



**CITY OF WADSWORTH  
MEDINA COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**CITY OF WADSWORTH  
MEDINA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Balance Sheet	
All Fund Types and Account Groups .....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances	
All Governmental Fund Types .....	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis)	
All Governmental Fund Types .....	8
Combined Statement of Revenues, Expenses and Changes in Fund Equity	
All Proprietary Funds .....	12
Combined Statement of Cash Flows	
All Proprietary Fund Types .....	13
Notes to the General Purpose Financial Statements .....	15
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	53
Schedule of Findings .....	55

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

City of Wadsworth  
Medina County  
120 Maple Street  
Wadsworth, Ohio 44281

To the Mayor and City Council Members:

We have audited the accompanying general purpose financial statements of the City of Wadsworth, Medina County, (the City) 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's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City 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 our report dated October 20, 2000 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

October 20, 2000

**This page intentionally left blank.**

**This page intentionally left blank.**

**City of Wadsworth, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 December 31, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$2,111,412	\$3,929,237	\$586,098	\$1,772,361
Cash and Cash Equivalents in Segregated Accounts	4,998	0	0	0
Cash with Fiscal and Escrow Agents	0	0	785	0
Receivables:				
Taxes	692,144	1,464,949	0	255,742
Accounts	33,779	128,881	0	13,440
Interfund	81,690	0	0	0
Special Assessments	0	0	1,222,187	0
Accrued Interest	73,031	0	0	0
Intergovernmental	112,838	106,949	0	77,487
Materials and Supplies Inventory	0	69,776	0	0
Notes Receivable	0	48,412	0	0
Prepaid Items	26,165	8,629	0	0
Restricted Assets:				
Equity in Pooled Cash	0	0	0	0
Advances to Other Funds	403,265	1,115,474	0	0
Investment in Joint Venture	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits</u>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount Available in Debt Service Fund for Retirement of Special Assessment Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Amount to be Provided from Special Assessments	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$3,539,322</b>	<b>\$6,872,307</b>	<b>\$1,809,070</b>	<b>\$2,119,030</b>
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$186,776	\$130,867	\$500	\$319,184
Interfund Payable	0	0	0	81,690
Accrued Wages and Benefits	85,215	43,006	0	0
Compensated Absences Payable	9,552	912	0	0
Retainage Payable	0	0	0	0
Intergovernmental Payables	159,687	76,316	0	729
Deferred Revenue	692,144	644,367	1,222,187	255,742
Undistributed Monies	0	0	0	0
Matured Interest Payable	0	0	785	0
Accrued Interest Payable	0	1,651	0	6,077
Notes Payable	0	0	0	0
Claims and Judgments Payable	0	0	0	0
Payable from Restricted Assets:				
Refundable Deposits	0	0	0	0
Advances from Other Funds	0	105,625	0	244,900
Police and Fire Past Service Cost	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Special Assessment Debt with Governmental Commitment	0	0	0	0
<b>Total Liabilities</b>	<b>1,133,374</b>	<b>1,002,744</b>	<b>1,223,472</b>	<b>908,322</b>
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	220,694	161,842	0	45,216
Reserved for Inventory	0	69,776	0	0
Reserved for Prepaid Items	26,165	8,629	0	0
Reserved for Debt Service	0	0	585,598	0
Reserved for Advances	403,265	1,115,474	0	0
Unreserved:				
Undesignated	1,755,824	4,513,842	0	1,165,492
<b>Total Fund Equity and Other Credits</b>	<b>2,405,948</b>	<b>5,869,563</b>	<b>585,598</b>	<b>1,210,708</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$3,539,322</b>	<b>\$6,872,307</b>	<b>\$1,809,070</b>	<b>\$2,119,030</b>

See accompanying notes to the general purpose financial statements



Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)
\$4,523,103	\$206,119	\$94,075	\$0	\$0	\$13,222,405
0	0	697,839	0	0	702,837
34,762	0	0	0	0	35,547
0	0	0	0	0	2,412,835
3,239,826	1,775	0	0	0	3,417,701
0	0	0	0	0	81,690
0	0	0	0	0	1,222,187
0	0	0	0	0	73,031
82,755	0	0	0	0	380,029
1,989,817	29,738	0	0	0	2,089,331
0	0	0	0	0	48,412
25,682	0	0	0	0	60,476
0	0	189,059	0	0	189,059
2,802,580	0	36,728	0	0	4,358,047
251,887	0	0	0	0	251,887
34,240,701	258,575	0	14,580,935	0	49,080,211
0	0	0	0	5,104	5,104
0	0	0	0	580,494	580,494
0	0	0	0	4,073,765	4,073,765
0	0	0	0	262,424	262,424
<u>\$47,191,113</u>	<u>\$496,207</u>	<u>\$1,017,701</u>	<u>\$14,580,935</u>	<u>\$4,921,787</u>	<u>\$82,547,472</u>
\$1,554,337	\$26,490	\$0	\$0	\$0	\$2,218,154
0	0	0	0	0	81,690
129,572	0	0	0	0	257,793
858,977	0	0	0	926,117	1,795,558
0	0	670,518	0	0	670,518
1,517,620	0	0	0	16,162	1,770,514
0	0	0	0	0	2,814,440
0	0	158,124	0	0	158,124
34,762	0	0	0	0	35,547
253,129	0	0	0	0	260,857
7,665,000	0	0	0	0	7,665,000
0	177,998	0	0	0	177,998
0	0	189,059	0	0	189,059
3,241,315	0	0	0	766,207	4,358,047
0	0	0	0	106,301	106,301
665,000	0	0	0	3,035,000	3,700,000
0	0	0	0	72,000	72,000
<u>15,919,712</u>	<u>204,488</u>	<u>1,017,701</u>	<u>0</u>	<u>4,921,787</u>	<u>26,331,600</u>
0	0	0	14,580,935	0	14,580,935
4,118,464	0	0	0	0	4,118,464
27,152,937	291,719	0	0	0	27,444,656
0	0	0	0	0	427,752
0	0	0	0	0	69,776
0	0	0	0	0	34,794
0	0	0	0	0	585,598
0	0	0	0	0	1,518,739
0	0	0	0	0	7,435,158
<u>31,271,401</u>	<u>291,719</u>	<u>0</u>	<u>14,580,935</u>	<u>0</u>	<u>56,215,872</u>
<u>\$47,191,113</u>	<u>\$496,207</u>	<u>\$1,017,701</u>	<u>\$14,580,935</u>	<u>\$4,921,787</u>	<u>\$82,547,472</u>

**City of Wadsworth, Ohio**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**All Governmental Fund Types**  
**For the Year December 31, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues:</b>				
Municipal Income Tax	\$0	\$4,955,134	\$0	\$0
Property and Other Taxes	574,784	622,116	0	317,951
Charges for Services	63,988	492,595	0	0
Licenses and Permits	68,060	108,387	0	122,370
Fines and Forfeitures	261,164	177,774	0	0
Intergovernmental	1,689,604	855,241	0	218,483
Special Assessments	0	0	141,207	84,733
Investment Income	113,412	94,348	22,662	0
Other	38,589	151,029	0	58,358
<b>Total Revenues</b>	<b>2,809,601</b>	<b>7,456,624</b>	<b>163,869</b>	<b>801,895</b>
<b>Expenditures:</b>				
Current:				
General Government	1,308,504	217,812	2,617	4,440
Security of Persons and Property	2,857,635	741,336	0	0
Public Health and Welfare	50,682	0	0	0
Transportation	0	1,273,182	0	0
Community Environment	155,414	0	0	63,566
Leisure Time Activities	519,409	740,812	0	0
Other	0	20	0	0
Capital Outlay	291,466	244,163	0	983,804
Debt Service:				
Principal Retirement	0	0	80,330	235,000
Interest and Fiscal Charges	0	6,764	59,339	164,327
<b>Total Expenditures</b>	<b>5,183,110</b>	<b>3,224,089</b>	<b>142,286</b>	<b>1,451,137</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,373,509)	4,232,535	21,583	(649,242)
<b>Other Financing Sources (Uses):</b>				
Proceeds of Bonds	0	0	0	154,055
Sale of Fixed Assets	126	0	0	0
Operating Transfers - In	2,732,350	1,221,356	0	769,265
Operating Transfers - Out	(28,740)	(4,393,616)	0	(65,775)
<b>Total Other Financing Sources (Uses)</b>	<b>2,703,736</b>	<b>(3,172,260)</b>	<b>0</b>	<b>857,545</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	330,227	1,060,275	21,583	208,303
Fund Balances at Beginning of Year (Restated)	2,075,721	4,841,714	564,015	1,002,405
(Decrease) in Reserve for Inventory	0	(32,426)	0	0
<b>Fund Balances at End of Year</b>	<b>\$2,405,948</b>	<b>\$5,869,563</b>	<b>\$585,598</b>	<b>\$1,210,708</b>

See accompanying notes to the general purpose financial statements

---

Totals  
(Memorandum Only)

\$4,955,134  
1,514,851  
556,583  
298,817  
438,938  
2,763,328  
225,940  
230,422  
247,976

---

11,231,989

1,533,373  
3,598,971  
50,682  
1,273,182  
218,980  
1,260,221  
20  
1,519,433

315,330  
230,430

---

10,000,622

---

1,231,367

154,055  
126  
4,722,971  
(4,488,131)

---

389,021

1,620,388

8,483,855

---

(32,426)

---

\$10,071,817

**City of Wadsworth, Ohio**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 1999**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Municipal Income Tax	\$0	\$0	\$0
Property and Other Taxes	652,100	657,544	5,444
Charges for Services	31,930	67,553	35,623
Licenses and Permits	57,200	59,814	2,614
Fines and Forfeitures	209,000	270,673	61,673
Intergovernmental	1,062,365	1,573,769	511,404
Special Assessments	0	0	0
Investment Income	110,000	110,394	394
Other	2,000	1,640	(360)
Total Revenues	<u>2,124,595</u>	<u>2,741,387</u>	<u>616,792</u>
<u>Expenditures:</u>			
Current:			
General Government	1,568,792	1,457,329	111,463
Security of Persons and Property	3,087,931	2,931,856	156,075
Public Health and Welfare	53,077	51,920	1,157
Transportation	0	0	0
Community Environment	205,766	180,539	25,227
Leisure Time Activities	573,914	532,270	41,644
Other	0	0	0
Capital Outlay	309,506	290,373	19,133
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>5,798,986</u>	<u>5,444,287</u>	<u>354,699</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,674,391)</u>	<u>(2,702,900)</u>	<u>971,491</u>
<u>Other Financing Sources (Uses):</u>			
Other Financing Sources	83,450	87,058	3,608
Other Financing Uses	(6,024)	(3,348)	2,676
Proceeds of Bonds	0	0	0
Proceeds of Notes	0	0	0
Sale of Fixed Assets	0	126	126
Advances - In	177,000	177,000	0
Advances - Out	(79,190)	(81,690)	(2,500)
Operating Transfers - In	2,735,000	2,732,350	(2,650)
Operating Transfers - Out	(30,540)	(28,740)	1,800
Total Other Financing Sources (Uses)	<u>2,879,696</u>	<u>2,882,756</u>	<u>3,060</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>(794,695)</u>	<u>179,856</u>	<u>974,551</u>
Fund Balances at Beginning of Year	1,789,318	1,789,318	0
Prior Year Encumbrances Appropriated	<u>214,652</u>	<u>214,652</u>	<u>0</u>
Fund Balances at End of Year	<u>\$1,209,275</u>	<u>\$2,183,826</u>	<u>\$974,551</u>

See accompanying notes to the general purpose financial statements

Governmental Fund Types					
Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$4,680,000	\$4,971,138	\$291,138	\$0	\$0	\$0
664,000	698,522	34,522	0	0	0
380,750	485,611	104,861	0	0	0
62,500	108,362	45,862	0	0	0
131,500	187,103	55,603	0	0	0
739,650	789,886	50,236	0	0	0
0	0	0	140,000	141,207	1,207
96,675	97,610	935	28,000	23,445	(4,555)
73,753	100,128	26,375	0	0	0
<u>6,828,828</u>	<u>7,438,360</u>	<u>609,532</u>	<u>168,000</u>	<u>164,652</u>	<u>(3,348)</u>
157,218	149,092	8,126	4,500	2,617	1,883
845,325	735,418	109,907	0	0	0
0	0	0	0	0	0
1,497,118	1,382,896	114,222	0	0	0
5,250	0	5,250	0	0	0
855,803	767,897	87,906	0	0	0
20,200	20	20,180	0	0	0
309,447	262,485	46,962	0	0	0
124,375	124,375	0	80,330	80,330	0
7,260	7,260	0	59,039	58,839	200
<u>3,821,996</u>	<u>3,429,443</u>	<u>392,553</u>	<u>143,869</u>	<u>141,786</u>	<u>2,083</u>
<u>3,006,832</u>	<u>4,008,917</u>	<u>1,002,085</u>	<u>24,131</u>	<u>22,866</u>	<u>(1,265)</u>
4,000	6,744	2,744	0	0	0
(67,854)	(67,547)	307	0	0	0
0	0	0	0	0	0
105,625	105,625	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,224,006	1,221,356	(2,650)	0	0	0
(4,409,441)	(4,393,616)	15,825	0	0	0
<u>(3,143,664)</u>	<u>(3,127,438)</u>	<u>16,226</u>	<u>0</u>	<u>0</u>	<u>0</u>
(136,832)	881,479	1,018,311	24,131	22,866	(1,265)
3,751,324	3,751,324	0	565,597	565,597	0
189,371	189,371	0	0	0	0
<u>\$3,803,863</u>	<u>\$4,822,174</u>	<u>\$1,018,311</u>	<u>\$589,728</u>	<u>\$588,463</u>	<u>(\$1,265)</u>

(continued)

**City of Wadsworth, Ohio**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 1999**

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Municipal Income Tax	\$0	\$0	\$0
Property and Other Taxes	343,980	356,083	12,103
Charges for Services	0	0	0
Licenses and Permits	129,400	122,370	(7,030)
Fines and Forfeitures	0	0	0
Intergovernmental	320,350	188,796	(131,554)
Special Assessments	102,344	84,733	(17,611)
Investment Income	0	0	0
Other	51,196	58,358	7,162
<b>Total Revenues</b>	<b>947,270</b>	<b>810,340</b>	<b>(136,930)</b>
<u>Expenditures:</u>			
Current:			
General Government	5,800	4,440	1,360
Security of Persons and Property	0	0	0
Public Health and Welfare	0	0	0
Transportation	0	0	0
Community Environment	68,437	57,163	11,274
Leisure Time Activities	0	0	0
Other	0	0	0
Capital Outlay	1,504,077	1,034,565	469,512
Debt Service:			
Principal Retirement	691,762	530,625	161,137
Interest and Fiscal Charges	177,630	165,912	11,718
<b>Total Expenditures</b>	<b>2,447,706</b>	<b>1,792,705</b>	<b>655,001</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,500,436)</u>	<u>(982,365)</u>	<u>518,071</u>
<u>Other Financing Sources (Uses):</u>			
Other Financing Sources	0	0	0
Other Financing Uses	(1,520)	(1,520)	0
Proceeds of Bonds	186,661	154,056	(32,605)
Proceeds of Notes	468,060	244,900	(223,160)
Sale of Fixed Assets	0	0	0
Advances - In	7,625	89,315	81,690
Advances - Out	(84,625)	(184,625)	(100,000)
Operating Transfers - In	777,290	769,265	(8,025)
Operating Transfers - Out	(167,587)	(65,775)	101,812
<b>Total Other Financing Sources (Uses)</b>	<b>1,185,904</b>	<b>1,005,616</b>	<b>(180,288)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(314,532)	23,251	337,783
Fund Balances at Beginning of Year	1,309,125	1,309,125	0
Prior Year Encumbrances Appropriated	108,613	108,613	0
<b>Fund Balances at End of Year</b>	<b><u>\$1,103,206</u></b>	<b><u>\$1,440,989</u></b>	<b><u>\$337,783</u></b>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$4,680,000	\$4,971,138	\$291,138
1,660,080	1,712,149	52,069
412,680	553,164	140,484
249,100	290,546	41,446
340,500	457,776	117,276
2,122,365	2,552,451	430,086
242,344	225,940	(16,404)
234,675	231,449	(3,226)
126,949	160,126	33,177
<u>10,068,693</u>	<u>11,154,739</u>	<u>1,086,046</u>
1,736,310	1,613,478	122,832
3,933,256	3,667,274	265,982
53,077	51,920	1,157
1,497,118	1,382,896	114,222
279,453	237,702	41,751
1,429,717	1,300,167	129,550
20,200	20	20,180
2,123,030	1,587,423	535,607
896,467	735,330	161,137
243,929	232,011	11,918
<u>12,212,557</u>	<u>10,808,221</u>	<u>1,404,336</u>
<u>(2,143,864)</u>	<u>346,518</u>	<u>2,490,382</u>
87,450	93,802	6,352
(75,398)	(72,415)	2,983
186,661	154,056	(32,605)
573,685	350,525	(223,160)
0	126	126
184,625	266,315	81,690
(163,815)	(266,315)	(102,500)
4,736,296	4,722,971	(13,325)
(4,607,568)	(4,488,131)	119,437
<u>921,936</u>	<u>760,934</u>	<u>(161,002)</u>
(1,221,928)	1,107,452	2,329,380
7,415,364	7,415,364	0
<u>512,636</u>	<u>512,636</u>	<u>0</u>
<u>\$6,706,072</u>	<u>\$9,035,452</u>	<u>\$2,329,380</u>

**City of Wadsworth, Ohio**  
**Combined Statement of Revenues,**  
**Expenses and Changes in Fund Equity**  
**All Proprietary Fund Types**  
**For the Year Ended December 31, 1999**

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
<b><u>Operating Revenues:</u></b>			
Charges for Services	\$23,541,847	\$1,521,341	\$25,063,188
Tap-In Fees	194,770	0	194,770
Other	100,277	0	100,277
<b>Total Operating Revenues</b>	<b>23,836,894</b>	<b>1,521,341</b>	<b>25,358,235</b>
<b><u>Operating Expenses:</u></b>			
Personal Services	5,623,765	2,900	5,626,665
Contractual Services	13,271,255	0	13,271,255
Claims and Judgments	0	1,384,445	1,384,445
Materials and Supplies	474,798	203,690	678,488
Depreciation	1,307,541	21,154	1,328,695
Capital Outlay	198,772	2,310	201,082
<b>Total Operating Expenses</b>	<b>20,876,131</b>	<b>1,614,499</b>	<b>22,490,630</b>
<b>Operating Income (Loss)</b>	<b>2,960,763</b>	<b>(93,158)</b>	<b>2,867,605</b>
<b><u>Non-Operating Revenues (Expenses):</u></b>			
Investment in Joint Venture	74,493	0	74,493
Interest Income	619,472	0	619,472
(Loss) on Disposal of Fixed Assets	(35,188)	(705)	(35,893)
Interest and Fiscal Charges	(695,988)	0	(695,988)
Other Non-Operating Revenues	30,144	0	30,144
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(7,067)</b>	<b>(705)</b>	<b>(7,772)</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>2,953,696</b>	<b>(93,863)</b>	<b>2,859,833</b>
Operating Transfers - In	252,500	0	252,500
Operating Transfers - Out	(487,340)	0	(487,340)
<b>Net Income (Loss)</b>	<b>2,718,856</b>	<b>(93,863)</b>	<b>2,624,993</b>
<b>Retained Earnings at Beginning of Year</b>	<b>24,434,081</b>	<b>385,582</b>	<b>24,819,663</b>
<b>Retained Earnings at End of Year</b>	<b>27,152,937</b>	<b>291,719</b>	<b>27,444,656</b>
<b>Contributed Capital at Beginning of Year</b>	<b>2,486,605</b>	<b>0</b>	<b>2,486,605</b>
<b>Other Contributions:</b>			
Developers	1,631,859	0	1,631,859
<b>Contributed Capital at End of Year</b>	<b>4,118,464</b>	<b>0</b>	<b>4,118,464</b>
<b>Total Fund Equity at End of Year</b>	<b>\$31,271,401</b>	<b>\$291,719</b>	<b>\$31,563,120</b>

See accompanying notes to the general purpose financial statements



**City of Wadsworth, Ohio**  
**Combining Statement of Cash Flows**  
**All Proprietary Fund Types**  
**For the Year Ended December 31, 1999**

	Enterprise	Internal Service	Totals
Increase (Decrease) in Cash and Cash Equivalents			
<u>Cash Flows from Operating Activities</u>			
Cash Received from Customers	\$23,139,868	\$1,521,824	\$24,661,692
Cash Payments to Suppliers for Goods and Services	(13,796,274)	(191,280)	(13,987,554)
Cash Payments to Employees for Services	(5,843,184)	(2,911)	(5,846,095)
Cash Payments for Claims	0	(1,342,670)	(1,342,670)
Other Operating Revenues	17,522	0	17,522
Net Cash Provided by (Used for) Operating Activities	<u>3,517,932</u>	<u>(15,037)</u>	<u>3,502,895</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Operating Transfers In	252,500	0	252,500
Operating Transfers Out	(487,340)	0	(487,340)
Advances to Other Funds	(2,802,580)	0	(2,802,580)
Advances from Other Funds	3,241,315	0	3,241,315
Advances Repaid from Other Funds	2,989,039	0	2,989,039
Repayment of Advances from Other Funds	(3,464,220)	0	(3,464,220)
Other Non-Operating Revenues	30,144	0	30,144
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(241,142)</u>	<u>0</u>	<u>(241,142)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Proceeds from Sale of Notes	3,810,000	0	3,810,000
Acquisition of Capital Assets	(4,795,347)	(25,316)	(4,820,663)
Principal Payments	(464,454)	0	(464,454)
Interest Payments	(498,192)	0	(498,192)
Net Cash (Used for) Capital and Related Financing Activities	<u>(1,947,993)</u>	<u>(25,316)</u>	<u>(1,973,309)</u>
<u>Cash Flows from Investing Activities</u>			
Interest on Investments	619,472	0	619,472
Net Cash Provided by Investing Activities	<u>619,472</u>	<u>0</u>	<u>619,472</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,948,269	(40,353)	1,907,916
Cash and Cash Equivalents at Beginning of Year	<u>2,574,834</u>	<u>246,472</u>	<u>2,821,306</u>
Cash and Cash Equivalents at End of Year	<u>\$4,523,103</u>	<u>\$206,119</u>	<u>\$4,729,222</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>			
Operating Income (Loss)	\$2,960,763	(\$93,158)	\$2,867,605
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>			
Depreciation	1,307,541	21,154	1,328,695
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(596,749)	483	(596,266)
(Increase)/Decrease in Due from Other Governments	(82,755)	0	(82,755)
(Increase)/Decrease in Prepaid Items	2,017	0	2,017
(Increase)/Decrease in Materials and Supplies Inventory	(62,323)	(2,694)	(65,017)
Increase/(Decrease) in Accounts Payable	258,822	17,403	276,225
Increase/(Decrease) in Accrued Wages and Benefits	17,945	0	17,945
Increase/(Decrease) in Compensated Absences Payable	(209,454)	0	(209,454)
Increase/(Decrease) in Intergovernmental Payables	(77,875)	0	(77,875)
Increase/(Decrease) in Claims and Judgments Payable	0	41,775	41,775
Total Adjustments	<u>557,169</u>	<u>78,121</u>	<u>635,290</u>
Net Cash Provided by Operating Activities	<u>\$3,517,932</u>	<u>(\$15,037)</u>	<u>\$3,502,895</u>

See accompanying notes to the general purpose financial statements

**This page intentionally left blank.**

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

**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION**

A. Description of the Entity

The City of Wadsworth, Ohio (the City) was incorporated in 1866 under the laws of the State of Ohio. The City operates under the Mayor-Council form of government.

For financial reporting purposes, the City's general purpose financial statements include all funds, account groups, agencies, boards, commissioners and departments for which the City is financially accountable. Financial accountability, as defined by the Governmental Accounting Standards Board (GASB)'s Statement No. 14, "The Financial Reporting Entity", exists if the City appoints a voting majority of an organization's governing board and is either 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 burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's general purpose financial statements to be misleading or incomplete.

The City provides various services and consists of many different activities and smaller accounting entities. These include police and fire-fighting forces, emergency medical services, sewage and water treatment plants, an electric utility, a cable utility, a street maintenance department, a parks and recreation system, a community access television program, a trash collection service, a municipal airport, planning and zoning, and a staff to provide the necessary support for these services. The City also includes a municipal court with a jurisdiction extending beyond the boundaries of the City. These service departments and the Wadsworth Municipal Court are included as part of the primary reporting entity.

The City is associated with the Ohio Municipal Electric Generation Agency Joint Venture 1 and 5 and the Woodlawn Cemetery, both of which are joint ventures. The City is also associated with the Municipal Energy Services Agency which is defined as a jointly governed organization. These organizations are presented in Notes 22 and 23.

B. Basis of Presentation - Fund Accounting

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

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

**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)**

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

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category is then divided into various fund types. The following are the fund types and account groups utilized by the City:

**GOVERNMENTAL FUNDS**

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, except those accounted for in proprietary and fiduciary funds, are accounted for through governmental funds. The measurement focus is based upon determination of financial position and changes in financial position. The following are the City's governmental fund types:

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

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

**Debt Service Funds** - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs and special assessment long-term debt principal, interest and related costs.

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

**PROPRIETARY FUNDS**

Proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The following are the City's proprietary fund types:

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

**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)**

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

**Internal Service Funds** - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

**FIDUCIARY FUNDS**

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following is the City's fiduciary fund:

**Agency Funds** - These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

**ACCOUNT GROUPS**

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

**General Fixed Assets Account Group** - The general fixed assets account group is used to account for all fixed assets of the City, other than those fixed assets accounted for in the proprietary funds.

**General Long-Term Obligations Account Group** - The general long-term obligations account group is used to account for all long-term obligations of the City, except those accounted for in the proprietary funds.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed in the preparation of these general purpose financial statements are summarized below. These policies conform to generally accepted accounting principles for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The City applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989 to proprietary activity provided they do not conflict with Governmental Accounting Standards Board Statements and Interpretations.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

A. Measurement Focus and Basis of Accounting

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

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

The modified accrual basis of accounting is used for reporting purposes by all governmental fund types and agency funds. Under this basis of accounting, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is considered to be 60 days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: municipal income taxes, earnings on investments, federal and state grants, and charges for current services. Major revenue sources not susceptible to accrual include licenses and permits and fines and forfeitures, which are not considered measurable until received.

The City reports deferred revenue on its Combined Balance Sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the Combined Balance Sheet and revenue is recognized. Property taxes measurable as of December 31, 1999 and delinquent property taxes, whose availability is indeterminable and which are not intended to finance the current year operations, have also been recorded as deferred revenue. Levied special assessments are measurable, and have been recorded as a receivable. Since all assessments are due outside of the available period, the entire amount has been deferred.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

Proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. Unbilled service charges receivable are recognized as revenue at year end.

**B. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources and the Annual Appropriation Measure, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Annual Appropriation Measure are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each fund, program, and department. Budgetary modifications may only be made by resolution of the City Council.

**Tax Budget:**

A budget of estimated revenue and expenditures is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

**Estimated Resources:**

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official Certificate of Estimated Resources, which states the projected revenue of each fund.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the Annual Appropriation Measure. On or about January 1, the Certificate of Estimated Resources is amended to include any unencumbered balances from the preceding year. The Certificate may be amended further during the year if it is determined by the City, and the Budget Commission agrees, that an estimate needs either to be increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official Certificate of Estimated Resources issued during 1999.

**Appropriations:**

A temporary appropriation measure to control expenditures may be passed on or around January 1 of each year for the period January 1 to March 31. The Annual Appropriation Measure must be passed by April 1 of each year for the period January 1 to December 31. Appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriations at any level of control. Any revisions that alter the appropriations among object levels within a fund, program and a department must first be approved by City Council. Council may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources.

Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. Appropriation amounts are as originally adopted, or as amended by City Council throughout the year by supplemental appropriations which either reallocate or increase the original appropriated amounts. During the year, supplemental appropriation measures were legally enacted; however, none of these amendments were significant. The budgetary figures which appear in the statement of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

**Encumbrances:**

As part of the formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the object level within each program and department. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and are reported in the notes to the general purpose financial statements for proprietary funds.



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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Lapsing of Appropriations:**

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

C. Cash, Cash Equivalents and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the Combined Balance Sheet.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as overnight repurchase agreements are reported at cost.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during the year 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 1999.

Following Ohio statutes, the City has, by ordinance, specified the funds to receive an allocation of interest earnings. The following funds received more interest earnings during the year 1999 than they would have received based on their average share of investments:

<u>Fund</u>	<u>Actual Interest Credited</u>	<u>Amount Assigned From Other City Funds</u>
Special Revenue:		
Street	\$26,098	\$ 1,885
Cable Television	38,664	35,351
Motor Vehicle Permissive Tax	9,279	2,281
State Highway	7,056	2,715
Revolving Loan	3,668	1,288
Enterprise:		
Sewer	126,625	94,796
Water	41,670	15,613
Electric	420,294	245,843
Sanitation	30,883	15,122

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The City has segregated bank accounts for monies held separate from the City's central bank accounts. These depository accounts are presented on the Combined Balance Sheet as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the City treasury.

The City utilizes a fiscal agent to hold retainage on construction contracts. The balance in this account is presented on the Combined Balance Sheet as "Cash with Fiscal and Escrow Agents" and represents deposits.

For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**D. Restricted Assets**

Restricted assets in the agency funds represent customer utility deposits set aside in separate depository accounts. A corresponding liability has been recorded on the Combined Balance Sheet as restricted refundable customer utility deposits in the agency funds.

**E. Inventory of Supplies**

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

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the payment, and an expenditure/expense is reported in the year in which services are consumed.

**G. Interfund Assets and Liabilities**

Short-term interfund loans or the short-term portion of advances are classified as "Interfund Receivables/Payables".

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Long-term interfund loans are reported as "Advances To/From Other Funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets.

H. Property, Plant, Equipment and Depreciation

**General Fixed Assets Account Group**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group at historical cost or estimated historical cost. Donated fixed assets are capitalized at estimated fair value on the date donated.

Assets in the general fixed assets account group are not depreciated.

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

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

**Proprietary Fund Fixed Assets**

Property, plant and equipment reflected in the proprietary funds are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Depreciation has been provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	25 to 50 years
Street Lighting	25 years
Substations, Metering and Transformers	25 to 40 years
Equipment	2 to 50 years
Vehicles	8 to 30 years
Underground and Overhead Construction	40 to 75 years
Fiber Optic - In Service	40 years
Cable TV - Headend Costs	40 years

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Valuation**

The City's fixed asset values were determined using original acquisition costs when such information was available. In cases when original costs were not practicably determinable, estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at estimated fair market value on the date donated.

**I. Compensated Absences**

Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences", specifies the methods used to accrue liabilities for leave benefits. Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

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

**J. Intergovernmental Revenues**

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**K. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available resources. In general, payments made more than sixty days after year end are considered not to have been made with current available financial resources. Bonds, special assessment debt, long-term past service costs and long-term advances are reported as a liability of the general long-term obligations account group until due.

Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

**L. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to enterprise funds that are not subject to repayment. These private sources are recorded at their fair market value on the date contributed. Tap-in fees are recorded as contributed capital to the extent they exceed the actual costs of the connection to the waste water system. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

**M. Reserves of Fund Equity**

The City records reservations for portions of fund balances which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for appropriations for expenditures. Undesignated fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, inventory, advances to other funds, debt service principal payments and prepaid items.

**N. Interfund Transactions**

During the course of normal operations the City makes numerous transactions between funds. The most significant include operating transfers and reimbursements.

1. Transfers of resources from one fund to another fund through which resources are to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

O. Estimates

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

P. Total Columns on General Purpose Financial Statements

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

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements, appropriations, and encumbrances.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis), All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Advances are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (continued)**

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$ 330,227	\$1,060,275	\$21,583	\$ 208,303
Net Adjustment for Revenue Accruals	195,844	94,105	783	342,661
Net Adjustment for Expenditure Accruals	(53,685)	(40,839)	500	(196,340)
Encumbrances	<u>(292,530)</u>	<u>(232,062)</u>	<u>0</u>	<u>(331,373)</u>
Budget Basis	<u>\$ 179,856</u>	<u>\$ 881,479</u>	<u>\$22,866</u>	<u>\$ 23,251</u>

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

Fund Deficits:

The following funds had deficit fund balances/retained earnings caused by the recognition of expenditures/expenses and/or nonrecognition of revenues on the modified accrual basis of accounting and the accrual basis of accounting which substantially differ from those recognized on the cash basis of accounting:

<u>Fund</u>	<u>Deficit</u>
Airport	\$16,122
Special Assessments	69,344
CHIP Grant	9,881
Industrial Site Development	3,823
Telephone Equipment	79,981
Health Insurance Retention	96,298

**NOTE 5 - DEPOSITS AND INVESTMENTS**

Deposits and investments are restricted by provisions of the Ohio Revised Code. Statutes require the classification of monies held by the City into three categories.

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

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

**NOTE 5 - DEPOSITS AND INVESTMENTS (continued)**

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

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

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

Interim monies are permitted to be deposited or invested in the following securities:

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



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

**NOTE 5 - DEPOSITS AND INVESTMENTS (continued)**

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

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

Investments in stripped 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 treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

**Deposits** - At year end, the carrying amount of the City's deposits was \$927,780 and the bank balance was \$1,177,976. Of the bank balance, \$850,196 was insured by federal depository insurance. \$327,780 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

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

**NOTE 5 - DEPOSITS AND INVESTMENTS (continued)**

	<u>1</u>	Carrying Amount	<u>2</u>	<u>3</u>	Fair Value
Overnight Repurchase Agreements	\$ 0	\$ 0	\$ 0	\$1,222,954	\$ 1,222,954
Federal Agency Securities	<u>2,275,489</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,275,489</u>
Total	<u>\$2,275,489</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,222,954</u>	3,498,443
STAR Ohio					<u>9,723,625</u>
Total Investments					<u>\$13,222,068</u>

The classification of cash and cash equivalents and investments on the combined general purpose financial statements 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 classification of cash and cash equivalents and investments on the combined general purpose financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$14,149,848	\$ 0
Investments of Cash Management Pool:		
Overnight Repurchase Agreements	(1,222,954)	1,222,954
Federal Agency Securities	(2,275,489)	2,275,489
STAR Ohio	<u>(9,723,625)</u>	<u>9,723,625</u>
GASB Statement No. 3	<u>\$ 927,780</u>	<u>\$13,222,068</u>

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, property and tangible personal property (used in business) located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semiannually. If paid annually, payment is due January 20; if paid semiannually, the first payment is due January 20, with the remainder payable June 20, unless extended.

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

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

**NOTE 6 - PROPERTY TAXES (continued)**

Public utility, real, and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31, of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 80 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected.

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

The full tax rate for all County operations for the year ended December 31, 1999, was \$5.80 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:

<u>Category</u>	<u>Total Assessed Value</u>	<u>%</u>
Real Property Valuation:		
Residential/Agriculture	\$ 219,460,350	71.32
Commercial/Industrial/Mineral	48,491,480	15.76
Public Utilities	5,600	0.00
Tangible Personal Property Valuation:		
General	34,722,190	11.28
Public Utilities	<u>5,054,180</u>	<u>1.64</u>
Total Valuation	<u>\$307,733,800</u>	<u>100.00%</u>

**NOTE 7 - INCOME TAX**

The City levies and collects an income tax of 1.3% on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit for the tax paid to another municipality to offset 1.0% of the total rate. Residents are required to remit the remaining .3% to the City's tax collection agency. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly.

Corporations and other individual taxpayers are also required to pay their estimated taxes at least quarterly and to file a final return annually.

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

**NOTE 7 - INCOME TAX (continued)**

Income taxes were collected as follows:

	<u>Amount Collected</u>	<u>% of Total</u>
1 <sup>st</sup> Quarter	\$1,172,560	24%
2 <sup>nd</sup> Quarter	1,405,260	28%
3 <sup>rd</sup> Quarter	1,130,002	23%
4 <sup>th</sup> Quarter	<u>1,263,316</u>	<u>25%</u>
Total	<u>\$4,971,138</u>	<u>100%</u>

Income tax revenues are distributed, as needed, to the various funds of the City pursuant to Council resolution. In 1999 income tax revenue was distributed to the following funds: General; Recreation; Street; Capital Improvement; and City Hall.

**NOTE 8 - NOTES RECEIVABLE**

In previous years, the City made development loans from their revolving loan fund. The amount of notes receivable at December 31, 1999 is as follows:

	<u>Balance</u> <u>01/01/99</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/99</u>
Revolving Loan Fund Rate 5%	\$58,440	\$0	\$10,028	\$48,412

**NOTE 9 - INTERGOVERNMENTAL RECEIVABLES**

Receivables at December 31, 1999, consisted of taxes, interest, special assessments, accounts (which include billed and unbilled charged services), and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are considered collectible in full. Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment.

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

**NOTE 9 - INTERGOVERNMENTAL RECEIVABLES (continued)**

A summary of the items of intergovernmental receivables follows:

<u>Fund</u>	<u>Amount</u>
General	<u>\$112,838</u>
Special Revenue	
Streets	75,733
Drug Law Enforcement	2,385
Law Enforcement Trust	12,621
Motor Vehicle Permissive Tax	14,998
State Highway	<u>1,212</u>
Total Special Revenue	<u>106,949</u>
Capital Projects	
Community Development Block Grant	<u>77,487</u>
Enterprise	
Electric	<u>82,755</u>
Grand Total	<u>\$380,029</u>

**NOTE 10 - SPECIAL ASSESSMENTS**

Special assessments include annually assessed service assessments. Service type special assessments are levied against all property owners which benefit from the provided service. Special assessments are payable by the time and in the manner stipulated in the assessing ordinance and are a lien from the date of the passage of the ordinance.

The City's special assessments include the construction, repair or improvement of streets, sidewalks, waterlines and public parking lots which are billed by the County Auditor and collected by the County Treasurer. The County Auditor periodically remits these collections to the City. Special assessments collected in one calendar year are levied and certified in the preceding calendar year.

**NOTE 11 - FIXED ASSETS**

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

	<u>Balance</u> <u>01/01/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/99</u>
Land	\$ 3,003,801	\$ 55,191	\$ 0	\$ 3,058,992
Buildings	6,175,623	0	0	6,175,623
Equipment	1,501,934	206,515	6,494	1,701,955
Vehicles	<u>3,285,652</u>	<u>392,154</u>	<u>33,441</u>	<u>3,644,365</u>
	<u>\$13,967,010</u>	<u>\$653,860</u>	<u>\$39,935</u>	<u>\$14,580,935</u>

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

**NOTE 11 - FIXED ASSETS (continued)**

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

	<u>Enterprise Funds</u>	Internal Service <u>Funds</u>	<u>Total</u>
Land	\$ 448,760	\$ 0	\$ 448,760
Buildings	6,435,269	241,400	6,676,669
Street Lighting	655,455	0	655,455
Substations	10,044,388	0	10,044,388
Metering	797,713	0	797,713
Transformers	2,009,035	0	2,009,035
Equipment	2,222,643	127,030	2,349,673
Vehicles	3,383,906	43,388	3,427,294
Underground and Overhead Construction	20,876,357	0	20,876,357
Fiber Optic – In service	1,583,026	0	1,583,026
Cable TV – Headend Costs	905,771	0	905,771
Total Cost	<u>49,362,323</u>	<u>411,818</u>	<u>49,774,141</u>
Less: Accumulated Depreciation	<u>(15,121,622)</u>	<u>(153,243)</u>	<u>(15,274,865)</u>
Net Fixed Assets	<u>\$34,240,701</u>	<u>\$258,575</u>	<u>\$34,499,276</u>

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

A. Public Employees Retirement System:

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

Plan members are required to contribute 8.5% of their annual covered salary and the City is required to contribute 13.55%. Contributions are authorized by state statute. The contribution rates are determined actuarially. The City's contributions for pension obligations to PERS for the years ended December 31, 1999, 1998 and 1997 were \$1,038,802, \$957,243 and \$890,570, respectively, equal to the required contributions for each year.

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

**NOTE 12 - DEFINED BENEFIT PENSION PLANS (continued)**

**B. Ohio Police and Fire Pension Fund:**

All City police officers are required to be members of the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by its Board of Trustees. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established and may be amended by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available stand-alone financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% for police officers and 24% for firefighters. The City's contributions for pension obligations to OP&F for the years ended December 31, 1999, 1998 and 1997 were \$250,308, \$245,322 and \$233,413, respectively, equal to the required contributions for each year.

**NOTE 13 – POST EMPLOYMENT BENEFITS**

**A. Public Employees Retirement System:**

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirants with ten or more years of qualifying Ohio service credit and primary survivor recipients or 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, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate 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 the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

OPEB are 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.

Statewide 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 statewide for OPEB at December 31, 1999 was 118,062.

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

**NOTE 13 - POST-EMPLOYMENT BENEFITS (continued)**

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

**B. Ohio Police and Fire Pension Fund:**

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 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 OP&F shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll.

The Ohio Revised Code provides the statutory authority allowing the OP&F's Board of Trustees to provide health care coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you-go basis. 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 statewide to receive health care benefits as of December 31, 1998, the date of the last actuarial valuation available, was 11,424 for police officers and 9,186 for firefighters. The City's contribution to pay post employment benefits was \$89,860 during 1999. OP&F's total health care expense for the year ended 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.

**NOTE 14 - OTHER EMPLOYER BENEFITS - COMPENSATED ABSENCES**

City employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has acquired at least one year of service with the City. Accumulated, unused sick leave is paid to a retiring employee up to a maximum of one hundred sixty days. As of December 31, 1999, the City's liability for compensated absences was \$1,795,558.



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

**NOTE 15 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft, damage to or destruction of assets; errors and omissions; employee injuries, and natural disasters. By maintaining comprehensive insurance coverage with private carriers, the City has addressed these various types of risk.

The City has elected to provide employee medical, prescription and dental benefits through a self-insurance program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risk of loss in this program. This plan provides a medical plan with a \$200 family and \$100 single deductible. A third party administrator, CoreSource, located in Westerville, Ohio, reviews all claims which are then paid by the City. The City purchased stop-loss coverage of \$50,000 per employee and \$1,086,322 in the aggregate. The City pays into the self-insurance internal service fund, \$6,885 family coverage per year for full-time employees. Individual coverage costs \$2,975 per year for full-time employees. The premium is paid by the fund that pays the salary for the employee. Dental coverage is also provided on a self-insured basis through CoreSource. Premiums for this coverage are included in the premiums listed above for family and single coverage.

The City also provides prescription drug insurance to its employees through a self-insured program. The plan pays the cost of prescriptions with the employee paying a \$2.00 co-payment per prescription. The third party administrator, Paid Prescriptions, reviews the claims, which are then paid by the City. The premium for this coverage is included in the medical plan premium amounts stated above.

The claims liability of \$177,998 reported in the self-insurance internal service fund at December 31, 1999 is based on the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Services" which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the City's third party administrator. A summary of the fund's claims liability during the past two years are as follows:

	Beginning – of Fiscal Year <u>Liability</u>	Current-Year Claims and Changes in <u>Estimates</u>	<u>Claim Payments</u>	Balance at <u>Fiscal Year End</u>
1998	\$78,193	\$1,179,001	\$(1,120,971)	\$136,223
1999	136,223	1,384,445	(1,342,670)	177,998

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

**NOTE 16 - DEBT OBLIGATIONS**

Debt outstanding at December 31, 1999, consisted of the following issues:

	<u>Balance</u> <u>01/01/99</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/99</u>
<u>ENTERPRISE FUNDS</u>				
Water Treatment Plant General Obligation Bonds 8.875%, Due through 2003	\$ <u>805,000</u>	\$ <u>0</u>	\$( <u>140,000</u> )	\$ <u>665,000</u>
Total Enterprise Debt	<u>805,000</u>	<u>0</u>	<u>(140,000)</u>	<u>665,000</u>
<u>GENERAL LONG-TERM</u> <u>OBLIGATIONS ACCOUNT</u> <u>GROUP</u>				
City Hall Construction General Obligation Bonds 8.00%, Due through 2009	3,270,000	0	(235,000)	3,035,000
Downtown Sidewalk Improvement Special Assessment Bonds 9.25%, Due through 2005	84,000	0	(12,000)	72,000
Liability for Police Past Service Cost 2.36%, Due through 2034	<u>107,477</u>	<u>0</u>	<u>(1,176)</u>	<u>106,301</u>
Total General Long-Term Obligations	<u>3,461,477</u>	<u>0</u>	<u>(248,176)</u>	<u>3,213,301</u>
<b>TOTAL ENTERPRISE AND GENERAL LONG-TERM OBLIGATIONS</b>	<u><b>\$4,266,477</b></u>	<u><b>\$0</b></u>	<u><b>\$(388,176)</b></u>	<u><b>\$3,878,301</b></u>

Outstanding general obligation bonds were issued to finance water treatment plant construction and renovation and city hall construction and improvements. General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged and are payable from water service charges for the water treatment bonds and from hotel/motel taxes, City income tax monies and utility service charges for the city hall construction bonds.

Special assessment bonds are those which have been issued to fund various improvements within the City. A portion of these costs have been passed along to the property owners benefiting from the improvements. Generally, the property owners have the choice of paying their assessed portion in one sum at the inception of the project or in installments over a period of years, with interest. The City, however, remains fully liable for any debt associated with delinquent property assessments.

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

**NOTE 16 - DEBT OBLIGATIONS (continued)**

The liability for police past service costs relates to the City's liability to certain employees incurred prior to the establishment of the statewide Ohio Police and Fire Pension Fund. The City is required to make payments of approximately \$6,200 annually, which includes interest, through the year 2034. These past service costs are payable from taxes levied on all taxable property in the City.

The annual requirements to amortize all bonded debt outstanding as of December 31, 1999, including interest payments of \$148,213 for the water treatment plant general obligation bonds, \$852,960 for the city hall construction general obligation bonds and \$23,310 for the downtown sidewalk special assessment bonds, are as follows:

Year Ending December 31	Water Treatment Plant General Obligation Bonds	City Hall Construction General Obligation Bonds	Downtown Sidewalk Special Assessment Bonds	Total
2000	\$224,019	\$ 386,768	\$18,660	\$ 629,447
2001	209,375	391,478	17,550	618,403
2002	194,731	390,168	16,440	601,339
2003	185,088	388,153	15,330	588,571
2004	0	390,413	14,220	404,633
Thereafter	<u>0</u>	<u>1,940,980</u>	<u>13,110</u>	<u>1,954,090</u>
Total	<u>\$813,213</u>	<u>\$3,887,960</u>	<u>\$95,310</u>	<u>\$4,796,483</u>

The City's notes activity, including amounts outstanding and interest rates, is as follows:

	Balance <u>01/01/99</u>	<u>Additions</u>	<u>Reduction</u>	Balance <u>12/31/99</u>
1998 American Municipal Power-Ohio, Inc. 3.35%, Due through 2018	\$3,960,000	\$ 0	\$(105,000)	\$3,855,000
1999 American Municipal Power-Ohio, Inc. 3.35%, Due through 2019	<u>0</u>	<u>3,810,000</u>	<u>0</u>	<u>3,810,000</u>
Total	<u>\$3,960,000</u>	<u>\$3,810,000</u>	<u>\$(105,000)</u>	<u>\$7,665,000</u>

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

**NOTE 16 - DEBT OBLIGATIONS (continued)**

Each of the notes are backed by the full faith and credit of the City of Wadsworth through promissory notes with American Municipal Power-Ohio, Inc. (AMP-Ohio). The notes liability is reflected in the fund, the electric enterprise fund, which received the proceeds. Each of the notes are involved in 20-year loan agreement with AMP-Ohio where AMP-Ohio lends the City the proceeds. Under the terms of these agreements, the City must repay the proceeds to AMP-Ohio with interest equal to the rate on electric system improvement bond anticipation notes, or on notes issued to refund the electric system improvement bond anticipation notes, or on electric system improvement bonds to be issued by AMP-Ohio. The City entered into these agreement with AMP-Ohio because AMP-Ohio was able to obtain lower interest rates than the City and AMP-Ohio provides flexibility with the repayments of the loans, such as permitting the City to skip a principal repayment one year, if necessary, or permitting the City to make additional principal payments during a year. Because of the possibility of changing interest rates and the flexibility issue previously stated, the notes are not included in the schedule of future annual debt service requirements. The notes are payable from electric service charges.

During the year ended December 31, 1999, the following changes occurred in liabilities reported in the general long-term obligations account group:

	<u>Balance</u> <u>01/01/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/99</u>
Compensated Absences	\$ 971,878	\$ 0	\$ (45,761)	\$ 926,117
Police Past Service Cost	107,477	0	(1,176)	106,301
Advances from Other Funds	680,482	154,055	(68,330)	766,207
Special Assessment Debt	84,000	0	(12,000)	72,000
General Obligation Bonds	3,270,000	0	(235,000)	3,035,000
Intergovernmental Payable	<u>37,159</u>	<u>16,162</u>	<u>(37,159)</u>	<u>16,162</u>
Total	<u>\$5,150,996</u>	<u>\$170,217</u>	<u>\$ (399,426)</u>	<u>\$4,921,787</u>

**NOTE 17 - ADVANCES TO/FROM OTHER FUNDS**

The City routinely issues bonds and notes for specific construction and development purposes which are subsequently purchased by other funds of the City. In conformance with generally accepted accounting principles as applied to governmental units, these transactions are reported as advances to other funds in the funds purchasing the debt and as advances from other funds in those issuing the debt. Interest income and expense arising from these transactions during 1999 totaled \$282,399.

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

**NOTE 17 - ADVANCES TO/FROM OTHER FUNDS (continued)**

Following is a detail of advance activity, by debt issue, during 1999:

	<u>Balance</u> <u>01/01/99</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/99</u>
<b><u>SPECIAL REVENUE FUNDS:</u></b>				
<b><u>Recreation</u></b>				
1996 Waterslide Note Issue: 05/98, Maturity: 05/99, Rate: 6.00%	\$41,250	\$0	\$(41,250)	\$0
1996 – 1999 Waterslide Note Issue: 05/99, Maturity: 05/00, Rate: 6.00%	<u>0</u>	<u>34,375</u>	<u>0</u>	<u>34,375</u>
Total Recreation	<u>\$41,250</u>	<u>\$34,375</u>	<u>\$(41,250)</u>	<u>\$34,375</u>
<b><u>Street</u></b>				
1997 Salt Shed Note Issue: 11/98, Maturity: 11/99, Rate: 6.00%	\$83,125	\$0	\$(83,125)	\$0
1997 – 1999 Salt Shed Note Issue: 11/99, Maturity: 11/00, Rate: 5.50%	<u>0</u>	<u>71,250</u>	<u>0</u>	<u>71,250</u>
Total Street	<u>\$83,125</u>	<u>\$71,250</u>	<u>\$(83,125)</u>	<u>\$71,250</u>
<b>TOTAL SPECIAL REVENUE FUNDS</b>	<b><u>\$124,375</u></b>	<b><u>\$105,625</u></b>	<b><u>\$(124,375)</u></b>	<b><u>\$105,625</u></b>
<b><u>CAPITAL PROJECTS FUNDS:</u></b>				
<b><u>Telephone Equipment:</u></b>				
1995 Telephone Equipment Note Issue: 03/98, Maturity: 03/99, Rate: 6.00%	\$95,625	\$0	\$(95,625)	\$0
1995 – 1999 Telephone Equipment Note Issue: 03/99, Maturity: 03/00, Rate: 5.50%	<u>0</u>	<u>76,500</u>	<u>0</u>	<u>76,500</u>
Total Telephone Equipment Note	<u>\$95,625</u>	<u>\$76,500</u>	<u>\$(95,625)</u>	<u>\$76,500</u>
<b><u>Airport Improvements:</u></b>				
1985 Airport Hangar Note Issue: 09/98, Maturity: 09/99, Rate: 6.00%	\$28,500	\$0	\$(28,500)	\$0
1992 Airport Fuel Storage Tank Issue: 12/98, Maturity: 12/99, Rate: 6.00%	73,000	0	(73,000)	0

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

**NOTE 17 - ADVANCES TO/FROM OTHER FUNDS (continued)**

	<u>Balance</u> <u>01/01/99</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/99</u>
1992-1999 Airport Fuel Storage Tank Issue: 12/99, Maturity: 12/00, Rate: 5.50%	<u>0</u>	<u>51,500</u>	<u>0</u>	<u>51,500</u>
Total Airport Improvements	<u>\$101,500</u>	<u>\$51,500</u>	<u>\$(101,500)</u>	<u>\$51,500</u>
<u>Special Assessments:</u>				
1993 Durling Drive Improvements Issue: 07/98, Maturity: 07/99, Rate: 5.50%	\$55,000	\$0	\$(55,000)	\$0
1993-1999 Durling Drive Improvements Issue: 07/99, Maturity: 07/00, Rate: 5.50%	0	55,000	0	55,000
1998 Street Improvements Issue: 09/98, Maturity: 09/99, Rate: 5.50%	22,000	0	(22,000)	0
1998 College Street Sidewalk Issue: 09/98, Maturity: 09/99, Rate: 6.00%	21,500	0	(21,500)	0
1999 Street Improvements Issue: 09/99, Maturity: 09/00, Rate: 5.50%	<u>0</u>	<u>61,900</u>	<u>0</u>	<u>61,900</u>
Total Special Assessments	<u>\$98,500</u>	<u>\$116,900</u>	<u>\$(98,500)</u>	<u>\$116,900</u>
TOTAL CAPITAL PROJCTS FUNDS	<u>\$295,625</u>	<u>\$244,900</u>	<u>\$(295,625)</u>	<u>\$244,900</u>
<u>ENTERPRISE FUNDS:</u>				
<u>Electric:</u>				
1996 Electric Substation Expansion Issue: 11/98, Maturity: 11/99, Rate: 6.00%	\$377,065	\$0	\$(377,065)	\$0
1996-1999 Electric Substation Expansion Issue: 11/99, Maturity: 11/00, Rate: 5.50%	0	314,130	0	314,130
1994 Electric Service Building Issue: 12/98, Maturity: 12/99, Rate: 6.00%	323,270	0	(323,270)	0

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

**NOTE 17 - ADVANCES TO/FROM OTHER FUNDS (continued)**

	<u>Balance</u> <u>01/01/99</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/99</u>
1994-1999 Electric Service Building Issue: 12/99, Maturity: 12/00, Rate: 5.50%	0	270,555	0	270,555
1996 Headend Cable Note Issue: 07/98, Maturity: 07/99, Rate: 6.50%	679,120	0	(679,120)	0
1996-1999 Headend Cable Note Issue: 07/99, Maturity: 07/00, Rate: 5.50%	0	565,930	0	565,930
1995 Broadband Communication System Issue: 09/98, Maturity: 09/99, Rate: 6.00%	428,125	0	(428,125)	0
1995-1999 Broadband Communication System Issue: 09/99, Maturity: 09/00, Rate: 5.50%	0	342,500	0	342,500
1997 Electric Building Addition Issue: 10/98, Maturity: 10/99, Rate: 6.00%	197,130	0	(197,130)	0
1997-1999 Electric Building Addition Issue: 10/99, Maturity: 10/00, Rate: 5.50%	0	169,130	0	169,130
1997 Electric Substation Expansion Issue: 10/98, Maturity: 10/99, Rate: 6.00%	396,325	0	(396,375)	0
1997-1999 Electric Substation Expansion Issue: 10/99, Maturity: 10/00, Rate: 5.50%	0	339,750	0	339,750
1997 Broadband Communication System Issue: 10/98, Maturity: 10/99, Rate: 6.00%	437,500	0	(437,500)	0
1997-1999 Broadband Communication System Issue: 10/99, Maturity: 10/00, Rate: 5.50%	0	375,000	0	375,000
1998 Broadband Communication System Issue: 09/98, Maturity: 09/99, Rate: 5.50%	335,200	0	(335,200)	0

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

**NOTE 17 - ADVANCES TO/FROM OTHER FUNDS (continued)**

	<u>Balance</u> <u>01/01/99</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/99</u>
1998-1999 Broadband Communication System Issue: 09/99, Maturity: 09/00, Rate: 5.50%	0	293,300	0	293,300
1999 Broadband Communication System Issue: 09/99, Maturity: 09/00, Rate: 5.50%	<u>0</u>	<u>338,000</u>	<u>0</u>	<u>338,000</u>
Total Electric	<u>\$3,173,785</u>	<u>\$3,008,295</u>	<u>\$(3,173,785)</u>	<u>\$3,008,295</u>
<u>Water:</u>				
1994 Water Treatment and Supply Issue: 12/98, Maturity: 12/99, Rate: 6.00%	\$46,000	\$0	\$(46,000)	\$0
1994-1999 Water Treatment and Supply Issue: 12/99, Maturity: 12/00, Rate: 5.50%	0	36,000	0	36,000
1995 Well Field Purchase Issue: 11/98, Maturity: 11/99, Rate: 6.00%	18,510	0	(18,510)	0
1993 Akron Road Waterline Issue: 12/98, Maturity: 12/99, Rate: 6.00%	19,500	0	(19,500)	0
1993-1999 Akron Road Waterline Issue: 12/99, Maturity: 12/00, Rate: 5.50%	0	13,000	0	13,000
1997 Bird Street Tank Painting Issue: 10/98, Maturity: 10/99, Rate: 6.00%	41,125	0	(41,125)	0
1997-1999 Bird Street Tank Painting Issue: 10/99, Maturity: 10/00, Rate: 5.50%	0	35,250	0	35,250
1997 Development of Water Wells Issue: 10/98, Maturity: 10/99, Rate: 6.00%	165,300	0	(165,300)	0
1997-1999 Development of Water Well Issue: 10/99, Maturity: 10/00, Rate: 5.50%	<u>0</u>	<u>148,770</u>	<u>0</u>	<u>148,770</u>
Total Water	<u>\$290,435</u>	<u>\$233,020</u>	<u>\$(290,435)</u>	<u>\$233,020</u>
TOTAL ENTERPRISE FUNDS	<u>\$3,464,220</u>	<u>\$3,241,315</u>	<u>\$(3,464,220)</u>	<u>\$3,241,315</u>



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

**NOTE 17 - ADVANCES TO/FROM OTHER FUNDS (continued)**

	<u>Balance</u> <u>01/01/99</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/99</u>
<b>GENERAL LONG-ERM OBLIGATIONS</b>				
<b>ACCOUNT GROUP:</b>				
1987 West Street Paving Issue: 08/88, Maturity: 08/03, Rate: 7.50%	\$43,219	\$0	\$(7,441)	\$35,778
1993 Great Oaks Extension Issue: 09/94, Maturity: 09/14, Rate: 8.00%	253,642	0	(9,095)	244,547
Grandview Improvement Issue: 09/91, Maturity: 09/06, Rate: 7.00%	80,538	0	(7,850)	72,688
1992 Sidewalk Improvement Issue: 07/93, Maturity: 07/99, Rate: 7.00%	2,994	0	(2,994)	0
Reimer Road Waterline Issue: 08/84, Maturity: 08/99, Rate: 10.00%	1,611	0	(1,611)	0
Second and Wood Improvements Issue: 09/89, Maturity: 09/04, Rate: 8.00%	24,397	0	(3,326)	21,071
State Street Waterline Issue: 09/91, Maturity: 09/01, Rate: 7.00%	3,131	0	(974)	2,157
S.W. Parking Lot Issue: 05/92, Maturity: 05/02, Rate: 6.00%	18,622	0	(4,257)	14,365
Waverly Improvement Issue: 04/90, Maturity: 04/05, Rate: 8.00%	44,819	0	(5,022)	39,797
Westwood Improvement Issue: 09/90, Maturity: 09/05, Rate: 8.00%	41,344	0	(4,634)	36,710
Wilson Road Waterline Issue: 08/88, Maturity: 08/03, Rate: 7.50%	4,787	0	(824)	3,963

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

**NOTE 17 - ADVANCES TO/FROM OTHER FUNDS (continued)**

	<u>Balance</u> 01/01/99	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> 12/31/99
1993 Street Improvement Issue: 07/94, Maturity: 07/99, Rate: 7.00%	1,029	0	(1,029)	0
1994 Seville Road Sanitary Sewer Issue: 07/94, Maturity: 07/09, Rate: 7.00%	5,725	0	(363)	5,362
1993 Akron Road Sidewalk Improvement Issue: 09/94, Maturity: 09/99, Rate: 8.00%	2,007	0	(2,007)	0
Archwood Waterline Issue: 09/90, Maturity: 09/05, Rate: 8.00%	11,307	0	(1,267)	10,040
1993 Sidewalk Improvement Issue: 05/95, Maturity: 05/00, Rate: 9.50%	1,430	0	(682)	748
1994 Street Improvement Issue: 05/95, Maturity: 05/00, Rate: 9.50%	3,679	0	(1,756)	1,923
1995 Street Improvement Issue: 07/96, Maturity: 07/01, Rate: 6.00%	4,071	0	(1,279)	2,792
1996 Street Improvement Issue: 07/97, Maturity: 07/02, Rate: 6.50%	7,543	0	(1,711)	5,832
1996 Sidewalk Improvement Issue: 07/97, Maturity: 07/02, Rate: 6.50%	13,564	0	(2,787)	10,777
1997 Rittman Road Waterline Issue: 07/97, Maturity: 07/12, Rate: 6.50%	24,077	0	(546)	23,531
1997 Street Improvement Issue: 06/98, Maturity: 06/03, Rate: 6.00%	18,202	0	(3,229)	14,973
1997 Sidewalk Improvement Issue: 10/98, Maturity: 10/03, Rate: 6.00%	5,151	0	(914)	4,237
1998 Silvercrest Waterline Issue: 10/98, Maturity: 10/13, Rate: 6.00%	63,593	0	(2,732)	60,861

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

**NOTE 17 - ADVANCES TO/FROM OTHER FUNDS (continued)**

	<u>Balance</u> <u>01/01/99</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/99</u>
1999 Silvercrest Sewer Issue: 08/99, Maturity: 08/14, Rate: 6.00%	0	71,754	0	71,754
1999 Mechanic Street Issue: 08/99, Maturity: 08/09, Rate: 6.00%	0	56,382	0	56,382
1998 College Street Sidewalk Issue: 08/99, Maturity: 08/04, Rate: 6.00%	0	11,790	0	11,790
1998 Sidewalk Improvement Issue: 08/99, Maturity: 08/04, Rate: 6.00%	0	8,979	0	8,979
1998 Street Program Issue: 08/99, Maturity: 08/04, Rate: 6.00%	<u>0</u>	<u>5,150</u>	<u>0</u>	<u>5,150</u>
<b>TOTAL GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP</b>	<u>\$680,482</u>	<u>\$154,055</u>	<u>\$(68,330)</u>	<u>\$766,207</u>
<b>TOTAL ALL FUNDS AND ACCOUNT GROUPS</b>	<u>\$4,564,702</u>	<u>\$3,745,895</u>	<u>\$(3,952,550)</u>	<u>\$4,358,047</u>

Following is a summary of advances, by fund, outstanding at December 31, 1999:

<u>Fund</u>	<u>Advances to:</u>	<u>Advances from:</u>
General Fund	\$403,265	\$0
Special Revenue Funds:		
Income Tax	419,993	0
Recreation	0	34,375
Street	201,351	71,250
Motor Vehicle License	71,591	0
State Highway	54,439	0
Ambulance and EMS Division	69,802	0
Cable Television	<u>298,298</u>	<u>0</u>
Total Special Revenue Funds	<u>1,115,474</u>	<u>105,625</u>

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

**NOTE 17 - ADVANCES TO/FROM OTHER FUNDS (continued)**

<u>Fund</u>	<u>Advances to:</u>	<u>Advances from:</u>
Capital Projects Funds:		
Telephone Equipment	0	76,500
Special Assessments	0	116,900
Airport Improvements	<u>0</u>	<u>51,500</u>
Total Capital Projects Funds	<u>0</u>	<u>244,900</u>
Enterprise Funds:		
Electric	2,242,825	3,008,295
Water	321,490	233,020
Sanitation	<u>238,265</u>	<u>0</u>
Total Enterprise Funds	<u>2,802,580</u>	<u>3,241,315</u>
Agency Fund:		
W.C.O.E. IV	36,728	0
General Long-Term Obligations Account Group	<u>0</u>	<u>766,207</u>
Total	<u>\$4,358,047</u>	<u>\$4,358,047</u>

**NOTE 18 - INTERFUND TRANSACTIONS**

The account balances by fund of "Interfund Receivable" and "Interfund Payable" as of December 31, 1999 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	<u>\$81,690</u>	<u>\$ 0</u>
Capital Project Funds:		
Community Development Block Grant	0	79,000
Special Assessments	<u>0</u>	<u>2,690</u>
Total Capital Project Funds	<u>0</u>	<u>81,690</u>
Total All Funds	<u>\$81,690</u>	<u>\$81,690</u>

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

**NOTE 18 - INTERFUND TRANSACTIONS (continued)**

A summary of operating transfers by fund type follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General	Capital Projects	\$ 28,740
Special Revenue	General	2,700,000
Special Revenue	Special Revenue	1,189,006
Special Revenue	Capital Projects	504,610
Capital Projects	Capital Projects	65,775
Enterprise	General	32,350
Enterprise	Special Revenue	32,350
Enterprise	Capital Projects	170,140
Enterprise	Enterprise	<u>252,500</u>
Total		<u>\$4,975,471</u>

The operating transfers from the special revenue funds to the general fund, the special revenue funds to the special revenue funds and the special revenue funds to the capital project funds represent the distribution of \$4,068,000 of income tax collections from the income tax special revenue fund to various other funds during the year.

**NOTE 19 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The government maintains four enterprise funds which are intended to be self-supported through user fees charged for services provided to consumers. Financial information, as of and for the year ended December 31, 1999, is as follows:

	Electric	Sewer	Water	Sanitation	Totals
Operating Revenue	\$19,368,689	\$1,486,588	\$1,766,037	\$1,215,580	\$23,836,894
Operating Expenses Before Depreciation	15,805,184	1,140,549	1,373,402	1,249,455	19,568,590
Depreciation Expense	808,238	227,350	216,621	55,332	1,307,541
Net Non-Operating Revenues (Expenses)	(82,318)	66,976	(22,608)	30,883	(7,067)
Net Operating Transfers – In (Out)	(146,380)	(37,050)	(30,575)	(20,835)	(234,840)
Net Income (Loss)	2,526,569	148,615	122,831	(79,159)	2,718,856
Property, Plant and Equipment Additions	4,619,664	528,300	1,267,339	67,370	6,482,673
Net Working Capital	(2,006,620)	(774,527)	527,296	136,399	(2,117,452)
Total Assets	27,443,715	10,114,272	8,730,268	902,858	47,191,113
Long-Term Liabilities	3,008,295	0	898,020	0	3,906,315
Total Equity	14,451,207	8,550,244	7,600,100	669,850	31,271,401
Encumbrances at December 31, 1999	1,627,285	59,298	115,188	14,599	1,816,370

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

**NOTE 20 - RELATED ORGANIZATIONS**

The Wadsworth Municipal Airport Commission is a five-member committee appointed by the Mayor of the City of Wadsworth. The Commission oversees the activities of the Wadsworth Airmen's Association. The Airmen's Association operates the Wadsworth Municipal Airport under a franchise agreement it has with the City. Under this agreement, the Association pays the City \$80.00 rent per year. The Airmen's Association hires and fires its own staff and does not rely on the City to finance deficits. The City is not financially accountable for the Wadsworth Airmen's Association nor is the Association financially dependent on the City. The Wadsworth Airmen's Association serves as its own budgeting and taxing authority. The Airport and its improvements are owned by the City. As owner of the Airport, the City has issued debt and applied for grants to finance Airport improvements. The Association has agreed to pay a fuel storage charge to the City in the amount of 23 cents per gallon of fuel placed in the Airport's underground storage tanks. This assessment will continue until the cost of the tanks is paid in full. The balance due as of December 31, 1999 was \$51,500. Continued operation is a requirement of some grants used to improve the Airport. If operations as an Airport were to stop, the City would be subject to some repayment of the grants.

**NOTE 21 - JOINT VENTURES**

OMEGA JV 1 and OMEGA JV 5

The City's electric enterprise fund has entered into an ongoing joint venture agreement with other Ohio municipal electric systems to form the Ohio Municipal Electric Generation Agency Joint Venture 1 and 5 (OMEGA JV 1 and OMEGA JV 5) for the purpose of providing electric power and energy to its participants on a cooperative basis. Title to the six diesel-powered generating units in OMEGA JV 1 and title to the hydroelectric project in OMEGA JV 5 located at the existing Belleville Lock was transferred to the municipal electrical systems from American Municipal Power-Ohio, Incorporated (AMP-Ohio), a membership organization comprised of communities throughout Ohio, West Virginia and Pennsylvania that own and operate electric systems. Each participant has a contract which provides for AMP-Ohio to purchase the right to each participant's share of power and energy that is made available through the joint venture contract. The City's equity interest in JV 1 and JV 5 is reported in the City's electric enterprise fund. The City's undivided ownership of OMEGA JV1 and OMEGA JV5 is 11.24 and 5.62 percent, respectively. The City's equity interest was \$44,300 and \$134,811 for JV 1 and JV 5, respectively, at December 31, 1999. The following is a summary of unaudited financial information of OMEGA JV 1 and OMEGA JV 5 for the year ended December 31, 1999:

	<u>OMEGA JV 1</u>	<u>OMEGA JV 5</u>
Total Assets	\$462,392	\$202,889,385
Total Liabilities	68,268	200,490,609
Participants Equity	394,124	2,398,776
Total Revenues	229,480	20,684,393
Total Expenses	273,422	19,975,191
Excess (Deficiency) Income		
Over (Under) Expenses	(43,942)	709,202

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

**NOTE 21 - JOINT VENTURES** (continued)

Additional financial information can be obtained from AMP-Ohio, 2600 Airport Drive, Columbus, Ohio 43219. OMEGA JV1 and OMEGA JV5 are not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City.

Woodlawn Cemetery

The City is a participant along with Wadsworth Township in a joint venture to establish and manage the Woodlawn Cemetery. This establishment is allowable under Ohio Revised Code Section 759.27. This joint venture is considered a separate reporting entity by the City and has not been included in these general purpose financial statements. Complete financial statements for the Woodlawn Cemetery can be obtained from the Secretary-Treasurer of the Cemetery. Unaudited financial information for the Cemetery for the year ended December 31, 1999 was as follows:

Total Receipts	\$182,334
Total Disbursements	<u>158,317</u>
Excess Receipts over Disbursements	<u>\$ 24,018</u>

The Cemetery does not have any debt outstanding.

**NOTE 22 - JOINTLY GOVERNED ORGANIZATION**

Municipal Energy Services Agency (MESA)

The Municipal Energy Services Agency (MESA) is a jointly governed organization among the City and thirty other municipal electric systems. MESA was formed to provide access to a pool of personnel experienced in the planning, management, engineering, construction, safety training and other technical aspects of the operation and maintenance of municipal electric and other utility systems. The continued existence of MESA is not dependent on the City's continued participation and the City does not have an equity interest in or financial responsibility for MESA. MESA has no outstanding debt.

**NOTE 23 - CONTINGENT LIABILITIES**

Several claims and lawsuits are pending against the City. It is management's opinion that the ultimate liability will be covered by insurance, and/or will not have a material effect on these general purpose financial statements.

Also, the City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, City management believes such disallowances, if any, will not be significant.

**This page intentionally left blank.**





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

City of Wadsworth  
Medina County  
120 Maple Street  
Wadsworth, Ohio 44281

To the Mayor and City Council Members:

We have audited the general purpose financial statements of the City of Wadsworth, Medina County, (the City) as of and for the year ended December 31, 1999, and have issued our report thereon dated October 20, 2000. Our report included an explanatory paragraph describing the change in the City's method of accounting and reporting for its fixed assets. 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's 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 the City in a separate letter dated October 20, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City'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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-20952-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that

are also considered to be a material weaknesses. However, we believe the reportable condition described above is not a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the City in a separate letter dated October 20, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

October 20, 2000

**CITY OF WADSWORTH  
MEDINA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**Reportable Condition**

**FINDING NUMBER 1999-20952-001**

**Fixed Assets**

The following conditions were noted during our testing of fixed assets:

- The City does not maintain a "Fixed Asset Master Listing".
- The City has not adopted a detailed comprehensive fixed asset policy for the City. This has resulted in inconsistencies between departments on the way fixed assets are accounted for.
- Valuation differences were noted between the value carried on the books and the actual cost per the source documentation. This resulted in slightly inaccurate values being reported on the financial statements for fixed assets.
- There were several items included in the City's fixed assets which did not meet the \$500 capitalization limit. This resulted in fixed assets being slightly misstated on the financial statements.
- Additions for 1998 were also included in the 1999 additions, which caused fixed assets to be slightly overstated.
- Various capital expenditures within the capital outlay expenditure accounts were not picked up as additions. This resulted in fixed assets being slightly misstated on the financial statements.
- Several items in the City's Electric department such as padlocks, light bulbs, etc, should have been classified as an expense rather than as fixed assets.
- Transfer of fixed assets between departments were treated as additions/deletions.
- All of the fixed assets selected for testing were not properly tagged.

As a result of these items, there is a lack of accountability and monitoring controls by the City over the purchase, sale and movement of fixed assets.

We recommend the following;

- The City should prepare and maintain a "Fixed Asset Master Listing". The Fixed Asset Master Listing should include the tag numbers, acquisition dates and location of each.
- The City should adopt an overall formal fixed asset policy to define management's criteria, but not limited to, fixed asset capitalization threshold; depreciation method; fixed asset useful life by category; treatment of fixed assets purchased in the aggregate; recognition of donated fixed assets, construction in progress and contributed capital.
- The City Auditor's Office should assign an individual to review all fixed assets to determine if the capitalized cost of all fixed assets received by the departments are accurate and meet the capitalization threshold.
- The City should identify whether an asset should be categorized as a fixed asset at the time of purchase or at anytime during the expenditure approval stage. In addition, at year end, the City should perform a reconciliation or review of the expenditures posted to the capital outlay account to determine that all current year additions are complete. This would also lessen the risk that current year additions were not previously recorded as additions in a prior year.

**Fixed Assets** (continued)

- The City should inform all departmental heads of the difference between an expense and an addition to fixed assets.
- The City should maintain complete and accurate cost data to support the capitalized cost for the water hydrants and manhole covers. This would lessen the risk of inaccurate capitalized cost of these fixed assets.
- All fixed assets that are removed from original location should be documented on a “Fixed Asset Transfer Form” with appropriate administrative approval. The “Fixed Asset Listing” should be updated timely using transfer form information. This will allow the City to know where the asset is located.
- The City should tag all assets and record as a fixed asset immediately upon delivery. All existing fixed assets should be tagged for inventory purposes.

Failure to implement the above procedures increases the risk of assets being inaccurately reported or misappropriated.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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

**CITY OF WADSWORTH**

**MEDINA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 14, 2000**