%, Tipp City 1.90%, Troy 7.64%, Vandalia 5.54%, West Carrollton 5.93%, Wilmington 4.03%, and Wyoming 2.75%. There was no joint venture debt at December 31, 1998. MVRMA was created to enable its members to share risk, and it is reasonably possible that MVRMA, Inc. may make additional assessments to the City.

A Summary of audited financial information as of December 31, 1998, is presented below:

	Joint Venture	City's Share (6.78%)
Total Assets	<u>\$4,341,490</u>	<u>\$294,353</u>
Total Liabilities	\$1,675,210	\$113,579
Fund Equity	<u>2,666,280</u>	<u>180,774</u>
Total Liabilities and Fund Equity	<u>\$4,341,490</u>	<u>\$294,353</u>
Total Operating Revenues	\$2,470,767	\$167,518
Total Operating Expenditures	<u>1,817,516</u>	<u>123,227</u>
Excess of Revenues Over Expenditures	\$ 653,251	\$44,291
Beginning Fund Balance	<u>2,013,029</u>	<u>136,483</u>
Ending Fund Balance	<u>\$2,666,280</u>	<u>\$180,774</u>

15. CONTINGENT LIABILITIES

The City's attorney is of the opinion that ultimate disposition of actual or potential claims against the City and other actual or potential legal proceedings will not materially affect the financial condition of the City. Therefore, the General Fund and the General Long-Term Obligation Account Group do not present estimated claims.

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Report on Compliance and on Internal Control
over Financial Reporting Based on an
Audit of General Purpose Financial Statements
Performed in Accordance with Government Auditing Standards

Honorable Mayor and City Council
City of Springdale, Ohio

We have audited the general purpose financial statements of City of Springdale, Ohio as of and for the year ended December 31, 1999, and have issued our report thereon dated June 12, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Springdale, 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 Springdale, Ohio in a separate letter dated June 12, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Springdale, Ohio's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of City of Springdale, Ohio in a separate letter dated June 12, 2000.

This report is intended solely for the information of the City Council and management and is not intended to be and should not be used by anyone other than those specified parties.

Berge & Company LTD

June 12, 2000



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

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CITY OF SPRINGDALE

HAMILTON 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: JULY 18, 2000