



**CITY OF COSHOCTON
COSHOCTON COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF COSHOCTON
COSHOCTON COUNTY**

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Report of Independent Accountants

City of Coshocton
Coshocton County
760 Chestnut Street
Coshocton, Ohio 43812

To City Council:

We have audited the accompanying general purpose financial statements of the City of Coshocton, Coshocton County, Ohio, (the City) as of and for the year ended December 31, 2000, 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 auditing standards generally accepted in the United States of America 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, 2000, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2001 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

May 24, 2001

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City of Coshocton, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Assets and Other Debits</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,566,763	\$542,157	\$70,312	\$179,560
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Receivables:				
Taxes	741,927	77,248	15,600	14,848
Accounts	28,185	22,306	0	0
Special Assessments	0	0	170,566	0
Accrued Interest	0	0	0	0
Intergovernmental	409,815	17,342	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits				
Amount Available in Debt Service Fund for Retirement of General Obligation 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
Total Assets and Other Debits	\$2,746,690	\$659,053	\$256,478	\$194,408

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$2,093,088	\$35,245	\$630,904	\$0	\$0	\$5,118,029
0	0	3,945	0	0	3,945
0	0	0	0	0	849,623
838,339	625	0	0	0	889,455
0	0	0	0	0	170,566
0	0	970	0	0	970
0	0	0	0	0	427,157
4,514,290	0	0	5,198,514	0	9,712,804
0	0	0	0	85,912	85,912
0	0	0	0	1,728,048	1,728,048
0	0	0	0	120,000	120,000
<u>\$7,445,717</u>	<u>\$35,870</u>	<u>\$635,819</u>	<u>\$5,198,514</u>	<u>\$1,933,960</u>	<u>\$19,106,509</u>

(continued)

City of Coshocton, Ohio
Combined Balance Sheet
All Fund Types and Account Groups (continued)
December 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$28,373	\$39,548	\$0	\$0
Contracts Payable	908	0	0	20,200
Accrued Wages	17,723	7,654	0	0
Compensated Absences Payable	3,788	1,253	0	0
Intergovernmental Payable	22,682	36,590	0	0
Deferred Revenue	445,382	53,599	170,566	0
Undistributed Monies	0	0	0	0
Accrued Interest Payable	0	0	0	0
Claims Payable	0	0	0	0
OPWC Loans Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Revenue Bonds Payable	0	0	0	0
Special Assessment Debt with Governmental Commitment	0	0	0	0
<i>Total Liabilities</i>	<u>518,856</u>	<u>138,644</u>	<u>170,566</u>	<u>20,200</u>
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	503,949	50,044	0	5,050
Reserved for Unclaimed Monies	4,268	0	0	0
Reserved For Endowments	0	0	0	0
Unreserved, Undesignated	1,719,617	470,365	85,912	169,158
<i>Total Fund Equity (Deficit) and Other Credits</i>	<u>2,227,834</u>	<u>520,409</u>	<u>85,912</u>	<u>174,208</u>
<i>Total Liabilities, Fund Equity and Other Credits</i>	<u>\$2,746,690</u>	<u>\$659,053</u>	<u>\$256,478</u>	<u>\$194,408</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$67,281	\$0	\$0	\$0	\$0	\$135,202
3,746	0	0	0	0	24,854
13,770	0	0	0	0	39,147
248,225	0	0	0	419,933	673,199
42,909	0	0	0	100,490	202,671
0	0	0	0	0	669,547
0	0	31,804	0	0	31,804
13,725	0	0	0	0	13,725
0	71,809	0	0	0	71,809
37,500	0	0	0	48,537	86,037
0	0	0	0	1,245,000	1,245,000
2,855,000	0	0	0	0	2,855,000
0	0	0	0	120,000	120,000
<u>3,282,156</u>	<u>71,809</u>	<u>31,804</u>	<u>0</u>	<u>1,933,960</u>	<u>6,167,995</u>
0	0	0	5,198,514	0	5,198,514
679,735	0	0	0	0	679,735
3,483,826	(35,939)	0	0	0	3,447,887
0	0	0	0	0	559,043
0	0	0	0	0	4,268
0	0	300,497	0	0	300,497
0	0	303,518	0	0	2,748,570
<u>4,163,561</u>	<u>(35,939)</u>	<u>604,015</u>	<u>5,198,514</u>	<u>0</u>	<u>12,938,514</u>
<u>\$7,445,717</u>	<u>\$35,870</u>	<u>\$635,819</u>	<u>\$5,198,514</u>	<u>\$1,933,960</u>	<u>\$19,106,509</u>

City of Coshocton, Ohio
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2000*

	Governmental	
	General	Special Revenue
Revenues		
Municipal Income Taxes	\$2,371,896	\$247,361
Property and Other Taxes	424,366	50,604
Charges for Services	666,079	271,811
Licenses and Permits	31,358	9,348
Fines and Forfeitures	1,014	28,719
Intergovernmental	1,172,675	949,039
Special Assessments	0	0
Interest	231,720	16,837
Other	108,560	4,287
	<u>5,007,668</u>	<u>1,578,006</u>
<i>Total Revenues</i>		
Expenditures		
Current:		
General Government	1,900,421	69,057
Security of Persons and Property	2,418,813	34,754
Public Health and Welfare	398,207	129,762
Transportation	0	644,895
Community Environment	10,214	0
Leisure Time Activities	98,370	58,403
Urban Redevelopment and Housing	0	467,649
Capital Outlay	0	0
Debt Service:		
Principal Retirement	0	15,005
Interest and Fiscal Charges	0	0
	<u>4,826,025</u>	<u>1,419,525</u>
<i>Total Expenditures</i>		
<i>Excess of Revenues Over(Under) Expenditures</i>	181,643	158,481
<i>Fund Balances Beginning of Year</i>	2,046,756	369,133
Decrease in Reserve for Inventory	<u>(565)</u>	<u>(7,205)</u>
<i>Fund Balances End of Year</i>	<u>\$2,227,834</u>	<u>\$520,409</u>

See accompanying notes to the general purpose financial statements

<u>Fund Types</u>		
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
\$168,000	\$226,183	\$3,013,440
0	0	474,970
0	0	937,890
0	0	40,706
0	0	29,733
0	37,103	2,158,817
37,121	0	37,121
0	2,438	250,995
0	0	112,847
<u>205,121</u>	<u>265,724</u>	<u>7,056,519</u>
0	0	1,969,478
0	0	2,453,567
0	0	527,969
0	0	644,895
0	0	10,214
0	0	156,773
0	0	467,649
0	306,711	306,711
135,000	0	150,005
66,512	0	66,512
<u>201,512</u>	<u>306,711</u>	<u>6,753,773</u>
3,609	(40,987)	302,746
82,303	215,195	2,713,387
0	0	(7,770)
<u>\$85,912</u>	<u>\$174,208</u>	<u>\$3,008,363</u>

City of Coshocton, Ohio
Combined Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types
For the Year Ended December 31, 2000

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues			
Municipal Income Taxes	\$2,400,000	\$2,392,048	(\$7,952)
Property and Other Taxes	444,000	328,776	(115,224)
Charges for Services	605,000	666,741	61,741
Licenses and Permits	23,000	31,358	8,358
Fines and Forfeitures	7,000	3,598	(3,402)
Intergovernmental	740,035	1,030,762	290,727
Special Assessments		0	0
Interest	200,000	223,822	23,822
Other	52,765	95,820	43,055
<i>Total Revenues</i>	<u>4,471,800</u>	<u>4,772,925</u>	<u>301,125</u>
Expenditures			
Current:			
General Government	2,723,525	2,429,589	293,936
Security of Persons and Property	2,684,421	2,458,193	226,228
Public Health and Welfare	422,295	395,106	27,189
Transportation	0	0	0
Community Environment	16,225	10,214	6,011
Leisure Time Activities	141,985	99,373	42,612
Urban Redevelopment and Housing	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>5,988,451</u>	<u>5,392,475</u>	<u>595,976</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,516,651)	(619,550)	897,101
<i>Fund Balances Beginning of Year</i>	1,590,416	1,590,416	0
Prior Year Encumbrances Appropriated	<u>49,284</u>	<u>49,284</u>	<u>0</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$123,049</u>	<u>\$1,020,150</u>	<u>\$897,101</u>

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$980,000	\$248,582	(\$731,418)	\$168,000	\$168,000	\$0
50,000	39,134	(10,866)	0	0	0
195,600	267,647	72,047	0	0	0
9,550	9,348	(202)	0	0	0
24,000	29,172	5,172	0	0	0
1,041,843	948,838	(93,005)	0	0	0
0	0	0	35,000	37,121	2,121
20,000	16,569	(3,431)	0	0	0
190,107	3,233	(186,874)	0	0	0
<u>2,511,100</u>	<u>1,562,523</u>	<u>(948,577)</u>	<u>203,000</u>	<u>205,121</u>	<u>2,121</u>
105,200	69,296	35,904			0
40,000	34,754	5,246	0	0	0
197,769	130,740	67,029	0	0	0
808,509	658,576	149,933	0	0	0
0	0	0	0	0	0
83,350	64,566	18,784	0	0	0
759,820	480,859	278,961	0	0	0
0	0	0	0	0	0
19,995	15,005	4,990	138,042	135,000	3,042
0	0	0	63,958	63,958	0
<u>2,014,643</u>	<u>1,453,796</u>	<u>560,847</u>	<u>202,000</u>	<u>198,958</u>	<u>3,042</u>
496,457	108,727	(387,730)	1,000	6,163	5,163
185,274	185,274	0	66,703	66,703	0
<u>176,413</u>	<u>176,413</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$858,144</u>	<u>\$470,414</u>	<u>(\$387,730)</u>	<u>\$67,703</u>	<u>\$72,866</u>	<u>\$5,163</u>

(continued)

City of Coshocton, Ohio
Combined Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types (continued)
For the Year Ended December 31, 2000

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Taxes	\$190,000	\$229,236	\$39,236
Property Taxes	0	0	0
Charges for Services	0	0	0
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	150,000	37,103	(112,897)
Special Assessments	0	0	0
Interest	2,000	2,475	475
Other	15,000	0	(15,000)
	<u>357,000</u>	<u>268,814</u>	<u>(88,186)</u>
<i>Total Revenues</i>			
Expenditures			
Current:			
General Government			0
Security of Persons and Property	0	0	0
Public Health and Welfare	0	0	0
Transportation	0	0	0
Community Environment	0	0	0
Leisure Time Activities	0	0	0
Urban Redevelopment and Housing	0	0	0
Capital Outlay	922,140	311,762	610,378
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
	<u>922,140</u>	<u>311,762</u>	<u>610,378</u>
<i>Total Expenditures</i>			
<i>Excess of Revenues Over</i>			
<i>(Under) Expenditures</i>	(565,140)	(42,948)	522,192
<i>Fund Balances Beginning of Year</i>	180,440	180,440	0
Prior Year Encumbrances Appropriated	16,640	16,640	0
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$368,060)</u>	<u>\$154,132</u>	<u>\$522,192</u>

See accompanying notes to the general purpose financial statements

<u>Totals (Memorandum Only)</u>		
<u>Revised</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
\$3,738,000	\$3,037,866	(\$700,134)
494,000	367,910	(126,090)
800,600	934,388	133,788
32,550	40,706	8,156
31,000	32,770	1,770
1,931,878	2,016,703	84,825
35,000	37,121	2,121
222,000	242,866	20,866
<u>257,872</u>	<u>99,053</u>	<u>(158,819)</u>
<u>7,542,900</u>	<u>6,809,383</u>	<u>(733,517)</u>
2,828,725	2,498,885	329,840
2,724,421	2,492,947	231,474
620,064	525,846	94,218
808,509	658,576	149,933
16,225	10,214	6,011
225,335	163,939	61,396
759,820	480,859	278,961
922,140	311,762	610,378
158,037	150,005	8,032
<u>63,958</u>	<u>63,958</u>	<u>0</u>
<u>9,127,234</u>	<u>7,356,991</u>	<u>1,770,243</u>
(1,584,334)	(547,608)	1,036,726
2,022,833	2,022,833	0
<u>242,337</u>	<u>242,337</u>	<u>0</u>
<u>\$680,836</u>	<u>\$1,717,562</u>	<u>\$1,036,726</u>

City of Coshocton, Ohio
*Combined Statement of Revenues, Expenses and
 Changes in Retained Earnings/Fund Balance
 All Proprietary Fund Types and Similar Trust Funds
 For the Year Ended December 31, 2000*

	Proprietary Fund Types	
	Enterprise	Internal Service
Operating Revenues		
Charges for Services	\$4,136,307	\$638,689
Interest	0	0
Other	37,108	0
	<u>4,173,415</u>	<u>638,689</u>
Operating Expenses		
Personal Services	1,016,653	0
Materials and Supplies	1,025,855	0
Contractual Services	920,083	153,825
Claims	0	484,362
Depreciation	607,439	0
Other	0	0
	<u>3,570,030</u>	<u>638,187</u>
<i>Total Operating Revenue</i>	<u>4,173,415</u>	<u>638,689</u>
<i>Total Operating Expenses</i>	<u>3,570,030</u>	<u>638,187</u>
<i>Operating Income (Loss)</i>	<u>603,385</u>	<u>502</u>
Non-Operating Revenues (Expenses)		
Interest	0	23
Loss on Disposal of Fixed Assets	(459,827)	0
Interest and Fiscal Charges	(187,835)	0
	<u>(647,662)</u>	<u>23</u>
<i>Total Non-Operating Revenue (Expenses)</i>	<u>(647,662)</u>	<u>23</u>
<i>Net Income (Loss)</i>	<u>(44,277)</u>	<u>525</u>
<i>Retained Earnings (Deficit)/Fund Balance</i>		
<i>Beginning of Year</i>	<u>3,528,103</u>	<u>(36,464)</u>
<i>Retained Earnings (Deficit)/Fund</i>		
<i>Balance End of Year</i>	<u>\$3,483,826</u>	<u>(\$35,939)</u>

See accompanying notes to the general purpose financial statements

<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Nonexpendable Trust</u>	
\$8,835	\$4,783,831
33,968	33,968
<u>0</u>	<u>37,108</u>
<u>42,803</u>	<u>4,854,907</u>
11,101	1,027,754
8,326	1,034,181
0	1,073,908
0	484,362
0	607,439
<u>25,993</u>	<u>25,993</u>
<u>45,420</u>	<u>4,253,637</u>
<u>(2,617)</u>	<u>601,270</u>
0	23
0	(459,827)
<u>0</u>	<u>(187,835)</u>
<u>0</u>	<u>(647,639)</u>
(2,617)	(46,369)
<u>606,632</u>	<u>4,098,271</u>
<u><u>\$604,015</u></u>	<u><u>\$4,051,902</u></u>

City of Coshocton, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types and Similar Trust Funds
For the Year Ended December 31, 2000

<i>Increase (Decrease) in Cash and Cash Equivalents</i>	Proprietary Fund Types	
	Enterprise	Internal Service
Cash Flows from Operating Activities		
Cash Received from Customers	\$4,028,410	\$0
Cash Payments from Quasi-External Transactions with Other Funds		638,064
Cash Payments to Suppliers for Goods and Services	(1,046,818)	0
Cash Payments for Contractual Services	(1,058,197)	(153,825)
Cash Payments for Employee Services and Benefits	(1,033,249)	0
Cash Payments for Claims	0	(462,697)
Cash Payments for Other Operating Expenses	0	0
Cash Received for Other Operating Revenues	37,108	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	927,254	21,542
Cash Flows from Capital and Related Financing Activities		
Acquisition of Capital Assets	(308,341)	0
Principal Payments on Revenue Bonds	(290,000)	0
Interest Payments on Revenue Bonds	(188,817)	0
Principal Payments on OPWC Loans	(15,000)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	(802,158)	0
Cash Flows from Investing Activities		
Interest on Investments	0	23
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	125,096	21,565
<i>Cash and Cash Equivalents Beginning of Year</i>	1,967,992	13,680
<i>Cash and Cash Equivalents End of Year</i>	\$2,093,088	\$35,245

<u>Fiduciary Fund Type</u>	<u>Totals</u>
<u>Nonexpendable Trust</u>	<u>(Memorandum Only)</u>
\$8,835	\$4,037,245
0	638,064
(8,970)	(1,055,788)
0	(1,212,022)
(11,101)	(1,044,350)
0	(462,697)
(25,993)	(25,993)
<u>0</u>	<u>37,108</u>
<u>(37,229)</u>	<u>911,567</u>
0	(308,341)
0	(290,000)
0	(188,817)
<u>0</u>	<u>(15,000)</u>
<u>0</u>	<u>(802,158)</u>
<u>33,207</u>	<u>33,230</u>
(4,022)	142,639
<u>607,067</u>	<u>2,588,739</u>
<u>\$603,045</u>	<u>\$2,731,378</u>
	(continued)

City of Coshocton, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types and Similar Trust Funds (continued)
For the Year Ended December 31, 2000

	Proprietary Fund Types	
	Enterprise	Internal Service
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Operating Income (Loss)	\$603,385	\$502
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation	607,439	0
Interest Received by Nonexpendable Trust Fund	0	0
(Increase)/Decrease in Assets:		
Accounts Receivable	(107,897)	(625)
Materials and Supplies Inventory	68,079	0
Increase/(Decrease) in Liabilities:		
Accounts Payable	(164,486)	0
Contracts Payable	(46,486)	0
Accrued Wages	3,295	0
Compensated Absences Payable	(23,205)	0
Retainage Payable	(11,359)	0
Intergovernmental Payable	(1,511)	0
Claims Payable	0	21,665
	323,869	21,040
<i>Total Adjustments</i>	323,869	21,040
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$927,254	\$21,542

Reconciliation of Cash and Cash Equivalents to the Balance Sheet

Trust and Agency	\$634,849
Less: Agency Funds	(31,804)
Nonexpendable Trust Fund	\$603,045

See accompanying notes to the general purpose financial statements

<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Nonexpendable Trust</u>	
(\$2,617)	\$601,270
0	607,439
(33,968)	(33,968)
0	(108,522)
0	68,079
(644)	(165,130)
0	(46,486)
0	3,295
0	(23,205)
0	(11,359)
0	(1,511)
<u>0</u>	<u>21,665</u>
<u>(34,612)</u>	<u>310,297</u>
<u>(\$37,229)</u>	<u>\$911,567</u>

City of Coshocton, Ohio
*Combined Statement of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types and Similar Trust Funds
For the Year Ended December 31, 2000*

	Enterprise Funds		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues			
Charges for Services	\$4,219,900	\$4,028,410	(\$191,490)
Interest	0	0	0
Other	40,000	37,108	(2,892)
<i>Total Revenues</i>	<u>4,259,900</u>	<u>4,065,518</u>	<u>(194,382)</u>
Expenses			
Personal Services	1,107,276	1,033,249	74,027
Materials and Supplies	1,666,714	1,448,243	218,471
Contractual Services	730,798	716,499	14,299
Capital Outlay	460,785	308,341	152,444
Claims	0	0	0
Other	0	0	0
Debt Service:			
Principal Retirement	305,000	305,000	0
Interest and Fiscal Charges	188,817	188,817	0
<i>Total Expenses</i>	<u>4,459,390</u>	<u>4,000,149</u>	<u>459,241</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(199,490)	65,369	264,859
<i>Fund Equity Beginning of Year</i>	1,838,144	1,838,144	0
Prior Year Encumbrances Appropriated	129,846	129,846	0
<i>Fund Equity End of Year</i>	<u>\$1,768,500</u>	<u>\$2,033,359</u>	<u>\$264,859</u>

Internal Service Fund			Nonexpendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$750,000	\$638,064	(\$111,936)	\$10,000	\$8,835	(\$1,165)
0	0	0	40,000	34,710	(5,290)
0	0	0	0	0	0
<u>750,000</u>	<u>638,064</u>	<u>(111,936)</u>	<u>50,000</u>	<u>43,545</u>	<u>(6,455)</u>
0	0	0	15,000	11,101	3,899
1,000	0	1,000	29,550	14,802	14,748
160,000	153,825	6,175	0	0	0
0	0	0	0	0	0
600,000	462,697	137,303	0	0	0
0	0	0	30,000	25,993	4,007
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>761,000</u>	<u>616,522</u>	<u>144,478</u>	<u>74,550</u>	<u>51,896</u>	<u>22,654</u>
(11,000)	21,542	32,542	(24,550)	(8,351)	16,199
13,621	13,621	0	586,871	586,871	0
0	0	0	9,550	9,550	0
<u>\$2,621</u>	<u>\$35,163</u>	<u>\$32,542</u>	<u>\$571,871</u>	<u>\$588,070</u>	<u>\$16,199</u>

(continued)

City of Coshocton, Ohio
Combined Statement of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual (continued)
All Proprietary Fund Types and Similar Trust Funds
For the Year Ended December 31, 2000

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for Services	\$4,979,900	\$4,675,309	(\$304,591)
Interest	40,000	34,710	(5,290)
Other	40,000	37,108	(2,892)
<i>Total Revenues</i>	<u>5,059,900</u>	<u>4,747,127</u>	<u>(312,773)</u>
Expenses			
Personal Services	1,122,276	1,044,350	77,926
Materials and Supplies	1,697,264	1,463,045	234,219
Contractual Services	890,798	870,324	20,474
Capital Outlay	460,785	308,341	152,444
Claims	600,000	462,697	137,303
Other	30,000	25,993	4,007
Debt Service:			
Principal Retirement	305,000	305,000	0
Interest and Fiscal Charges	188,817	188,817	0
<i>Total Expenses</i>	<u>5,294,940</u>	<u>4,668,567</u>	<u>626,373</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(235,040)	78,560	313,600
<i>Fund Equity Beginning of Year</i>	2,438,636	2,438,636	0
Prior Year Encumbrances Appropriated	<u>139,396</u>	<u>139,396</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$2,342,992</u>	<u>\$2,656,592</u>	<u>\$313,600</u>

See accompanying notes to the general purpose financial statements

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 1 - Reporting Entity

The City of Coshocton (City) is a statutory municipal corporation established and operated under the laws of the State of Ohio. The City is organized as a Mayor-Council form of government. Eight council members are each elected for staggered two-year terms.

In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments, and organizations making up the City of Coshocton (the primary government) and its potential component units consistent with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity."

The City provides various services including fire protection and prevention, water and sewer services, street maintenance and repairs, planning and zoning, building inspection, parks and recreation, refuse collection and general administrative services. The operation of each of these activities is directly controlled by the Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

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

The Coshocton City School District and the Coshocton City and County Park District have been excluded from the reporting entity because the City is not financially accountable for these organizations nor does the City approve the budget, the levying of taxes or the issuance of debt for these organizations.

The City is associated with the Ohio Government Risk Management Plan which is an insurance purchasing pool. This organization is presented in Note 13 to the combined financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City of Coshocton have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not contradict or conflict with GASB pronouncements. The more significant of the City's accounting policies are described below.

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

A. Basis of Presentation - Fund Accounting

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

A fund is defined as a 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.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

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

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

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

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

Capital Projects Funds Capital projects 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 Fund Types Proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The following are the City's proprietary fund types:

Enterprise Funds Enterprise 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 it has been decided that periodic determination

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Fund An internal service fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund is used to account for the medical self-insurance fund.

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

Nonexpendable Trust Funds Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. The principal of a Nonexpendable trust fund is reserved and cannot be spent by the City.

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 general fixed assets of the City other than those accounted for in proprietary funds.

General Long-Term Obligations Account Group The general long-term obligations account group is used to account for all unmatured long-term indebtedness of the City that is not a specific liability of proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the 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 and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary and nonexpendable trust fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and 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 31 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: interest, State levied locally shared taxes (including gasoline tax), fines and forfeitures and income tax withheld by employers.

The City reports deferred revenue on its 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 balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 2000, whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and 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.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the nonexpendable trust funds. 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.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance 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 required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

Tax Budget During the first Council meeting in July, the Mayor presents the annual operating budget for the following year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The 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. 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 ordinance. On or about January 1, the certificate of estimated resources is amended to include cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the City Auditor determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2000.

Appropriations A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council. During the year, several supplemental appropriation measures were passed. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

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. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

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

D. Cash and Cash Equivalents

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 the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 2000, investments were limited to repurchase agreements, nonnegotiable certificates of deposit and STAR Ohio.

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2000.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2000 amounted to \$231,720, which includes \$144,478 assigned from other City funds.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented in the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City treasury.

For purposes of the statement of cash flows and for presentation on the balance sheet, investments of the cash management pool and investments with an original maturity of three months or less are considered to be cash equivalents.

E. Inventory

Inventory is stated at cost for governmental funds and at the lower of cost or market for the proprietary funds. 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 funds when purchased and as expenses in the proprietary funds when used. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. The City's inventory was not significant at December 31, 2000.

F. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition 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. Assets in the general fixed assets account group are not depreciated. Donated fixed assets are valued at their estimated fair market value on the date received. The City has established a capitalization threshold for fixed assets at \$1,000. 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 in the general fixed assets account group.

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

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

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

Description	Enterprise
Buildings	30-50 years
Building Improvements	10-40 years
Improvements Other Than Buildings	10-20 years
Furniture and Equipment	5-20 years
Vehicles	8-10 years
Water and Sewer Lines	50 years

The City's policy is to capitalize net interest on proprietary fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investment of debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2000, interest costs incurred on construction projects in the proprietary funds were not material.

G. Intergovernmental Revenues

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

H. 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, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions 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 financial resources.

Payments made more than 31 after year end are generally considered not to have been made with current available financial resources. Bonds and long-term loans are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations expected to be financed from proprietary funds are reported as liabilities in the appropriate funds.

I. Compensated Absences

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

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on the accumulated sick leave and employee's wage rates at December 31, taking into consideration any limits specified in the City's termination policy.

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

J. Contributed Capital

Contributed capital represents resources provided to the enterprise funds from other governments. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources are expended and closed to unreserved retained earnings at year end except for depreciation on assets acquired through federal grants, which are expended and closed to contributed capital at year end. There was no change in contributed capital for the year ended December 31, 2000.

K. Interfund Transactions

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

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. Fund Balance Reserves

Reserves for retained earnings represent those portions of fund equity not available for appropriation or legally segregated for a specific future use. Fund balance reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Fund balances are reserved for encumbrances. Fund balance has also been reserved for endowments in the nonexpendable trust funds to indicate that the principal is legally restricted. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years. These amounts are presented as reserved for unclaimed monies.

M. Estimates

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

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

N. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (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 aggregation of this data.

Note 3 - Accountability and Compliance

A. Fund Deficit

At December 31, 2000, the health insurance internal service fund had deficit retained earnings in the amount of \$35,939. Management is currently analyzing the operations of this fund to determine appropriate action to alleviate the deficit.

B. Legal Compliance

1. The following funds had appropriations in excess of estimated revenues and carryover balances contrary to Ohio Revised Code Section 5705.39:

<u>Fund Type/Fund</u>	<u>Carryover Balances</u>	<u>Estimated Revenues</u>	<u>Appropriation</u>	<u>Excess</u>
Special Revenue Funds:				
Court Computerization	\$ 24,152	\$ 16,000	\$ 40,309	\$ (157)
Capital Projects Fund:				
Issue II	0	150,000	600,000	(450,000)

2. Contrary to Ohio Revised Code Section 5705.41(D), the City did not certify expenditures prior to incurring the obligations.

Note 4 - Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual-All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types and Similar Trust Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

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2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP).
4. Proceeds from and principal payments on notes are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP).
5. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements; these amounts are included as revenue on the GAAP basis operating statement.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$181,643	\$158,481	\$3,609	(\$40,987)
Unreported Cash	5,344	268	0	(37)
Net Adjustment for Revenue Accruals	(240,087)	(15,751)	0	3,127
Net Adjustment for Expenditure Accruals	(43,847)	36,862	2,554	20,199
Encumbrances	(522,603)	(71,133)	0	(25,250)
Budget Basis	<u>(\$619,550)</u>	<u>\$108,727</u>	<u>\$6,163</u>	<u>(\$42,948)</u>

Net Income (Loss)/Excess of Revenues
Over (Under) Expenses
All Proprietary Fund Types and Similar Trust Funds

	Enterprise	Internal Service	Nonexpendable Trust
GAAP Basis	(\$44,277)	\$525	(\$2,617)
Unreported Cash	0	23	2,872
Net Adjustment for Revenue Accruals	(107,897)	(671)	(2,130)
Net Adjustment for Expense Accruals	(176,653)	21,665	(644)
Principal Retirement	(305,000)	0	0
Depreciation	607,439	0	0
Capital Outlay	(308,341)	0	0
Loss on Disposal of Fixed Assets	459,827	0	0
Encumbrances	(59,729)	0	(5,832)
Budget Basis	<u>\$65,369</u>	<u>\$21,542</u>	<u>(\$8,351)</u>

City of Coshocton, Ohio
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For the Year Ended December 31, 2000

Note 5 - Deposits and Investments

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

Active monies are public deposits necessary to meet current demands on the City treasury. Active 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.

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the City Auditor 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 may 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 and 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 2 percent and be marked to market daily, and that the term of the agreement must not exceed 30 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,

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
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6. The State Treasurer’s investment pool (STAROhio).

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 confirmation of transfer from the custodian.

The following is the information on classified 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 \$573,614 and the bank balance was \$679,102. Of the bank balance:

1. \$361,719 was covered by federal depository insurance.
2. \$317,383 was uncollateralized and uninsured. Although the pledging bank has an investment and securities pool used to collateralize all public deposits which are held in the financial institutions name, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments The City’s 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 which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	3	Carrying Value	Fair Value
Repurchase Agreement	\$4,342,000	\$4,342,000	\$4,342,000
STAROhio		206,360	206,360
Total Investments	\$4,342,000	\$4,548,360	\$4,548,360

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

City of Coshocton, Ohio
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	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$5,121,974	\$0
Investments of the Cash Management Pool:		
STAR Ohio	(206,360)	206,360
Repurchase Agreements	(4,342,000)	4,342,000
GASB Statement No. 3	\$573,614	\$4,548,360

Note 6 - Receivables

Receivables at December 31, 2000, primarily consisted of taxes, accounts (billings for user charged services including unbilled utility services), intergovernmental receivables, entitlement or shared revenues, special assessments and interest on investments. All receivables are considered fully collectible.

A. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property (used in a business) located in the City. Property tax revenue received during 2000 for real and public utility property taxes represents collections of 1999 taxes. Property tax payments received during 2000 for tangible personal property (other than public utility property) is for 2000 taxes.

2000 real property taxes are levied after October 1, 2000 on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2000 real property taxes are collected in and intended to finance 2001.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed as 35 percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after October 1, 2000, and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after October 1, 1999, on the values as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 2000, was \$2.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

Real Property	\$145,866,620
Public Utility Property	8,476,180
Tangible Personal Property	39,656,136
Total Assessed Value	\$193,998,936

City of Coshocton, Ohio
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Real property taxes are payable annually or semi-annually. If paid annually, the payment is due by December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single-county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable at September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Coshocton. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2000. 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, nor are they intended to finance 2000 operations. The receivable is offset by deferred revenue.

B. Municipal Income Taxes

The City levies a municipal income tax of 1 percent on all net profits and all salaries, wages, commissions and other compensation earned within the City as well as on incomes of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and to remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are received by the general fund, street construction maintenance and repair special revenue fund, the capital improvements capital projects fund and the bond/special assessment debt service fund.

C. Intergovernmental

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
General Fund:	
Inheritance Tax	\$306,270
Local Government	75,476
Homestead and Rollback	24,225
County Auditor - House Arrest	3,844
Total General Fund	409,815
Special Revenue Funds:	
Street Construction Maintenance and Repair Fund	14,125
Motor Vehicle License Tax Fund	2,072
State Highway Fund	1,145
Total Special Revenue Funds	17,342
Total	\$427,157

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
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Note 7 - Fixed Assets

A summary of the enterprise funds' fixed assets at December 31, 2000, follows:

Land and Improvements	\$45,835
Buildings and Improvements	5,143,550
Furniture and Equipment	5,065,983
Vehicles	536,762
Water and Sewer Lines	<u>9,653,581</u>
Subtotal	20,445,711
Less: Accumulated Depreciation	<u>(15,931,421)</u>
Net Fixed Assets	<u><u>\$4,514,290</u></u>

A summary of the changes in general fixed assets during 2000 follows:

	Balance 12/31/99	Additions	Reductions	Balance 12/31/00
Land and Land Improvements	\$399,892	\$0	\$0	\$399,892
Buildings	2,248,342	483,196	23,293	2,708,245
Vehicles	1,891,227	0	523,048	1,368,179
Furniture and Equipment	<u>694,257</u>	<u>42,532</u>	<u>14,591</u>	<u>722,198</u>
Total	<u><u>\$5,233,718</u></u>	<u><u>\$525,728</u></u>	<u><u>\$560,932</u></u>	<u><u>\$5,198,514</u></u>

Note 8 - Long-term Obligations

	Outstanding 12/31/99	Additions	(Reductions)	Outstanding 12/31/00
<i>Enterprise Fund Obligations:</i>				
<i>Revenue Bond (Self Supporting) General Obligation</i>				
Sewer				
1992 - 3.2% to 6.5% \$3,200,000	\$2,455,000	\$0	(\$130,000)	\$2,325,000
Waterworks				
1993 - 3.0% to 5.15% \$1,500,000	<u>690,000</u>	<u>0</u>	<u>(160,000)</u>	<u>530,000</u>
<i>Total Revenue Bonds</i>	<u>3,145,000</u>	<u>0</u>	<u>(290,000)</u>	<u>2,855,000</u>
<i>Ohio Public Works Commission Loans</i>				
Plum Street Sanitary Interceptor Sewer				
1994 - 0% \$150,000	<u>52,500</u>	<u>0</u>	<u>(15,000)</u>	<u>37,500</u>
<i>Total Enterprise Fund Obligations</i>	<u><u>\$3,197,500</u></u>	<u><u>\$0</u></u>	<u><u>(\$305,000)</u></u>	<u><u>\$2,892,500</u></u>

City of Coshocton, Ohio
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	Outstanding 12/31/99	Additions	(Reductions)	Outstanding 12/31/00
General Long-Term Obligations:				
<i>General Obligation Bonds</i>				
Fire Station 1998 - Various Rates \$1,480,000	\$1,360,000	\$0	(\$115,000)	\$1,245,000
<i>Total General Obligation Bonds</i>	1,360,000	0	(115,000)	1,245,000
<i>Ohio Public Works Commission Loans</i>				
Street Resurfacing 1994 - 0% \$79,600	31,840	0	(7,960)	23,880
Street Resurfacing 1995 - 0% \$70,449	31,702	0	(7,045)	24,657
<i>Total OPWC Loans</i>	63,542	0	(15,005)	48,537
<i>Special Assessment Bonds</i>				
Downtown Street 1986 - Series A 7.375 % \$392,000	140,000	0	(20,000)	120,000
<i>Other General Long-Term Obligations</i>				
Intergovernmental Payable	89,084	100,490	(89,084)	100,490
Compensated Absences	412,524	7,409	0	419,933
Total General Long-Term Obligations	2,065,150	107,899	(239,089)	1,933,960
Total	\$5,262,650	\$107,899	(\$544,089)	\$4,826,460

The sewer and water revenue bonds will be paid from operating revenues collected and receipted into the water and sewage enterprise funds. Enterprise OPWC loans will be paid from the sewage enterprise fund user service charges. The remainder of OPWC loans will be paid from municipal income taxes and any other available revenues deposited to the credit of the Street Construction, Maintenance and Repair special revenue fund.

General obligation bonds will be paid from the municipal income tax. Special assessment bonds will be paid from the proceeds of special assessments levied against benefitted property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. Compensated absences reported in the "compensated absences payable" account and unfunded pension obligation reported in the "intergovernmental payable" account will both be paid from the fund from which the employees' salaries are paid.

The City's overall legal debt margin was \$19,038,976 at December 31, 2000. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2000, are as follows:

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For the Year Ended December 31, 2000

	General Obligation Bonds	Special Assessment Bonds	Revenue Bond	Ohio Public Works Commission Loans
2001	\$164,665	\$26,564	\$479,032	\$30,005
2002	170,525	24,572	478,025	30,005
2003	165,900	22,876	480,879	22,505
2004	166,150	21,512	282,130	3,522
2005	171,080	20,590	282,450	0
2006-2010	675,125	20,110	1,424,275	0
2011-2014	0	0	565,700	0
Total Principal and Interest	1,513,445	136,224	3,992,491	86,037
Less Interest	(268,445)	(16,224)	(1,137,491)	0
Total Principal	<u>\$1,245,000</u>	<u>\$120,000</u>	<u>\$2,855,000</u>	<u>\$86,037</u>

Note 9 - Employee Benefits - Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Employees earn 10 to 30 days of vacation per year, depending upon length of service. Earned, unused vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee can be paid a maximum of 960 hours of accumulated, unused sick leave. As of December 31, 2000, the liability for unpaid compensated absences was \$673,199 for the entire City.

Note 10 - Defined Benefit Pension Plans

A. Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the City was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2000, 1999, and

City of Coshocton, Ohio
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1998 were \$135,742, \$183,599, and \$170,160, respectively. The full amount has been contributed for 1999 and 1998. 64.43 percent has been contributed for 2000 with the remainder being reported as a liability in the general long-term obligations account group.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer public employee retirement system administered by the OP&F's Board of Trustees. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215 - 5164.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 16.75 percent for firefighters. For 1999, the City contributions were 17 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for firefighters was \$110,553 for the year ended December 31, 2000, \$113,916 for the year ended December 31, 1999, and \$102,547 for the year ended December 31, 1998. The full amount has been contributed for 1999 and 1998. 70.06 percent has been contributed for 2000 with the remainder being reported as a liability in the general long-term obligations account group.

C. Social Security System

Effective August 3, 1992, all employees, not otherwise covered by another retirement system, are covered by Social Security. The City's contribution is 6.2 percent of wages paid.

Note 11 - Postemployment Benefits

A. Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

City of Coshocton, Ohio
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All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 401,339. The City's actual contributions for 2000 which were used to fund postemployment benefits were \$89,249. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

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 receives 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 the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.25 percent of covered payroll was applied to the postemployment health care program during 2000. For 1999 the percent used to fund healthcare was 7 percent. 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 City's actual contributions for 2000 that were used to fund postemployment benefits were \$47,851 for fire. The OP&F's total health care expenses for the year ended December 31, 1999, (the latest information available) were \$95,004,633, which was net of member contributions of \$5,518,098. The number of OP&F participants eligible to receive health care benefits as of December 31, 1999, was 12,467 for police and 9,807 for firefighters.

Note 12 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2000, the City contracted for various types of insurance as follows:

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Company	Type	Coverage
Rinehart, Walters, Danner & Assoc.	Public Officials Liability	\$50,000
Rinehart, Walters, Danner & Assoc.	Umbrella Liability	1,000,000
	Comprehensive Crime	10,000
Rinehart, Walters, Danner & Assoc.	Commercial Inland Marine	315,886
Rinehart, Walters, Danner & Assoc.	Wrongful Acts	1,000,000
Rinehart, Walters, Danner & Assoc.	EDP	179,325
Rinehart, Walters, Danner & Assoc.	Property	23,250,421
Rinehart, Walters, Danner & Assoc.	General Fire Liability/Rescue	1,520,226
Rinehart, Walters, Danner & Assoc.	Automobile	1,000,000
Rinehart, Walters, Danner & Assoc.	General Libaility	1,000,000/
	Bodily Injury	3,000,000
	Property Damage	

Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

The City, together with other government entities, participates in the Ohio Government Risk Management Plan (Plan), an insurance purchasing pool, for commercial insurance coverage. The City pays an annual premium to the Plan for its general insurance coverage. The agreement for the formation of the Plan provides that the Plan will be self-sustaining through member premiums and will insure through commercial companies to pay claims. The Plan is intended to achieve lower insurance rates for the participants. Under this Plan, the Ohio Government Risk Management's Board of Directors contracted with Hylant Administrative Services, Inc. to act as the agent and coordinate the pool. Hylant Administrative Services, Inc. then contracts with various insurance companies to cover losses.

The City participates in the Ohio Municipal League Group Rating Plan (OML) for workers' compensation. The intent of the OML is to achieve the benefit of a reduced premium for the participants, foster safer working environments and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the OML. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the OML. Each participant pays its workers' compensation premium to the State based on the rate for the OML rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the OML. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the OML. Participation in the OML is limited to cities that can meet the OML's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the OML.

The City manages the hospital/medical, dental, and life insurance benefits for its employees on a self-insured basis through an internal service fund. A third party administrator, Professional Claims Management, processes and pays the claims. An excess coverage insurance (stop loss) policy covers claims in excess of \$20,000 per employee.

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The claims liability of \$71,809 reported in the internal service fund at December 31, 2000, was estimated based on billings in January and February 2001 and is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount in 1998, 1999 and 2000 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
1998	\$72,799	\$506,469	\$498,475	\$80,793
1999	80,793	495,864	526,513	50,144
2000	50,144	484,362	462,697	71,809

Note 13 - Insurance Purchasing Pool

The City participates in the Ohio Government Risk Management Plan (OGRMP), an insurance purchasing pool for commercial insurance, as established under Section 2744.08 of the Ohio Revised Code. The board of directors is responsible for collecting premiums, making payments to insurance agents, making payments to insurance companies, depositing appropriate amounts into OGRMP accounts and reimbursing board members for their expenses. The board of directors consists of 11 members elected from the participants.

Note 14 - Contingencies

A. Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2000.

B. Litigation

A local company filed a claim with the City on December 7, 2000, seeking resolution with regard to overcharges for water and sewer utility services. The company has estimated an overcharge of \$624,654 which occurred over a 4.5 year period. The outcome of the claim is not presently determinable as the City is in the process of reviewing the company's billings.

City of Coshocton, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 15 - Segment Information

The City's enterprise funds account for the provision of sewer, water and refuse services. The table below reflects, in a summarized format, the more significant data relating to the enterprise funds of the City of Coshocton as of and for the year ended December 31, 2000:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Refuse Fund</u>	<u>Total</u>
Operating Revenues	\$2,361,015	\$1,321,647	\$490,753	\$4,173,415
Depreciation	315,868	291,571	0	607,439
Operating Income (Loss)	377,031	335,777	(109,423)	603,385
Net Non-Operating Revenue (Expenses)	(272,435)	(375,227)	0	(647,662)
Net Income (Loss)	104,596	(39,450)	(109,423)	(44,277)
Fixed Assets:				
Additions	47,096	261,245	0	308,341
Deletions	239,110	220,717	0	459,827
Net Working Capital	1,657,643	778,023	220,633	2,656,299
Total Assets	3,771,382	3,453,502	220,833	7,445,717
Long-Term Compensated Absences	162,407	82,121	0	244,528
Bonds and Loans Payable from Operating Revenues	530,000	2,362,500	0	2,892,500
Total Equity	2,984,186	958,742	220,633	4,163,561
Encumbrances December 31, 2000	\$48,338	\$11,391	\$0	\$59,729

**CITY OF COSHOCTON
COSHOCTON COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed Through Ohio Department of Development:</i>				
Community Development Block Grants	A-F-99-109-1	14.228	\$97,800	\$6,300
	A-F-98-109-1		26,000	26,000
	A-C-99-109-1		<u>35,500</u>	<u>103,500</u>
Total Community Development Block Grants			159,300	135,800
Home Improvement Partnership Program	A-C-99-109-2	14.239	<u>286,258</u>	<u>250,985</u>
Total U.S. Department of Housing and Urban Development			<u>\$445,558</u>	<u>\$386,785</u>

See accompanying Notes to the Schedule of Receipts and Expenditures of Federal Awards.

**CITY OF COSHOCTON
COSHOCTON COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (Schedule) is a summary of the activity of the City's federal award programs. The Schedule has been prepared on the cash basis of accounting.



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

City of Coshocton
Coshocton County
760 Chestnut Street
Coshocton, Ohio 43812

To City Council:

We have audited the general purpose financial statements of the City of Coshocton, Coshocton County, Ohio, (the City) as of and for the year ended December 31, 2000, and have issued our report thereon dated May 24, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-21016-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated May 24, 2001.

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 financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. 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 conditions are described in the accompanying Schedule of Findings as item 2000-21016-002 and 2000-21016-003.

City of Coshocton
Coshocton County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*

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 material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses.

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 management of the City in a separate letter dated May 24, 2001.

This report is intended for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities, is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 24, 2001



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

City of Coshocton
Coshocton County
760 Chestnut Street
Coshocton, Ohio 43812

To the City Council:

Compliance

We have audited the compliance of the City of Coshocton, Coshocton County, Ohio, (the City) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2000. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings as item 2000-21016-004.

Internal Control Over Compliance

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

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

This report is intended for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 24, 2001

**CITY OF COSHOCTON
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

DECEMBER 31, 2000

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Home Investment Partnerships Program (HOME) CFDA #14.239
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING NUMBER 2000-21016-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states, in part, that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, City Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000, the Auditor may authorize payment through a Then and Now Certificate without the affirmation of City Council, if such expenditure is otherwise valid.

Of the expenditures tested, 33% were not certified by the Auditor prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in noncompliance. The City should inform all employees of the requirements of Ohio Rev. Code Section 5705.41(D). The City should implement the use of so called Then and Now Certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41.

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

FINDING NUMBER 2000-21016-002

Reportable Condition

Fixed Asset Records

The City's fixed asset policy states that public domain infrastructure assets including streets, drainage systems, and water and sewage lines will be included as fixed assets of the City. While the City has properly capitalized its water and sewage lines, streets, drainage systems, and related assets are not recorded as fixed assets in the General Fixed Assets Account Group. In addition, the City originally calculated the aggregate amount for water and sewage lines by using an average replacement cost per foot based on the total number of feet of water and sewage lines in the City. The existing lines were assumed to be older than the estimated useful lives of the lines and were recorded as fully depreciated assets. The water and sewage line calculation was performed in 1998 and the City has not recorded any water or sewage line additions despite improvement projects and donated lines.

The City should revisit the current fixed asset policy to determine if the assets listed represent the assets which the City wishes to capitalize. If the City chooses to continue reporting fixed assets in the same manner as they have in prior years, the fixed asset policy should be formally amended to reflect the criteria the City currently uses. Also, the City should capitalize all water and sewage line extensions and major water and sewage projects which increase the capacity or useful life of the related assets. Such projects and extensions should be recorded as additions to the water and sewage lines total and should be depreciated over the useful life of the lines. In addition, extensions and projects donated to the City by contractors should be included in the City's fixed asset records and contributed capital. These procedures will help ensure that the City's financial statements are complete and accurate and include all fixed assets deemed necessary by management.

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

FINDING NUMBER 2000-21016-003

Reportable Condition

Water and Sewer Billings

A local company, situated outside City limits, contends that it was overcharged for water utility services over several years. The overcharges appear to have resulted from the company utilizing a different type of meter than is used by other companies within City limits. During 2000, the City began reading the company's meter differently which resulted in a significant reduction in utility charges; however, the City could not substantiate that the change in meter readings was correct. In addition, City Ordinance 23-93 established guidelines for sewer utility billings for companies that are not metered. The company in question is subject to the flat rate calculation established by Ordinance 23-93; however, the rate being applied to the company is not based on the guidelines within the Ordinance. Finally, utility department employees were unfamiliar with the City's billing system and were unable to recalculate billings, utilizing established rates and usage. These factors could, and possibly have, resulted in incorrect billings for water and sewer utility charges.

To help ensure that the meter readings are consistent with the consumption methods used by the City for utility billings, the City should establish guidelines addressing the use of various meter types by utility customers, and if permitted the calculation method to be used for varying meter types. In addition, the City should review Ordinance 23-93 and also review user records to determine what companies are billed a flat rate for their sewer utility and recalculate the billings based on the requirements of the Ordinance. Lastly, utility department employees should obtain a working knowledge of the City's utility billing system to aid them in their ability to ascertain that utility customers are being properly billed for utility usage.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Cash Management

Finding Number	2000-21016-004
CFDA Title and Number	Home Investment Partnerships Program (HOME) CFDA # 14.239
Federal Award Number / Year	A-C-99-109-2
Federal Agency	U.S. Department of Housing and Urban Development

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Noncompliance Citation (Continued)

Ohio Department of Development Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook Section A (3) f, require grantees to develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance less than \$5,000 within 15 days of receipt of any funds.

The City maintained cash balances on hand in excess of \$5,000 for more than 15 days. The City received \$81,193 on October 17, 2000, which was not entirely disbursed until after December 31, 2000. In addition, the City maintained \$11,981 during 2000, prior to October 17, 2000, which was not disbursed until after December 31, 2000. In these instances, the City maintained cash balances in excess of \$5,000 for longer than 15 days. As a result, the City did not comply with federal requirements which require grantees to not maintain a cash balance greater than \$5,000 for longer than 15 days.

The City and Grant Consultant should establish cash management controls sufficient to reduce and maintain the amount of funds on hand at or below \$5,000 for the specified period.

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CITY OF COSHOCTON
COSHOCTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
1999-21016-001	Not maintaining an updated, comprehensive, detailed fixed asset listing.	No	Partially Corrected. The City does have a master fixed asset listing and they are now keeping track of additions and deletions. However, errors still exist on the fixed asset listing.



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CITY OF COSHOCTON

COSHOCTON 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
JULY 12, 2001**