



**CITY OF SHARONVILLE  
HAMILTON COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2000**



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

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**STATE OF OHIO**



**CITY OF SHARONVILLE  
HAMILTON COUNTY**

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*THE CITY OF SHARONVILLE, OHIO*

*HAMILTON COUNTY*

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*ELECTED OFFICIALS AS OF DECEMBER 31, 2000*

<u><i>ELECTED OFFICIAL</i></u>	<u><i>TITLE</i></u>	<u><i>SALARY</i></u>	<u><i>TERM OF OFFICE</i></u>	<u><i>SURETY</i></u>
Virgil Lovitt II	Mayor	\$27,850	01/01/00 - 12/31/03	(A)
Eugene Martin	President of Council	10,869	01/01/00 - 12/31/01	(A)
William Breyer	Council Member	8,830	01/01/00 - 12/31/01	(A)
Kevin Hardman	Council Member	8,830	01/01/00 - 12/31/01	(A)
Janey Kattelman	Council Member	8,830	01/01/00 - 12/31/01	(A)
Bill Lewis	Council Member	8,830	01/01/00 - 12/31/01	(A)
Kerry Rabe	Council Member	8,830	01/01/00 - 12/31/01	(A)
Robert Taylor	Council Member	8,830	01/01/00 - 12/31/01	(A)
Steven Tolbert	Council Member	8,830	01/01/00 - 12/31/01	(A)
Mark Piepmeier	Treasurer	8,830	01/01/00 - 12/31/03	(A)
Janet L. Barger	Auditor	15,623	01/01/00 - 12/31/03	(A)
Thomas Keating	Law Director	42,794	01/01/00 - 12/31/03	(A)

City Address:

Sharonville City Hall  
10900 Reading Road  
Sharonville, Ohio 45241

(A) Covered under Ohio Government Risk Management Plan in the amount of \$100,000 from 04/26/00 to 04/26/01.

*THE CITY OF SHARONVILLE, OHIO*  
*HAMILTON COUNTY*

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*ADMINISTRATIVE PERSONNEL AS OF DECEMBER 31, 2000*

<u><i>ADMINISTRATIVE PERSONNEL</i></u>	<u><i>TITLE</i></u>	<u><i>SALARY</i></u>	<u><i>TERM OF OFFICE OR CONTRACT</i></u>	<u><i>SURETY</i></u>
Al Ledbetter	Safety/Service Director	\$69,118 – 98,280	Indefinite	(A)
Dan Burke	Budget Director	43,606 – 58,240	Indefinite	(A)
Martha Cross Funk	Tax Commissioner	43,606 – 58,240	Indefinite	(A)
Thomas Burske	Deputy Auditor	43,606 – 58,240	Indefinite	(A)

(A) Covered under Ohio Government Risk Management Plan in the amount of \$100,000 from 04/26/00 to 04/26/01.

**INDEX OF FUNDS - GAAP BASIS FINANCIAL REPORTING**

**GOVERNMENTAL FUND TYPES:**

General Fund

Special Revenue Funds:

- State Highway Improvement Fund
- Street Construction, Maintenance and Repair Fund
- Risk Insurance Fund
- State Health Licenses Fund
- Law Enforcement Trust Fund
- Drug Law Enforcement Trust Fund
- DUI Education and Enforcement Fund
- Mayor's Court Computer Fund
- Clerk of Courts Computer Fund
- Law Enforcement Block Grant Fund
- Termination Benefits Fund

Debt Service Funds:

- Special Assessment Retirement Fund
- Crystalview Widening Fund
- Zind Lane Sewer Fund
- Crowne Point Drive Fund
- Indian Springs Street Light Fund

Capital Projects Funds:

- Capital Improvement Fund
- Note Debt Retirement Fund
- Capital Improvement Issue II Fund
- Capital Improvement Issue II-B Fund

**PROPRIETARY FUND TYPE:**

Enterprise Funds:

- Senior Citizen Housing Fund
- Senior Citizen Deposit Fund
- Convention Center Fund

**FIDUCIARY FUND TYPES:**

Expendable Trust Fund:

- Unclaimed Monies Fund

Agency Funds:

- Mayor's Court Fund
- Employee Medical, Dental and Optical Fund
- Tax Rebate Fund
- Ohio Board of Building Standards Fund

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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## INDEPENDENT ACCOUNTANTS' REPORT

City of Sharonville  
Hamilton County  
10900 Reading Road  
Sharonville, Ohio 45241

To the City Council:

We have audited the accompanying general-purpose financial statements of the City of Sharonville, Hamilton 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 did not audit the financial statements of the Sharonville Community Improvement Corporation (CIC), which represents .6 percent and .9 percent, respectively, of the assets and revenues of the General Fixed Asset Account Group and the Capital Project Fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the CIC, is based on the report of the other auditors.

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. The financial statements of the Sharonville Community Improvement Corporation were audited by other auditors in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*. 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 and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Sharonville, Hamilton County, Ohio as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types for the fiscal 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 September 24, 2001, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That 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.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the City of Sharonville, Hamilton County, Ohio, taken as a whole. The accompanying information, listed as introductory information in the table of contents and the Combining Statement of Changes in Assets and Liabilities - All Agency Funds, is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. This information was subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

September 24, 2001

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**THE CITY OF SHARONVILLE, OHIO  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 2000**

	<i>Governmental Fund Types</i>				<i>Proprietary Fund Type</i>	<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
<b>Assets and Other Debits:</b>									
Assets:									
Cash and Cash Equivalents	\$2,347,231	\$1,062,072	\$412,882	\$4,835,502	\$2,371,795	\$6,596	\$0	\$0	\$11,036,078
Receivables (net of allowance for doubtful accounts):									
Taxes	2,733,399	0	0	0	0	0	0	0	2,733,399
Accounts	296,344	948	0	0	23,796	0	0	0	321,088
Special Assessments	0	0	786,116	0	0	0	0	0	786,116
Intergovernmental Receivables	19,556	36,026	0	0	0	0	0	0	55,582
Inventory of Supplies at Cost	0	11,158	0	0	0	0	0	0	11,158
Prepaid Items	16,208	274	0	33,750	1,534	0	0	0	51,766
Restricted Assets:									
Cash and Cash Equivalents	0	0	0	112,079	13,176	196,042	0	0	321,297
Fixed Assets (net of accumulated depreciation)	0	0	0	0	7,062,260	0	31,885,384	0	38,947,644
Other Debits:									
Amount Available in Debt Service Fund Amount to be Provided for General Long-Term Obligations	0	0	0	0	0	0	0	412,882	412,882
General Long-Term Obligations	0	0	0	0	0	0	0	7,942,615	7,942,615
Total Assets and Other Debits	<u>\$5,412,738</u>	<u>\$1,110,478</u>	<u>\$1,198,998</u>	<u>\$4,981,331</u>	<u>\$9,472,561</u>	<u>\$202,638</u>	<u>\$31,885,384</u>	<u>\$8,355,497</u>	<u>\$62,619,625</u>

(Continued)

	<i>Governmental Fund Types</i>			<i>Proprietary Fund Type</i>	<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)	
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Trust and Agency Funds	General Fixed Assets		General Long-Term Obligations
<b>Liabilities and Other Credits:</b>									
<b>Liabilities:</b>									
Accounts Payable	\$69,305	\$13,115	\$0	\$21,885	\$15,391	\$0	\$0	\$0	\$119,696
Accrued Wages and Benefits	60,079	12,508	0	0	1,190	0	0	0	73,777
Intergovernmental Payables	460,931	27,557	0	3,327	25,776	186	0	0	517,777
Due to Others	0	0	0	0	0	195,856	0	0	195,856
Accrued Interest Payable	0	0	0	35,000	21,738	0	0	0	56,738
Customer Deposits	0	0	0	0	13,176	0	0	0	13,176
Deferred Revenue	366,838	0	786,116	0	81,310	0	0	0	1,234,264
General Obligation Notes Payable	0	0	0	1,200,000	0	0	0	0	1,200,000
Capital Leases Payable	0	0	0	0	0	0	0	372,823	372,823
Compensated Absences Payable	52,798	6,247	0	0	114,792	0	0	1,913,387	2,087,224
General Obligation Bonds Payable	0	0	0	0	5,550,000	0	0	5,395,000	10,945,000
Special Assessment Bonds Payable	0	0	0	0	0	0	0	640,000	640,000
Police/Firemen's Pension Accrued Liability	0	0	0	0	0	0	0	34,287	34,287
<b>Total Liabilities</b>	<b>1,009,951</b>	<b>59,427</b>	<b>786,116</b>	<b>1,260,212</b>	<b>5,823,373</b>	<b>196,042</b>	<b>0</b>	<b>8,355,497</b>	<b>17,490,618</b>
<b>Equity and Other Credits:</b>									
Investment in General Fixed Assets	0	0	0	0	0	0	31,885,384	0	31,885,384
Contributed Capital	0	0	0	0	79,021	0	0	0	79,021
<b>Retained Earnings:</b>									
Unreserved	0	0	0	0	3,570,167	0	0	0	3,570,167
<b>Fund Balances:</b>									
Reserved for Encumbrances	279,607	124,465	0	2,279,639	0	0	0	0	2,683,711
Reserved for Supplies Inventory	0	11,158	0	0	0	0	0	0	11,158
Reserved for Prepaid Items	16,208	274	0	33,750	0	0	0	0	50,232
Reserved for Debt Service	0	0	412,882	0	0	0	0	0	412,882
<b>Unreserved:</b>									
Undesignated	4,106,972	915,154	0	1,407,730	0	6,596	0	0	6,436,452
<b>Total Equity and Other Credits</b>	<b>4,402,787</b>	<b>1,051,051</b>	<b>412,882</b>	<b>3,721,119</b>	<b>3,649,188</b>	<b>6,596</b>	<b>31,885,384</b>	<b>0</b>	<b>45,129,007</b>
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$5,412,738</b>	<b>\$1,110,478</b>	<b>\$1,198,998</b>	<b>\$4,981,331</b>	<b>\$9,472,561</b>	<b>\$202,638</b>	<b>\$31,885,384</b>	<b>\$8,355,497</b>	<b>\$62,619,625</b>

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

**THE CITY OF SHARONVILLE, OHIO**  
**COMBINED STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>Governmental</b>			<b>Fiduciary</b>		Totals (Memorandum Only)
	<b>Fund Types</b>			<b>Fund Type</b>		
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Expensible Trust Fund	
<b>Revenues:</b>						
Taxes	\$12,425,983	\$0	\$0	\$0	\$0	\$12,425,983
Intergovernmental Revenues	603,103	1,044,810	0	719,653	0	2,367,566
Charges for Services	569,541	3,289	0	0	0	572,830
Licenses and Permits	335,296	53,498	0	0	0	388,794
Investment Earnings	540,795	38,141	23,375	0	0	602,311
Special Assessments	0	0	133,155	0	0	133,155
Fines and Forfeitures	257,316	47,093	0	0	0	304,409
All Other Revenues	133,956	280,621	0	98,734	0	513,311
Total Revenues	<u>14,865,990</u>	<u>1,467,452</u>	<u>156,530</u>	<u>818,387</u>	<u>0</u>	<u>17,308,359</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Security of Persons and Property	6,213,678	57,029	0	0	0	6,270,707
Public Health and Welfare Services	261,531	5,735	0	0	0	267,266
Leisure Time Activities	2,059,204	0	0	0	0	2,059,204
Community Environment	369,457	0	0	0	0	369,457
Basic Utility Services	377,154	0	0	0	0	377,154
Transportation	0	1,043,682	0	0	0	1,043,682
General Government	2,209,382	63,948	0	0	0	2,273,330
Capital Outlay	0	0	0	4,463,078	0	4,463,078
<b>Debt Service:</b>						
Principal Retirements	0	0	70,000	300,401	0	370,401
Interest and Fiscal Charges	0	0	55,325	327,808	0	383,133
Total Expenditures	<u>11,490,406</u>	<u>1,170,394</u>	<u>125,325</u>	<u>5,091,287</u>	<u>0</u>	<u>17,877,412</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,375,584	297,058	31,205	(4,272,900)	0	(569,053)
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	127,000	11,837	0	4,565,049	0	4,703,886
Operating Transfers Out	(3,993,149)	(48,837)	0	(761,900)	0	(4,803,886)
Total Other Financing Sources (Uses)	<u>(3,866,149)</u>	<u>(37,000)</u>	<u>0</u>	<u>3,803,149</u>	<u>0</u>	<u>(100,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(490,565)	260,058	31,205	(469,751)	0	(669,053)
Fund Balance Beginning of Year	4,893,352	802,335	381,677	4,190,870	6,596	10,274,830
Decrease in Inventory Reserve	0	(11,342)	0	0	0	(11,342)
Fund Balance End of Year	<u>\$4,402,787</u>	<u>\$1,051,051</u>	<u>\$412,882</u>	<u>\$3,721,119</u>	<u>\$6,596</u>	<u>\$9,594,435</u>

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

**THE CITY OF SHARONVILLE, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$19,656,535	\$12,174,309	(\$7,482,226)	\$0	\$0	\$0
Intergovernmental Revenues	970,616	601,153	(369,463)	1,033,947	1,040,409	6,462
Charges for Services	920,325	570,005	(350,320)	3,269	3,289	20
Licenses and Permits	531,767	329,351	(202,416)	52,410	52,738	328
Investment Earnings	883,445	547,163	(336,282)	37,904	38,141	237
Special Assessments	0	0	0	0	0	0
Fines and Forfeitures	415,990	257,644	(158,346)	47,350	47,647	297
All Other Revenues	221,322	137,076	(84,246)	278,879	280,621	1,742
<b>Total Revenues</b>	<b>23,600,000</b>	<b>14,616,701</b>	<b>(8,983,299)</b>	<b>1,453,759</b>	<b>1,462,845</b>	<b>9,086</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Security of Persons and Property	6,714,319	6,217,807	496,512	115,239	85,404	29,835
Public Health and Welfare Services	287,646	266,375	21,271	7,738	5,735	2,003
Leisure Time Activities	2,250,852	2,084,405	166,447	0	0	0
Community Environment	458,566	424,656	33,910	0	0	0
Basic Utility Services	481,536	445,927	35,609	0	0	0
Transportation	0	0	0	1,630,416	1,208,317	422,099
General Government	2,477,191	2,294,007	183,184	86,286	63,948	22,338
Capital Outlay	0	0	0	0	0	0
<b>Debt Service:</b>						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>12,670,110</b>	<b>11,733,177</b>	<b>936,933</b>	<b>1,839,679</b>	<b>1,363,404</b>	<b>476,275</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,929,890	2,883,524	(8,046,366)	(385,920)	99,441	485,361
<b>Other Financing Sources (Uses):</b>						
Proceeds from General Obligation Notes	0	0	0	0	0	0
Operating Transfers In	0	127,000	127,000	93,230	11,837	(81,393)
Operating Transfers Out	(210,000)	(3,993,149)	(3,783,149)	(48,837)	(48,837)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(210,000)</b>	<b>(3,866,149)</b>	<b>(3,656,149)</b>	<b>44,393</b>	<b>(37,000)</b>	<b>(81,393)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	10,719,890	(982,625)	(11,702,515)	(341,527)	62,441	403,968
Fund Balance at Beginning of Year	2,586,534	2,586,534	0	725,094	725,094	0
Prior Year Encumbrances	416,946	416,946	0	137,558	137,558	0
<b>Fund Balance at End of Year</b>	<b>\$13,723,370</b>	<b>\$2,020,855</b>	<b>(\$11,702,515)</b>	<b>\$521,125</b>	<b>\$925,093</b>	<b>\$403,968</b>

(Continued)

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

**THE CITY OF SHARONVILLE, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

	<i>Debt Service Funds</i>			<i>Capital Projects Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>						
Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	650,000	797,545	147,545
Charges for Services	0	0	0	0	0	0
Licenses and Permits	0	0	0	0	0	0
Investment Earnings	0	0	0	0	0	0
Special Assessments	22,829	23,375	546	0	0	0
Fines and Forfeitures	130,045	133,155	3,110	0	0	0
All Other Revenues	0	0	0	105,000	98,734	(6,266)
Total Revenues	<u>152,874</u>	<u>156,530</u>	<u>3,656</u>	<u>755,000</u>	<u>896,279</u>	<u>141,279</u>
<u>Expenditures:</u>						
Current:						
Security of Persons and Property	0	0	0	0	0	0
Public Health and Welfare Services	0	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0	0
Community Environment	0	0	0	0	0	0
Basic Utility Services	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
General Government	0	0	0	0	0	0
Capital Outlay	0	0	0	7,332,248	6,683,212	649,036
Debt Service:						
Principal Retirement	396,551	70,000	326,551	300,401	300,401	0
Interest and Fiscal Charges	72,970	55,325	17,645	293,133	292,808	325
Total Expenditures	<u>469,521</u>	<u>125,325</u>	<u>344,196</u>	<u>7,925,782</u>	<u>7,276,421</u>	<u>649,361</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(316,647)	31,205	347,852	(7,170,782)	(6,380,142)	790,640
<u>Other Financing Sources (Uses):</u>						
Proceeds from General Obligation Notes	0	0	0	1,200,000	1,200,000	0
Operating Transfers In	0	0	0	5,786,758	4,565,049	(1,221,709)
Operating Transfers Out	0	0	0	(761,900)	(761,900)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,224,858</u>	<u>5,003,149</u>	<u>(1,221,709)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(316,647)	31,205	347,852	(945,924)	(1,376,993)	(431,069)
Fund Balance at Beginning of Year	381,677	381,677	0	2,286,115	2,286,115	0
Prior Year Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,621,529</u>	<u>1,621,529</u>	<u>0</u>
Fund Balance at End of Year	<u>\$65,030</u>	<u>\$412,882</u>	<u>\$347,852</u>	<u>\$2,961,720</u>	<u>\$2,530,651</u>	<u>(\$431,069)</u>

(Continued)



**THE CITY OF SHARONVILLE, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Expendable Trust Fund</u>			<u>Totals (Memorandum Only)</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>						
Taxes	\$0	\$0	\$0	\$19,656,535	\$12,174,309	(\$7,482,226)
Intergovernmental Revenues	0	0	0	2,654,563	2,439,107	(215,456)
Charges for Services	0	0	0	923,594	573,294	(350,300)
Licenses and Permits	0	0	0	584,177	382,089	(202,088)
Investment Earnings	0	0	0	921,349	585,304	(336,045)
Special Assessments	0	0	0	22,829	23,375	546
Fines and Forfeitures	0	0	0	593,385	438,446	(154,939)
All Other Revenues	6,595	0	(6,595)	611,796	516,431	(95,365)
Total Revenues	<u>6,595</u>	<u>0</u>	<u>(6,595)</u>	<u>25,968,228</u>	<u>17,132,355</u>	<u>(8,835,873)</u>
<u>Expenditures:</u>						
Current:						
Security of Persons and Property	0	0	0	6,829,558	6,303,211	526,347
Public Health and Welfare Services	0	0	0	295,384	272,110	23,274
Leisure Time Activities	0	0	0	2,250,852	2,084,405	166,447
Community Environment	6,595	0	6,595	465,161	424,656	40,505
Basic Utility Services	0	0	0	481,536	445,927	35,609
Transportation	0	0	0	1,630,416	1,208,317	422,099
General Government	0	0	0	2,563,477	2,357,955	205,522
Capital Outlay	0	0	0	7,332,248	6,683,212	649,036
Debt Service:						
Principal Retirement	0	0	0	696,952	370,401	326,551
Interest and Fiscal Charges	0	0	0	366,103	348,133	17,970
Total Expenditures	<u>6,595</u>	<u>0</u>	<u>6,595</u>	<u>22,911,687</u>	<u>20,498,327</u>	<u>2,413,360</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	3,056,541	(3,365,972)	(6,422,513)
<u>Other Financing Sources (Uses):</u>						
Proceeds from General Obligation Notes	0	0	0	1,200,000	1,200,000	0
Operating Transfers In	0	0	0	5,879,988	4,703,886	(1,176,102)
Operating Transfers Out	0	0	0	(1,020,737)	(4,803,886)	(3,783,149)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,059,251</u>	<u>1,100,000</u>	<u>(4,959,251)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	9,115,792	(2,265,972)	(11,381,764)
Fund Balance at Beginning of Year	6,596	6,596	0	5,986,016	5,986,016	0
Prior Year Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,176,033</u>	<u>2,176,033</u>	<u>0</u>
Fund Balance at End of Year	<u>\$6,596</u>	<u>\$6,596</u>	<u>\$0</u>	<u>\$17,277,841</u>	<u>\$5,896,077</u>	<u>(\$11,381,764)</u>

**THE CITY OF SHARONVILLE, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**PROPRIETARY FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u><i>Enterprise Funds</i></u>
<u>Operating Revenues:</u>	
Charges for Services	\$1,067,355
Other Operating Revenues	<u>97,604</u>
Total Operating Revenues	<u>1,164,959</u>
<u>Operating Expenses:</u>	
Personal Services	787,355
Materials and Supplies	65,450
Contractual Services	404,063
Utilities	136,415
Depreciation	193,299
Other Operating Expenses	<u>4,255</u>
Total Operating Expenses	<u>1,590,837</u>
Operating Loss	(425,878)
<u>Non-Operating Revenues (Expenses):</u>	
Intergovernmental Revenues	642,550
Investment Earnings	138,721
Interest and Fiscal Charges	(286,031)
Loss on Disposal of Fixed Assets	<u>(10)</u>
Total Non-Operating Revenues (Expenses)	<u>495,230</u>
Income Before Operating Transfers	69,352
<u>Operating Transfers:</u>	
Operating Transfers In	180,000
Operating Transfers Out	<u>(80,000)</u>
Total Operating Transfers	<u>100,000</u>
Net Income	169,352
Restated Retained Earnings at Beginning of Year	<u>3,400,815</u>
Retained Earnings at End of Year	<u><u>\$3,570,167</u></u>

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

**THE CITY OF SHARONVILLE, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Enterprise Funds</u>
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$1,081,802
Cash Payments for Goods and Services	(676,948)
Cash Payments to Employees	(761,437)
Other Operating Revenues	97,604
Customer Deposits Received	2,085
Customer Deposits Returned	(2,531)
Net Cash Used for Operating Activities	<u>(259,425)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Transfers In from Other Funds	180,000
Transfers Out to Other Funds	(80,000)
Net Cash Provided by Noncapital Financing Activities	<u>100,000</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition and Construction of Assets	(45,635)
Intergovernmental Revenue Received	642,550
Payment on General Obligation Bonds	(250,000)
Interest Paid on All Debt	(287,010)
Net Cash Provided by Capital and Related Financing Activities	<u>59,905</u>
<u>Cash Flows from Investing Activities:</u>	
Receipts of Interest	138,721
Sale of Investments	0
Net Cash Provided by Investing Activities	<u>138,721</u>
Net Increase in Cash and Cash Equivalents	39,201
Cash and Cash Equivalents at Beginning of Year (Includes Restricted Cash & Cash Equivalents)	<u>2,345,770</u>
Cash and Cash Equivalents at End of Year (Includes Restricted Cash & Cash Equivalents)	<u><u>\$2,384,971</u></u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Loss	(\$425,878)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation Expense	193,299
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	36,007
Decrease in Prepaid Items	1,132
Decrease in Accounts Payable	(67,642)
Decrease in Accrued Wages and Benefits	(1,073)
Decrease in Customer Deposits Payable	(446)
Decrease in Deferred Revenue	(21,560)
Increase in Intergovernmental Payable	6,172
Increase in Compensated Absences	20,564
Total Adjustments	<u>166,453</u>
Net Cash Used for Operating Activities	<u><u>(\$259,425)</u></u>

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

**THE CITY OF SHARONVILLE, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2000**

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

**A. Reporting Entity**

The City of Sharonville, Ohio (the "City") was incorporated in 1961 under the laws of the State of Ohio and operates under a Mayor-Council form of government.

The accompanying general purpose financial statements comply with the provisions of the Governmental Accounting Standards Board (the "GASB") Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity includes all funds, account groups, agencies, boards and commissions that are part of the primary government, which include the following services: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services. The City also owns and operates senior citizen housing and a convention center which are reported as enterprise funds. In addition, the City has included the Community Improvement Corporation of Sharonville (CIC) as a blended component unit.

The Community Improvement Corporation of Sharonville (CIC), a non-profit organization, is a six member board comprised of four City officials and two council members. Although it is legally separate from the City, the CIC is reported as if it were part of the primary government because the City can impose its' will on the CIC. The primary purpose of the CIC is the planning of the industrial, commercial, distribution and research development of the City, including the assurance that mortgage payments will be made to foster such development, the acquisition, construction, equipment and improvement of buildings, structures and other properties, the acquisition of sites for such development, the lease, sale and subdivision of such sites and incurring of debt in order to carry out such development, and to make loans to any individual or business entity in order to carry out such development purpose for the City. The City provides all subsidies to the CIC to finance its operations and activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Basis of Presentation**

The accounting policies of the City conform to generally accepted accounting principles applicable to governments as prescribed by the GASB. The following is a summary of the more significant policies:

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the combined financial statements. The following fund types and account groups are used by the City:

***Governmental Funds*** - are those funds 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 liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's governmental fund types:

**General Fund** - This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Principal sources of revenue are municipal income taxes and shared tax revenues. Primary expenditures are for police and fire protection, community environment and general government.

**Special Revenue Funds** - These funds are used to account for revenues derived from specific taxes, grants or other restricted revenue sources which are legally restricted for specific purposes.

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

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

***Proprietary Funds*** - The proprietary funds are accounted for on an "economic resource" measurement focus. This measurement focus provides that all assets and liabilities associated with the operation of the proprietary funds are included on the balance sheet. Fund equity (i.e., net assets) are segregated into contributed capital and retained earnings components. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Basis of Presentation** (Continued)

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

***Fiduciary Funds***

Trust and Agency Funds - These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains an expendable trust fund and agency funds. The expendable trust fund is accounted for and reported similarly to governmental funds. The agency funds are custodial in nature (assets equal liabilities) and 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 - This account group is established to account for fixed assets of the City other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt of the City except those accounted for in the proprietary funds.

**C. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds, the expendable trust fund, and the agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees, gasoline tax, and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues are recorded as revenue when received in cash because generally these revenues are not measurable until received.

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

**C. Basis of Accounting (Continued)**

Special assessments receivable, which are measurable but not available at December 31, are recorded as deferred revenue.

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses recognized when incurred.

**D. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than the CIC fund (a blended capital project component unit) and agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the fund level except for the General Fund, Street Construction, Maintenance, and Repair Fund, State Highway Fund, Senior Citizen Housing Fund, and Convention Center Fund, which are budgeted at the fund, function, and department level. Budgetary modifications may only be made by ordinance of the City Council.

**1. Tax Budget**

By July 15, the Mayor submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

**2. Estimated Resources**

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the

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

**D. Budgetary Process** (Continued)

2. Estimated Resources (Continued)

amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2000.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31.

The appropriation ordinance establishes spending controls at the fund, department and function level for the General Fund, Street Construction, Maintenance, and Repair Fund, State Highway Fund, Senior Citizen Housing Fund, and the Convention Center Fund, with all other funds appropriated at the fund level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the 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 City Council. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances outstanding at year end, however, are reported as reservations of fund balances for subsequent year expenditures in the accompanying general purpose financial statements.

5. Lapsing of Appropriations

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



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**D. Budgetary Process** (Continued)

6. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the governmental funds and the expendable trust fund:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Expendable Trust Fund
GAAP Basis (as reported)	(\$490,565)	\$260,058	\$31,205	(\$469,751)	\$0
Increase (Decrease):					
Accrued Revenues at December 31, 2000 received during 2001	(2,682,461)	(36,974)	0	0	0
Accrued Revenues at December 31, 1999 received during 2000	2,433,172	32,367	0	77,892	0
Accrued Expenditures at December 31, 2000 paid during 2001	643,113	59,427	0	60,212	0
Accrued Expenditures at December 31, 1999 paid during 2000	(556,650)	(115,184)	0	(94,666)	0
1999 Prepays for 2000	12,025	0	0	0	0
2000 Prepays for 2001	(16,208)	(274)	0	(33,750)	0
Unbudgeted CIC Fund	0	0	0	187,921	0
General Obligation Note:					
Issuance	0	0	0	1,200,000	0
Outstanding Encumbrances	(325,051)	(136,979)	0	(2,304,851)	0
Budget Basis	<u>(\$982,625)</u>	<u>\$62,441</u>	<u>\$31,205</u>	<u>(\$1,376,993)</u>	<u>\$0</u>

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

**E. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits and the State Treasurer's Asset Reserve (STAR Ohio). STAR Ohio is considered a cash equivalent because it is a highly liquid investment with an original maturity date of three months or less.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintains its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds' share of equity in pooled deposits and investments are considered to be cash equivalents. See Note 4 "Cash, Cash Equivalents and Investments."

**F. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value. See Note 4, "Cash, Cash Equivalents and Investments."

The City has invested funds in STAR Ohio during 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2000.

**G. Inventory**

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental and expendable trust funds when purchased and as expenses in the proprietary funds when used.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**H. Fixed Assets and Depreciation**

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain improvements that normally are immovable and of value only to the City have not been capitalized. Therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets.

General fixed asset values were initially determined at December 31, 1987 by identifying historical costs when such information was available. These assets were reappraised in 2000.

The City has elected not to record depreciation in the General Fixed Assets Account Group.

2. Property, Plant and Equipment - Proprietary Funds

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction, and architectural and engineering fees where applicable. Contributed fixed assets are recorded at fair market value at the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Estimated Lives (Years)
Buildings	50
Improvements other than Buildings	30
Machinery, Equipment, Furniture and Fixtures	30

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

**I. Long-Term Obligations**

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

Obligation	Fund
Special Assessment Bonds	Special Assessment Retirement Fund Crystalview Widening Fund Zind Lane Sewer Fund Crowne Point Drive Fund
General Obligation Bonds	Convention Center Fund Note Debt Retirement Fund
Capital Leases	Capital Improvement Fund
Police/Fire Pension Accrued Liability	General Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Senior Citizen Housing Fund Convention Center Fund

**J. Compensated Absences**

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

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

Compensated absences are expensed in the Senior Citizens Housing and Convention Center enterprise funds when earned. The related liability is reported within the fund.

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

**K. Pensions**

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

**L. Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.

Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. There were no residual equity transfers during 2000.

Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City. The City also advances cash from one fund to another as necessary to meet current obligations.

**M. Reservations of Fund Balance**

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for supplies inventory, prepaid items, debt service and encumbered amounts that are not accrued at year end.

**N. Total Columns on Combined Financial Statements - Overview**

Total columns on the "Combined Financial Statements - Overview" are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flow in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**O. Restricted Assets**

Certain cash and cash equivalents are classified as restricted on the balance sheet because these funds are being held by a trustee, an agent or by the City for specified purposes.

**NOTE 2 - PRIOR PERIOD ADJUSTMENT**

During 2000, the City reappraised its fixed assets which resulted in a restatement. It was determined that the General Fixed Assets Account Group was understated by \$11,646,320 at December 31, 1999. The General Fixed Assets Account Group balance at January 1, 2000 has been restated. The balance increased from \$18,987,462 to \$30,633,782.

The City also reappraised its proprietary fixed assets. This resulted in the following change to the beginning retained earnings balance in the enterprise funds:

<b>Enterprise Funds:</b>	
Retained Earnings at 12/31/99 (as reported)	\$3,404,126
Restate Fixed Assets	<u>(3,311)</u>
Retained Earnings at 01/01/00 (restated)	<u>\$3,400,815</u>

**NOTE 3 – COMPLIANCE AND ACCOUNTABILITY**

**A. Deficit Fund Balance**

At December 31, 2000 the following fund had a deficit in Fund Balance:

	<u>Fund Deficit</u>
Capital Projects Fund:	
Capital Improvement Issue II-B Fund	\$37,327

The fund deficit in the Capital Improvement Issue II-B Fund (capital projects fund) arises from the recognition of general obligation notes payable under the modified accrual basis of accounting. Under the budgetary basis of accounting, proceeds from the sale of notes are recognized as revenue and expenditures are recognized when paid, therefore, a deficit does not exist.

**B. Excess of Expenditures Over Appropriations**

For the year ended December 31, 2000, expenditures exceeded appropriations at the department level (i.e., the legal level of budgetary control) as follows:

<u>Fund</u>	<u>Excess</u>
General Fund:	
Operating Transfers Out	\$3,783,149

The excess expenditures were funded from available fund balances.

**NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of a majority of individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents." Ohio law requires the classification of funds held by the City into three categories:

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

Category 2 consists of "inactive" funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

**NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3 "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*," collateral held in single financial collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

*Deposits:*

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

*Investments:*

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

**A. Deposits**

At year end the carrying amount of the City's deposits was \$247,282 and the bank balance was \$349,204. Federal depository insurance covered \$100,000 of the bank balance. All remaining deposits were classified as Category 3.



**NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**B. Investments**

The City's investments at December 31, 2000 are:

<u>Noncategorized Investments</u>	<u>Category 3</u>	<u>Fair Value</u>
STAR Ohio	<u>N/A</u>	<u>11,110,093</u>
Total Investments	<u>\$0</u>	<u>\$11,110,093</u>

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

**C. Reconciliation of Cash, Cash Equivalents and Investments**

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Combined Balance Sheet	\$11,357,375	\$0
Investments:		
STAR Ohio	<u>(11,110,093)</u>	<u>11,110,093</u>
Per GASB Statement No. 3	<u>\$247,282</u>	<u>\$11,110,093</u>

\* Includes Restricted Cash and Cash Equivalents

**NOTE 5 - INCOME TAXES**

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

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

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2000 consisted of taxes, accounts receivable, interest, special assessments, and intergovernmental receivables arising from shared revenues.

**NOTE 7 - OPERATING TRANSFERS**

Following is a summary of operating transfers in and out for all funds for 2000:

Fund	Transfers In	Transfers Out
General Fund	\$127,000	\$3,993,149
Special Revenue Funds:		
Street, Construction, Maintenance and Repair Fund	10,000	0
State Health Licenses Fund	0	47,000
Law Enforcement Trust Fund	0	1,837
Law Enforcement Block Grant Fund	<u>1,837</u>	<u>0</u>
Total Special Revenue Funds	11,837	48,837
Capital Projects Funds:		
Capital Improvement Fund	3,799,149	761,900
Capital Improvement Issue II Fund	761,900	0
Note Debt Retirement Fund	<u>4,000</u>	<u>0</u>
Total Capital Projects Funds	4,565,049	761,900
Enterprise Funds:		
Senior Citizen Housing Fund	0	80,000
Convention Center Fund	<u>180,000</u>	<u>0</u>
Total Enterprise Funds	<u>180,000</u>	<u>80,000</u>
Totals	<u>\$4,883,886</u>	<u>\$4,883,886</u>

**NOTE 8 - FIXED ASSETS**

**A. General Fixed Assets**

Summary by category of changes in general fixed assets:

Category	Restated January 1, 2000	Additions	Deletions	December 31, 2000
Land	\$1,369,556	\$0	\$0	\$1,369,556
Land Improvements	1,434,243	128,974	0	1,563,217
Buildings and Improvements	10,920,529	293,574	0	11,214,103
Infrastructure	10,813,897	475,699	0	11,289,596
Machinery and Equipment	3,259,184	191,283	(8,597)	3,441,870
Vehicles	2,836,373	317,899	(147,230)	3,007,042
Totals	<u>\$30,633,782</u>	<u>\$1,407,429</u>	<u>(\$155,827)</u>	<u>\$31,885,384</u>

**NOTE 8 - FIXED ASSETS****B. Proprietary Fixed Assets**

Summary by category at December 31, 2000:

Category	Historic Cost	Accumulated Depreciation	Book Value
Land	\$650,000	\$0	\$650,000
Land Improvements	123,620	(43,267)	80,353
Buildings and Improvements	7,891,575	(1,724,272)	6,167,303
Machinery and Equipment	232,567	(108,132)	124,435
Vehicles	63,135	(22,966)	40,169
Property, Plant and Equipment	\$8,960,897	(\$1,898,637)	\$7,062,260

**NOTE 9 – DEFINED BENEFIT PENSION PLANS**

All of the City's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

**A. Public Employees Retirement System (the "PERS of Ohio")**

The following information was provided by the PERS of Ohio to assist the City in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers."

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in the PERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for state and local government divisions. The 2000 employer contribution rate for local government employer units was 10.84%, of covered payroll, 6.54% to fund the pension and 4.3% to fund health care. The 1999 and 1998 employer contribution rates were 13.55%. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the PERS of Ohio for the years ending December 31, 2000, 1999 and 1998 were \$461,150, \$510,559 and \$456,057, respectively, which were equal to the required contributions for each year.

**NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

**A. Public Employees Retirement System (the “PERS of Ohio”)** (Continued)

The PERS of Ohio provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the PERS of Ohio is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 2000 employer contribution rate (identified above) that was used to fund health care for the year 2000 was 4.3% of covered payroll which amounted to \$183,063.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the PERS of Ohio's latest actuarial review performed as of December 31, 1999. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 1999 was 7.75%. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%. Health care costs were assumed to increase 4.75% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 401,339. The actuarial value of the PERS of Ohio net assets available for OPEB at December 31, 1999 is \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively.

**B. Ohio Police and Fire Pension Fund (the “OP&F Fund”)**

All City full-time police officers and full-time firefighters participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

**NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

**B. Ohio Police and Fire Pension Fund (the “OP&F Fund”) (Continued)**

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2000, 1999 and 1998 were \$426,880, \$410,498 and \$346,334 for police and \$156,482, \$116,146 and \$104,301 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The Ohio Revised Code provides that health care costs

paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2000 covered payroll that was used to fund postemployment health care benefits was \$158,712 representing 7.25% of covered payroll for police and \$47,271 representing 7.25% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 1999, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 12,467 for police and 9,807 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 1999 were \$95,004,633, which was net of member contributions of \$5,518,098.

**NOTE 10 - OTHER EMPLOYEE BENEFITS**

**A. Dental Optical Plan**

The City sponsors a Dental/Optical Plan for full-time employees of the City. Amounts not paid as dental or optical claims are remitted to employees upon termination or retirement. At December 31, 2000, the City had \$162,167 payable to employees for the Dental/Optical Plan.

**B. Compensated Absences**

As of December 31, 2000, the liability for unpaid compensated absences was \$1,972,432 for all funds of the City except the proprietary funds. Of that, \$1,913,387 was considered long-term, while \$59,045 was anticipated to require the use of current available financial resources. The long-term liability has been reported in the General Long-Term Obligations Account Group. Compensated absences payable in the proprietary funds was \$114,792, a net increase of \$20,564 from the amount reported at December 31, 1999.

**NOTE 11 - NOTES PAYABLE**

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable no later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five year period.

Notes payable at December 31, 2000 were as follows:

	Balance December 31, 1999		Issued	(Retired)	Balance December 31, 2000
Capital Projects Fund:					
Capital Improvement Issue II-B Fund:					
Crescentville Road	\$0	\$1,200,000		\$0	\$1,200,000
Total Notes Payable	\$0	\$1,200,000		\$0	\$1,200,000

**NOTE 12 - LONG-TERM OBLIGATIONS**

Long-term obligations of the City at December 31, 2000 were as follows:

	Balance December 31, 1999	Issued (Retired)	Balance December 31, 2000
<b>Enterprise Funds:</b>			
General Obligation Bond:			
4.70% - 5.30% Convention Center Bonds	\$5,800,000	(\$250,000)	\$5,550,000
Total Enterprise Long-Term Debt	<u>\$5,800,000</u>	<u>(\$250,000)</u>	<u>\$5,550,000</u>
<b>General Long-Term Obligations:</b>			
General Obligation Bond:			
4.60% - 4.80% Recreation Center Bond	\$5,605,000	(\$210,000)	\$5,395,000
Special Assessment Bonds:			
9.75% Crystalview Widening	40,000	(10,000)	30,000
8.00% Zind Lane Sewer	35,000	(5,000)	30,000
7.00% Miller Valentine Phase I	495,000	(45,000)	450,000
7.10% Miller Valentine Phase II	140,000	(10,000)	130,000
Total Special Assessment Bonds (with Government Commitment)	<u>710,000</u>	<u>(70,000)</u>	<u>640,000</u>
<b>Other Long-Term Obligations:</b>			
Compensated Absences	1,818,304	95,083	1,913,387
Capital Leases	463,224	(90,401)	372,823
Police and Firemen's Pension Accrued Liability	34,720	(433)	34,287
Total Other Long-Term Obligations	<u>2,316,248</u>	<u>4,249</u>	<u>2,320,497</u>
Total General Long-Term Debt and Other Long-Term Obligations	<u>\$8,631,248</u>	<u>(\$275,751)</u>	<u>\$8,355,497</u>

The principal amount of the City's special assessment debt outstanding at December 31, 2000, \$640,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of \$412,882 in the debt service funds at December 31, 2000 is reserved for the retirement of outstanding special assessment bonds. Delinquent special assessments at year end were \$1,139.

**A. Police and Firemen's Pension Fund**

The City's liability for past service costs related to the Police and Firemen's Pension Fund at December 31, 2000 is \$34,287 in principal payments through the year 2035. Only the principal amount is included in the General Long-Term Obligations Account Group.

**NOTE 12 - LONG-TERM OBLIGATIONS (Continued)**

**B. Principal and Interest Requirements**

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2000 follows:

Years	General Obligation Bonds		Special Assessment Bonds		Police/Fire Pension Accrued Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2001	\$480,000	\$533,054	\$70,000	\$46,055	\$452	\$1,452
2002	500,000	510,385	75,000	40,820	471	1,433
2003	520,000	486,773	70,000	35,230	491	1,413
2004	545,000	462,215	65,000	29,995	513	1,391
2005	570,000	436,478	60,000	25,380	535	1,369
2006-2010	3,280,000	1,750,460	300,000	62,915	3,039	6,481
2011-2015	4,165,000	865,255	0	0	3,749	5,771
2016-2035	885,000	64,320	0	0	25,037	13,043
Totals	<u>\$10,945,000</u>	<u>\$5,108,940</u>	<u>\$640,000</u>	<u>\$240,395</u>	<u>\$34,287</u>	<u>\$32,353</u>

**NOTE 13 - CAPITAL LEASE COMMITMENTS**

Under capital leases the City leases a ladder truck and a pumper truck for the fire department. The cost of the leased assets is accounted for in the General Fixed Assets Account Group and the related liability in the General Long-Term Obligations Account Group. The original cost of the assets under capital lease is \$822,277.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2000:

Year Ending December 31,	Capital Leases
2001	\$115,296
2002	115,295
2003	65,031
2004	65,030
2005	65,031
Minimum Lease Payments	<u>425,683</u>
Less: Amount representing interest at the City's incremental borrowing rate of interest	<u>(52,860)</u>
Present value of minimum lease payments	<u>\$372,823</u>



**NOTE 14 - CONTRIBUTED CAPITAL**

There were no changes in contributed capital during 2000:

	Senior Citizen Housing	Senior Citizen Deposit	Convention Center	Total
Balance at End of Year	\$0	\$0	\$79,021	\$79,021

**NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

Key financial information for the year ended December 31, 2000 for the City's enterprise activity is as follows:

	Senior Citizen Housing	Senior Citizen Deposit	Convention Center	Total
Operating Revenues	\$189,552	\$0	\$975,407	\$1,164,959
Depreciation	26,988	0	166,311	193,299
Operating Income (Loss)	27,013	0	(452,891)	(425,878)
Operating Transfers In	0	0	180,000	180,000
Operating Transfers Out	(80,000)	0	0	(80,000)
Net Income (Loss)	(46,828)	0	216,180	169,352
Property, Plant and Equipment:				
Additions	7,300	0	38,335	45,635
Disposals	0	0	(19,346)	(19,346)
Assets	869,167	13,176	8,590,218	9,472,561
Net Working Capital	105,509	13,176	2,146,211	2,264,896
Bonds Payable	0	0	5,550,000	5,550,000
Total Equity	836,380	0	2,812,808	3,649,188

**NOTE 16 - 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. In 1990, the City joined the Ohio Government Risk Management Plan (OGRMP), a public entity risk plan formed under 2744.081 of the Ohio Revised Code that operates as a common risk management and insurance program for 550 member political subdivisions. The City pays an annual premium to OGRMP for its general insurance coverage. The agreement for formation of OGRMP provides that the organization will be self-sustaining through member premiums and will reinsure through commercial insurance and reinsurance companies.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

The City also pays unemployment claims to the State of Ohio as incurred.

The City continues to carry commercial insurance for other risks of loss, including employee health and life insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

**NOTE 17 - CONTINGENCIES**

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

**THE CITY OF SHARONVILLE, OHIO**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

	Balance December 31, 1999	Additions	Deductions	Balance December 31, 2000
<u>Sharonville Mayor's Court Fund</u>				
Assets:				
Cash and Cash Equivalents	\$2,890	\$383,110	(\$382,733)	\$3,267
Total Assets	<u>\$2,890</u>	<u>\$383,110</u>	<u>(\$382,733)</u>	<u>\$3,267</u>
Liabilities:				
Due to Others	\$2,890	\$383,110	(\$382,733)	\$3,267
Total Liabilities	<u>\$2,890</u>	<u>\$383,110</u>	<u>(\$382,733)</u>	<u>\$3,267</u>
<u>Employee Dental, Medical, and Optical Fund</u>				
Assets:				
Cash and Cash Equivalents	\$142,859	\$107,372	(\$88,064)	\$162,167
Total Assets	<u>\$142,859</u>	<u>\$107,372</u>	<u>(\$88,064)</u>	<u>\$162,167</u>
Liabilities:				
Due to Others	\$142,859	\$107,372	(\$88,064)	\$162,167
Total Liabilities	<u>\$142,859</u>	<u>\$107,372</u>	<u>(\$88,064)</u>	<u>\$162,167</u>
<u>Tax Rebate Fund</u>				
Assets:				
Cash and Cash Equivalents	\$23,159	\$750,000	(\$742,737)	\$30,422
Total Assets	<u>\$23,159</u>	<u>\$750,000</u>	<u>(\$742,737)</u>	<u>\$30,422</u>
Liabilities:				
Due to Others	\$23,159	\$750,000	(\$742,737)	\$30,422
Total Liabilities	<u>\$23,159</u>	<u>\$750,000</u>	<u>(\$742,737)</u>	<u>\$30,422</u>
<u>Ohio Board of Building Standards Fund</u>				
Assets:				
Cash and Cash Equivalents	\$595	\$3,673	(\$4,082)	\$186
Total Assets	<u>\$595</u>	<u>\$3,673</u>	<u>(\$4,082)</u>	<u>\$186</u>
Liabilities:				
Intergovernmental Payables	\$595	\$3,673	(\$4,082)	\$186
Total Liabilities	<u>\$595</u>	<u>\$3,673</u>	<u>(\$4,082)</u>	<u>\$186</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$169,503	\$1,244,155	(\$1,217,616)	\$196,042
Total Assets	<u>\$169,503</u>	<u>\$1,244,155</u>	<u>(\$1,217,616)</u>	<u>\$196,042</u>
Liabilities:				
Due to Others	\$168,908	\$1,240,482	(\$1,213,534)	\$195,856
Intergovernmental Payables	595	3,673	(4,082)	186
Total Liabilities	<u>\$169,503</u>	<u>\$1,244,155</u>	<u>(\$1,217,616)</u>	<u>\$196,042</u>

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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

City of Sharonville  
Hamilton County  
10900 Reading Road  
Sharonville, Ohio 45241

To the City Council:

We have audited the financial statements of the City of Sharonville, Hamilton County, Ohio (the City), as of and for the year ended December 31, 2000, and have issued our report thereon dated September 24, 2001, which was modified to make reference to the report of another auditor. 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. The financial statements of the Sharonville Community Improvement Corporation (CIC) were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not extend to the CIC.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Sharonville'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement 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 internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted 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 September 24, 2001.

City of Sharonville  
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Report on Compliance and on Internal Control Required by  
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This report is intended for the information and use of the audit committee, management and the City Council and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

September 24, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**CITY OF SHARONVILLE**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 9, 2001**