



**CITY OF WASHINGTON  
FAYETTE COUNTY**

**SINGLE AUDIT**

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



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

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**STATE OF OHIO**



CITY OF WASHINGTON  
FAYETTE COUNTY

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## INDEPENDENT ACCOUNTANTS' REPORT

City of Washington  
Fayette County  
105 North Main Street  
Washington Court House, Ohio 43160

To the City Council:

We have audited the accompanying general purpose financial statements of the City of Washington, Fayette 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 funds 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 August 9, 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.

We performed our audit to form an opinion on the general purpose financial statements of the City, taken as a whole. The accompanying schedule of federal awards expenditures 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. We subjected this information 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

August 9, 2001

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**CITY OF WASHINGTON, OHIO**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**December 31, 2000**

	<b>GOVERNMENTAL FUND TYPES</b>		
	General	Special Revenue	Debt Service
<b>Assets and Other Debits:</b>			
<b>Assets:</b>			
Cash and Cash Equivalents	\$882,965	\$928,972	\$19,974
Cash and Cash Equivalents in Segregated Accounts	150	0	0
<b>Receivables:</b>			
Taxes	846,030	1,015,365	0
Accounts	24,645	0	0
Accrued Interest	12,827	0	0
Due from Other Funds	30,987	3,602	0
Due from Other Governments	281,570	75,145	0
Materials and Supplies Inventory	0	11,291	0
Prepaid Items	24,806	1,800	0
Notes Receivable	0	104,837	0
<b>Restricted Assets:</b>			
Investments	0	0	0
Deferred Bond Charges	0	0	0
Fixed Assets, (Net where applicable of Accumulated Depreciation)	0	0	0
<b>Other Debits:</b>			
Amount Available in Debt Service Fund	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0
<b>Total Assets and Other Debits</b>	<u>\$2,103,980</u>	<u>\$2,141,012</u>	<u>\$19,974</u>

See accompanying notes to the general purpose financial statements



Capital Projects	<i>PROPRIETARY FUND TYPE</i>	<i>FIDUCIARY FUND TYPES</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$971,765	\$1,770,230	\$279,837	\$0	\$0	\$4,853,743
0	50	62,910	0	0	63,110
166,224	0	0	0	0	2,027,619
0	548,610	0	0	0	573,255
0	17,003	217	0	0	30,047
0	18,103	1,988	0	0	54,680
0	31,935	0	0	0	388,650
0	117,681	0	0	0	128,972
0	14,400	0	0	0	41,006
0	0	0	0	0	104,837
0	1,003,906	0	0	0	1,003,906
0	275,275	0	0	0	275,275
0	40,906,444	0	2,667,120	0	43,573,564
0	0	0	0	19,974	19,974
0	0	0	0	3,326,105	3,326,105
<u>\$1,137,989</u>	<u>\$44,703,637</u>	<u>\$344,952</u>	<u>\$2,667,120</u>	<u>\$3,346,079</u>	<u>\$56,464,743</u>

continued

**CITY OF WASHINGTON, OHIO**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**December 31, 2000**

	<b>GOVERNMENTAL FUND TYPES</b>		
	General	Special Revenue	Debt Service
<b>Liabilities:</b>			
Accounts Payable	\$32,230	\$23,369	\$0
Contracts Payable	10,625	11,800	0
Accrued Wages and Benefits	54,936	9,287	0
Compensated Absences Payable	0	0	0
Deferred Revenue	319,655	1,015,365	0
Deposits Held and Due to Others	0	0	0
Due to Other Governments	8,465	11,745	0
Due to Other Funds	0	10,284	0
Undistributed Monies	0	0	0
Accrued Interest Payable	0	0	0
Current Portion of Notes Payable	0	0	0
Current Portion of Capital Leases Payable	0	0	0
Current Portion of OWDA Loan Payable	0	0	0
Current Portion of General Obligation Bonds Payable	0	0	0
Current Portion of Revenue Bonds Payable	0	0	0
Notes Payable (Net of Current Portion)	0	0	0
Capital Leases Payable (Net of Current Portion)	0	0	0
OWDA Loan Payable (Net of Current Portion)	0	0	0
General Obligation Bonds Payable (Net of Current Portion)	0	0	0
Revenue Bonds Payable (Net of Current Portion)	0	0	0
<b>Total Liabilities</b>	425,911	1,081,850	0
<b>Fund Equity and Other Credits:</b>			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
<b>Retained Earnings:</b>			
Unreserved	0	0	0
<b>Fund Balance:</b>			
Reserved for Encumbrances	6,123	19,774	0
Reserved for Debt Service	0	0	19,974
Reserved for Inventory	0	11,291	0
Unreserved/Undesignated	1,671,946	1,028,097	0
<b>Total Fund Equity and Other Credits</b>	1,678,069	1,059,162	19,974
<b>Total Liabilities, Fund Equity and Other Credits</b>	\$2,103,980	\$2,141,012	\$19,974

See accompanying notes to the general purpose financial statements.

Capital Projects	<i>PROPRIETARY</i> <i>FUND TYPE</i>	<i>FIDUCIARY</i> <i>FUND TYPES</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$2,852	\$21,186	\$0	\$0	\$0	\$79,637
0	381,933	0	0	0	404,358
0	24,280	0	0	0	88,503
0	115,370	0	0	398,014	513,384
0	0	0	0	0	1,335,020
0	0	19,823	0	0	19,823
0	62,807	21,350	0	226,554	330,921
0	7,819	36,577	0	0	54,680
0	0	5,830	0	0	5,830
0	77,649	0	0	0	77,649
0	25,400	0	0	2,031,881	2,057,281
0	10,000	0	0	0	10,000
0	3,108,184	0	0	0	3,108,184
0	220,000	0	0	0	220,000
0	485,000	0	0	0	485,000
0	1,441,141	0	0	0	1,441,141
0	95,000	0	0	39,630	134,630
0	7,039,541	0	0	0	7,039,541
0	1,065,000	0	0	650,000	1,715,000
0	10,494,226	0	0	0	10,494,226
<u>2,852</u>	<u>24,674,536</u>	<u>83,580</u>	<u>0</u>	<u>3,346,079</u>	<u>29,614,808</u>
0	0	0	2,667,120	0	2,667,120
0	630,199	0	0	0	630,199
0	19,398,902	0	0	0	19,398,902
217,614	0	0	0	0	243,511
0	0	0	0	0	19,974
0	0	0	0	0	11,291
917,523	0	261,372	0	0	3,878,938
<u>1,135,137</u>	<u>20,029,101</u>	<u>261,372</u>	<u>2,667,120</u>	<u>0</u>	<u>26,849,935</u>
<u>\$1,137,989</u>	<u>\$44,703,637</u>	<u>\$344,952</u>	<u>\$2,667,120</u>	<u>\$3,346,079</u>	<u>\$56,464,743</u>

**CITY OF WASHINGTON, OHIO**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**All Governmental Fund Types and Expendable Trust Funds**  
**For the Year Ended December 31, 2000**

	<b>GOVERNMENTAL FUND TYPES</b>		
	General	Special Revenue	Debt Service
<b>Revenues:</b>			
Taxes	\$2,884,591	\$671,894	\$68,286
Charges for Services	154,084	71,601	0
Licenses and Permits	15,095	0	0
Fines and Forfeitures	539,809	75,548	0
Intergovernmental	1,169,473	1,077,286	2,732
Interest Earnings	147,158	242	0
Other Revenue	283,070	82,839	3,542
<i>Total Revenues</i>	<u>5,193,280</u>	<u>1,979,410</u>	<u>74,560</u>
<b>Expenditures:</b>			
<i>Current:</i>			
General Government	2,208,805	100,998	0
Security of Persons and Property	2,405,838	311,403	0
Community Environment	550,870	509,910	0
Transportation	0	762,969	0
Public Health and Welfare	0	258,259	0
Leisure Time Activities	43,081	0	0
Capital Outlay	0	0	0
Intergovernmental	50,000	0	0
<i>Debt Service:</i>			
Principal Retirement	25,000	37,471	15,000
Interest and Fiscal Charges	16,320	5,490	41,230
<i>Total Expenditures</i>	<u>5,299,914</u>	<u>1,986,500</u>	<u>56,230</u>
Excess of Revenues Over (Under) Expenditures	<u>(106,634)</u>	<u>(7,090)</u>	<u>18,330</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds of Notes	0	0	0
Inception of Capital Lease	0	38,550	0
Operating Transfers - In	412,848	180,000	0
Operating Transfers - Out	(230,000)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>182,848</u>	<u>218,550</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	76,214	211,460	18,330
Fund Balances (Deficit) at Beginning of Year	1,601,855	836,411	1,644
Increase in Reserve for Inventory	0	11,291	0
Fund Balances at End of Year	<u><u>\$1,678,069</u></u>	<u><u>\$1,059,162</u></u>	<u><u>\$19,974</u></u>

See accompanying notes to the general purpose financial statements.

**FIDUCIARY  
FUND TYPE**

Capital Projects	Expendable Trust	Totals (Memorandum Only)
\$811,979	\$0	\$4,436,750
0	0	225,685
0	0	15,095
0	0	615,357
12,739	0	2,262,230
0	0	147,400
22,064	102,000	493,515
846,782	102,000	8,196,032
0	0	2,309,803
0	0	2,717,241
0	0	1,060,780
0	0	762,969
0	0	258,259
0	0	43,081
911,858	0	911,858
0	0	50,000
22,994	0	100,465
48,202	0	111,242
983,054	0	8,325,698
(136,272)	102,000	(129,666)
1,575,000	0	1,575,000
0	0	38,550
0	0	592,848
0	0	(230,000)
1,575,000	0	1,976,398
1,438,728	102,000	1,846,732
(303,591)	1,861	2,138,180
0	0	11,291
\$1,135,137	\$103,861	\$3,996,203

**CITY OF WASHINGTON, OHIO**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types and Expendable Trust Funds**  
**For the Year Ended December 31, 2000**

	General		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues:</b>			
Taxes	\$2,805,000	\$2,807,551	\$2,551
Charges for Services	156,750	153,770	(2,980)
Licenses and Permits	14,500	15,095	595
Fines and Forfeitures	570,000	548,202	(21,798)
Intergovernmental	1,244,650	1,293,812	49,162
Interest Earnings	140,000	133,104	(6,896)
Other Revenue	193,890	190,945	(2,945)
<i>Total Revenues</i>	5,124,790	5,142,479	17,689
<b>Expenditures:</b>			
<i>Current:</i>			
General Government	2,230,229	2,193,622	36,607
Security of Persons and Property	2,434,565	2,412,890	21,675
Community Environment	573,542	554,030	19,512
Transportation	0	0	0
Public Health and Welfare	0	0	0
Leisure Time Activities	45,400	43,081	2,319
Capital Outlay	0	0	0
Intergovernmental	50,000	50,000	0
<i>Debt Service:</i>			
Principal Retirement	25,000	25,000	0
Interest and Fiscal Charges	16,500	16,320	180
<i>Total Expenditures</i>	5,375,236	5,294,943	80,293
Excess of Revenues Over (Under) Expenditures	(250,446)	(152,464)	97,982
<b>Other Financing Sources (Uses):</b>			
Proceeds of Notes	0	0	0
Operating Transfers - In	412,848	412,848	0
Operating Transfers - Out	(230,000)	(230,000)	0
<i>Total Other Financing Sources (Uses)</i>	182,848	182,848	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(67,598)	30,384	97,982
Fund Balances (Deficit) at Beginning of Year	697,143	697,143	0
Prior Year Encumbrances Appropriated	67,676	67,676	0
Fund Balances (Deficit) at End of Year	\$697,221	\$795,203	\$97,982

See accompanying notes to the general purpose financial statements.

**GOVERNMENTAL FUND TYPES**

Special Revenue			Debt Service		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$650,000	\$671,894	\$21,894	\$67,000	\$68,286	\$1,286
122,100	71,601	(50,499)	0	0	0
0	0	0	0	0	0
42,400	77,197	34,797	0	0	0
1,226,192	1,069,574	(156,618)	2,700	2,732	32
200	207	7	0	0	0
76,620	75,242	(1,378)	0	3,542	3,542
2,117,512	1,965,715	(151,797)	69,700	74,560	4,860
152,438	100,556	51,882	0	0	0
367,751	322,854	44,897	0	0	0
510,445	510,204	241	0	0	0
814,330	771,670	42,660	0	0	0
298,311	255,500	42,811	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	15,000	15,000	0
0	0	0	41,230	41,230	0
2,143,275	1,960,784	182,491	56,230	56,230	0
(25,763)	4,931	30,694	13,470	18,330	4,860
0	0	0	0	0	0
180,000	180,000	0	17,530	0	(17,530)
0	0	0	0	0	0
180,000	180,000	0	17,530	0	(17,530)
154,237	184,931	30,694	31,000	18,330	(12,670)
765,409	765,409	0	1,644	1,644	0
9,583	9,583	0	0	0	0
\$929,229	\$959,923	\$30,694	\$32,644	\$19,974	(\$12,670)

continued

**CITY OF WASHINGTON, OHIO**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types and Expendable Trust Funds**  
**For the Year Ended December 31, 2000**

	Capital Projects		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$791,000	\$787,719	(\$3,281)
Charges for Services	0	0	0
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	29,750	12,739	(17,011)
Interest Earnings	0	0	0
Other Revenue	20,000	22,064	2,064
<i>Total Revenues</i>	840,750	822,522	(18,228)
<b>Expenditures:</b>			
<i>Current:</i>			
General Government	0	0	0
Security of Persons and Property	0	0	0
Community Environment	0	0	0
Transportation	0	0	0
Public Health and Welfare	0	0	0
Leisure Time Activities	0	0	0
Capital Outlay	1,735,388	1,387,148	348,240
Intergovernmental	0	0	0
<i>Debt Service:</i>			
Principal Retirement	857,994	857,994	0
Interest and Fiscal Charges	56,677	49,575	7,102
<i>Total Expenditures</i>	2,650,059	2,294,717	355,342
Excess of Revenues Over (Under) Expenditures	(1,809,309)	(1,472,195)	337,114
<b>Other Financing Sources (Uses):</b>			
Proceeds of Notes	1,435,000	1,575,000	140,000
Operating Transfers - In	0	0	0
Operating Transfers - Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	1,435,000	1,575,000	140,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(374,309)	102,805	477,114
Fund Balances (Deficit) at Beginning of Year	300,075	300,075	0
Prior Year Encumbrances Appropriated	334,212	334,212	0
Fund Balances (Deficit) at End of Year	\$259,978	\$737,092	\$477,114

See accompanying notes to the general purpose financial statements.



***FIDUCIARY FUND TYPE***

Expendable Trust			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$4,313,000	\$4,335,450	\$22,450
0	0	0	278,850	225,371	(53,479)
0	0	0	14,500	15,095	595
0	0	0	612,400	625,399	12,999
0	0	0	2,503,292	2,378,857	(124,435)
0	0	0	140,200	133,311	(6,889)
102,000	102,281	281	392,510	394,074	1,564
102,000	102,281	281	8,254,752	8,107,557	(147,195)
0	0	0	2,382,667	2,294,178	88,489
0	0	0	2,802,316	2,735,744	66,572
0	0	0	1,083,987	1,064,234	19,753
0	0	0	814,330	771,670	42,660
0	0	0	298,311	255,500	42,811
2,000	1,304	696	47,400	44,385	3,015
0	0	0	1,735,388	1,387,148	348,240
0	0	0	50,000	50,000	0
0	0	0	897,994	897,994	0
0	0	0	114,407	107,125	7,282
2,000	1,304	696	10,226,800	9,607,978	618,822
100,000	100,977	977	(1,972,048)	(1,500,421)	471,627
0	0	0	1,435,000	1,575,000	140,000
0	0	0	610,378	592,848	(17,530)
0	0	0	(230,000)	(230,000)	0
0	0	0	1,815,378	1,937,848	122,470
100,000	100,977	977	(156,670)	437,427	594,097
3,801	3,801	0	1,768,072	1,768,072	0
0	0	0	411,471	411,471	0
<u>\$103,801</u>	<u>\$104,778</u>	<u>\$977</u>	<u>\$2,022,873</u>	<u>\$2,616,970</u>	<u>\$594,097</u>

**CITY OF WASHINGTON, OHIO**  
**Combined Statement of Revenues,**  
**Expenses and Changes in Fund Equity**  
**All Enterprise and Nonexpendable Trust Funds**  
**For the Year Ended December 31, 2000**

	<b>PROPRIETARY FUND TYPE</b>	<b>FIDUCIARY FUND TYPE</b>	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<b>Operating Revenues:</b>			
Charges for Services	\$5,371,728	\$13,249	\$5,384,977
Other Operating Revenue	90,879	0	90,879
<i>Total Operating Revenues</i>	<u>5,462,607</u>	<u>13,249</u>	<u>5,475,856</u>
<b>Operating Expenses:</b>			
Personal Services	1,600,502	0	1,600,502
Contractual Services	820,524	24,047	844,571
Materials and Supplies	581,022	0	581,022
Transportation	12,287	0	12,287
Depreciation and Amortization	797,951	0	797,951
<i>Total Operating Expenses</i>	<u>3,812,286</u>	<u>24,047</u>	<u>3,836,333</u>
Operating Income (Loss)	1,650,321	(10,798)	1,639,523
<b>Nonoperating Revenues (Expenses):</b>			
Interest Income	219,313	9,729	229,042
Interest and Fiscal Charges	(707,149)	0	(707,149)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(487,836)</u>	<u>9,729</u>	<u>(478,107)</u>
Income (Loss) Before Operating Transfers	1,162,485	(1,069)	1,161,416
Operating Transfers - In	50,000	0	50,000
Operating Transfers - Out	(412,848)	0	(412,848)
Net Income (Loss)	799,637	(1,069)	798,568
Depreciation on Fixed Assets Acquired by Contributed Capital	22,580	0	22,580
Retained Earnings/Fund Balance at Beginning of Year	<u>18,576,685</u>	<u>158,580</u>	<u>18,735,265</u>
Retained Earnings/Fund Balance at End of Year	19,398,902	157,511	19,556,413
Contributed Capital at End of Year	<u>630,199</u>	<u>0</u>	<u>630,199</u>
Total Fund Equity at End of Year	<u>\$20,029,101</u>	<u>\$157,511</u>	<u>\$20,186,612</u>

See accompanying notes to the general purpose financial statements.

**CITY OF WASHINGTON, OHIO**  
**Combined Statement of Cash Flows**  
**All Enterprise and Nonexpendable Trust Funds**  
**For the Year Ended December 31, 2000**

	<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUND TYPE</u>	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<b><i>Cash Flows from Operating Activities:</i></b>			
Cash Received from Customers	\$5,298,790	\$13,249	\$5,312,039
Cash Received from Other Operating Receipts	71,180	0	71,180
Cash Payments for Salaries and Benefits	(1,602,313)	0	(1,602,313)
Cash Payments for Contractual Services	(818,836)	(24,901)	(843,737)
Cash Payments to Suppliers and Others	(571,635)	0	(571,635)
Cash Payments for Other Operating Expenses	(12,287)	0	(12,287)
<i>Net Cash from Operating Activities</i>	<u>2,364,899</u>	<u>(11,652)</u>	<u>2,353,247</u>
<b><i>Cash Flows from Noncapital Financing Activities:</i></b>			
Transfers-In from Other Funds	50,000	0	50,000
Transfers-Out to Other Funds	(412,848)	0	(412,848)
<i>Net Cash from Noncapital Financing Activities</i>	<u>(362,848)</u>	<u>0</u>	<u>(362,848)</u>
<b><i>Cash Flows from Capital and Related Financing Activities:</i></b>			
Proceeds Received from Bonds, Notes and Loans	7,759,737	0	7,759,737
Interest Paid on Notes, Bonds, Loans and Lease	(651,414)	0	(651,414)
Principal Paid on Notes, Bonds, Loans and Lease	(4,005,927)	0	(4,005,927)
Acquisition and Construction of Capital Assets	(6,842,796)	0	(6,842,796)
Cash Received from Capital Grants	60,414	0	60,414
<i>Net Cash from Capital and Related Financing Activities</i>	<u>(3,679,986)</u>	<u>0</u>	<u>(3,679,986)</u>
<b><i>Cash Flows from Investing Activities:</i></b>			
Interest Received from Investments	114,334	7,698	122,032
<i>Net Cash from Investing Activities</i>	<u>114,334</u>	<u>7,698</u>	<u>122,032</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,563,601)	(3,954)	(1,567,555)
Cash and Cash Equivalents at Beginning of Year	<u>3,333,881</u>	<u>159,286</u>	<u>3,493,167</u>
Cash and Cash Equivalents at End of Year	<u><u>\$1,770,280</u></u>	<u><u>\$155,332</u></u>	<u><u>\$1,925,612</u></u>

See accompanying notes to the general purpose financial statements.

continued

**CITY OF WASHINGTON, OHIO**  
**Combined Statement of Cash Flows**  
**All Enterprise and Nonexpendable Trust Funds**  
**For the Year Ended December 31, 2000**

	<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUND TYPE</u>	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:</b>			
Operating Income (Loss)	\$1,650,321	(\$10,798)	\$1,639,523
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:</b>			
Depreciation and Amortization	797,951	0	797,951
<b>Changes in Assets and Liabilities:</b>			
(Increase) Decrease in Accounts Receivable	(54,835)	0	(54,835)
(Increase) Decrease in Due from Other Funds	(5,867)	0	(5,867)
(Increase) Decrease in Due from Other Governments	(31,935)	0	(31,935)
(Increase) Decrease in Material and Supplies Inventory	(29,311)	0	(29,311)
(Increase) Decrease in Prepaid Items	(5,792)	0	(5,792)
Increase (Decrease) in Accounts Payable	(2,840)	(854)	(3,694)
Increase (Decrease) in Contracts Payable	43,040	0	43,040
Increase (Decrease) in Accrued Wages and Benefits	1,240	0	1,240
Increase (Decrease) in Due to Other Governments	(25,506)	0	(25,506)
Increase (Decrease) in Compensated Absences Payable	22,565	0	22,565
Increase (Decrease) in Due to Other Funds	5,868	0	5,868
<b>Net Cash from Operating Activities</b>	<u>\$2,364,899</u>	<u>(\$11,652)</u>	<u>\$2,353,247</u>
<b>Reconciliation of Cash and Cash Equivalents on Balance Sheet to Statement of Cash Flows - Nonexpendable Trust Funds:</b>			
Cash and Cash Equivalents on Balance Sheet - All Fiduciary Funds		\$342,747	
Cash and Cash Equivalents - Expendable Trust and Agency Funds		<u>(187,415)</u>	
Cash and Cash Equivalents on Statement of Cash Flows - Nonexpendable Trust Funds		<u>\$155,332</u>	

See accompanying notes to the general purpose financial statements.

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

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**NOTE 1 - DESCRIPTION OF THE ENTITY**

The City of Washington (the City) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City operates under a city manager form of government and provides various services including police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, and other governmental services. In addition, the City provides basic utilities in the form of water services and waste water treatment.

As required by generally accepted accounting principles, the combined financial statements presents the City of Washington. The City considered potential component units for inclusion in the financial statements. In determining whether to include a governmental department, agency, commission or organization as a component unit, the City must evaluate each entity as to whether they are legally separate and financially accountable based on criteria set forth by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". Legal separateness is evaluated on the basis of (1) its corporate name, (2) the right to sue or be sued and (3) the right to buy, sell, lease and mortgage property. Financial accountability is based on (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of a specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the City. The City included no component units in the financial statements.

Based on GASB Statement No. 14 criteria, the Carnegie Public Library is considered a related organization and disclosed in Note 15.

**NOTE 2 - BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Amounts in the "totals - memorandum only" columns in the financial statements represent a summation of the combined financial statement line items of the fund types and account groups and are presented for analytical purpose only. The summation includes fund types and account groups that use different bases of accounting. Consequently, amounts shown in the "totals - memorandum only" columns are not comparable to a consolidation and do not represent the total resources available or total revenues and expenditures/expenses of the City.

The City uses the following fund types and account groups:

*Governmental Funds:* Those funds through which most governmental functions are typically financed. The following comprise the City's governmental fund types:

- ◆ *General Fund:* The General Fund is the operating fund of the City. This fund accounts for all financial resources not accounted for in another fund. The major sources of revenue are income tax, property tax, state and local government fund revenues, and investment earnings.

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

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**NOTE 2 - BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

- ◆ Special Revenue Funds: These funds are used to account for specific governmental revenues (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative actions.
- ◆ Debt Service Funds: These funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general obligation and special assessment debt with governmental commitment reported in the City's General Long-Term Obligations Account Group.
- ◆ Capital Projects Funds: These funds are used to account for the acquisition or construction of major capital facilities and capital improvements other than those financed by proprietary and nonexpendable trust funds. They include projects financed by special assessments.

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

- ◆ Enterprise Funds: These funds account for the acquisition, operation, and maintenance of City facilities which are financed primarily by user charges.

Fiduciary Funds: Fiduciary funds are used to account for assets held by the City in a trustee capacity for individuals, other governments and/or funds. The City's fiduciary fund types include:

- ◆ Expendable Trust Funds: These funds are accounted for in essentially the same manner as governmental funds; the principal of the trust is not required to be preserved.
- ◆ Nonexpendable Trust Funds: These funds are accounted for in essentially the same manner as proprietary funds; the principal of the trust must be preserved intact.
- ◆ Agency Funds: These funds are custodial in nature (assets equal liabilities) and do not purport to present the financial position or results of operations of the related entities.

Account Groups: Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations. The two account groups include:

- ◆ General Fixed Asset Account Group: This group is used to account for all fixed assets of the City other than those accounted for in the proprietary funds. General fixed assets include land, buildings, machinery, equipment and vehicles.
- ◆ General Long-Term Obligations Account Group: This account group is used to account for all long-term obligations of the City except those accounted for in the proprietary funds.

The accompanying combined financial statements of the City are prepared in conformity with generally accepted accounting principles as prescribed by the Government Accounting Standards Board.

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

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**NOTE 2 - BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

Basis of Accounting

All financial transactions for governmental funds are accounted for on the modified accrual basis of accounting and "financial flow" measurement focus. Under the modified accrual basis, revenues for these funds are recognized when they become both measurable and available to finance City operations (collected within sixty days after year-end). In applying this concept, City revenues accrued at the end of the year include income taxes, state levied-shared taxes, charges for services, fines and forfeitures, investment earnings and reimbursements for grant expenditures.

Governmental fund expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for interest on long-term debt, which is recorded when due. Agency funds are purely custodial in nature (assets equal liabilities) and thus do not focus on the measurement of operations; the modified accrual basis of accounting is followed, however, for recognizing the assets and liabilities in these funds. Proprietary fund financial transactions are accounted for on the accrual basis of accounting and "capital maintenance" measurement focus. Under the accrual basis, revenues are recognized when earned and measurable and expenses are recognized as incurred, if measurable.

Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", the City does not apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, to its proprietary activities.

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established time-table. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All governmental type funds are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of Council.

Tax Budget

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

**CITY OF WASHINGTON, OHIO**  
*Notes to the General Purpose Financial Statements*  
*For the Year Ended December 31, 2000*

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**NOTE 2 - BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
***(Continued)***

*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 fiscal year will not exceed the amount available as stated in the certificate of estimated resources.

The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered 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.

*Appropriations*

A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period of January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes spending authority at the fund, department, and object level. The appropriation resolution 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 a resolution of Council. Several supplemental appropriation resolutions were legally enacted by Council during the year. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts including all amendments and modifications.

*Encumbrances*

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

*Lapsing of Appropriations*

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations.

The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.



**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

**NOTE 2 - BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

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

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP).
- (d) Proceeds from and principal payment on bond and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).

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

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General	Special Revenue	Capital Projects	Expendable Trust
Budget Basis	\$30,384	\$184,931	\$102,805	\$100,977
<i>Adjustments:</i>				
Revenue Accruals	50,801	13,695	24,260	(281)
Expenditure Accruals and Encumbrances	(4,971)	(25,716)	1,311,663	1,304
Other Sources	0	38,550	0	0
GAAP Basis	\$76,214	\$211,460	\$1,438,728	\$102,000

**Cash and Investments**

Cash and investments of the City's funds, except those held in restricted asset accounts, are pooled and invested in short-term investments in order to provide improved cash management. During 2000, the City's funds were invested in interest bearing demand accounts and certificates of deposit with commercial banks, repurchase agreements, the State Treasury Assets Reserve of Ohio (STAR Ohio), commercial paper and U.S. Treasury obligations. For purposes of the combined statement of cash flows, the enterprise and nonexpendable trusts funds' portion of cash and cash equivalents is considered a cash equivalent because the City is able to withdraw resources from the enterprise and nonexpendable trust funds without prior notice or penalty.

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

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**NOTE 2 - BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
***(Continued)***

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.

All investments are reported at fair value in accordance with GASB Statement No. 31.

During 2000, the General Fund earned interest revenue of \$147,158, of which \$98,166 was assigned from other funds.

Receivables

Receivables at December 31, 2000 consist of property and income taxes, interest, consumer accounts (billings for user charged services, including unbilled utility services), interfund, notes and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered collectible in full, including accounts receivables which, if delinquent, may be certified and collected as a special assessment, subject to foreclosure for nonpayment.

Notes receivable in the Special Revenue Funds represent low interest loans made by the City for community development projects and small businesses under the Community Development Block Grants (CDBG) program. The notes bear interest at annual rates ranging from 4 to 6 percent. The notes are to be repaid over periods ranging from 3 to 15 years.

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market. The costs of inventory items are recognized as expenditures in governmental funds when purchased and as expenses in the proprietary funds when used. Recorded inventories in the governmental fund types are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2000 are recorded as prepaid items. Under the consumption method, no reserve for prepaids is recorded in the accompanying financial statements.

Fixed Assets

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. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

**CITY OF WASHINGTON, OHIO**  
*Notes to the General Purpose Financial Statements*  
*For the Year Ended December 31, 2000*

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**NOTE 2 - BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
***(Continued)***

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 are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

Fixed assets in the general fixed assets account group and proprietary fund types are depreciated over the estimated useful life of the asset. Depreciation is computed using the straight-line method. Depreciation on general fixed assets is not recorded as an expenditure in governmental funds, but accumulated depreciation is recorded in the General Fixed Asset Account Group.

The following estimated useful lives are used to compute depreciation:

Buildings and Improvements	40 years
Machinery and Equipment	8-20 years
Vehicles	3-5 years
Infrastructure	80 years

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. There was no interest required to be capitalized during the 2000 fiscal year.

**Compensated Absences**

The City records a liability for sick leave, vacation, and compensatory time when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined. For governmental funds, that 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. For proprietary funds, the entire amount of unpaid compensated absences is reflected as a liability within the respective funds. The City implemented the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", effective January 1, 1994.

**Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Obligations Account Group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

**NOTE 2 - BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
***(Continued)***

Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund balance not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent management's tentative plans for future use of financial resources.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, 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 reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates

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

**NOTE 3 - PRIOR PERIOD ADJUSTMENT**

In 1999, fixed assets were overstated in the General Fixed Asset Account Group. These changes have resulted in a decrease in the prior period fixed assets and investment in general fixed assets balance of the General Fixed Asset Account Group. The table below provides the adjustment and resulting effect on this balance.

	Previously Reported December 31, 1999 Balance	Adjustment	Restated January 1, 2000 Balance
General Fixed Asset Account Group	\$2,725,558	(\$170,018)	\$2,555,540

**NOTE 4 - CASH DEPOSITS AND INVESTMENTS**

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

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

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

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**NOTE 4 - CASH DEPOSITS AND INVESTMENTS (Continued)**

Inactive deposits are public deposits that Council has identified as not required for use within the two year period of designation of depositories. Inactive deposits must be either 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 moneys. Interim moneys are those moneys 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. 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 or interest by the United States;
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government 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 fair 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 fair value daily, and that the term of the agreement must not exceed thirty days;
- (4) Bonds and other obligations of the State of Ohio;
- (5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- (6) The State Treasury Assets Reserve of Ohio (STAR Ohio); and
- (7) Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time.

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

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

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

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**NOTE 4 - CASH DEPOSITS AND INVESTMENTS (Continued)**

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.

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

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

The amounts available for deposit and investment are as follows:

* Cash and Cash Equivalents (Carrying Amount)	\$4,853,743
* Cash and Cash Equivalents in Segregated Accounts (Carrying Amount)	63,110
* Restricted Assets: Investments (Carrying Amount)	1,003,906
* Reconciling Items (Net) to Arrive at Bank Balances of Deposits	<u>110,225</u>
Total Available for Deposit and Investment (Bank Balance of Deposits/Carrying Amount of Investments)	<u><u>\$6,030,984</u></u>

Any depository that receives a City deposit or investment is required to pledge to the investing authority as collateral eligible securities of aggregate fair value that, when added to the portion of the deposit by the Federal Deposit Insurance Corporation, equals or exceeds the amount of City funds deposited.

A public depository may, at its option, pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The pool of securities so pledged must have a current fair value at least equal to 105% of all public monies on deposit with the depository including the amount covered by federal insurance.

GASB Statement No. 9 requires the City to report cash flows for its' proprietary funds. For purposes of the Statement of Cash Flows, Proprietary Fund participation in the State Treasurer's Investment Pool (STAR Ohio) is treated as a demand account and reported as a cash equivalent on the Balance Sheet. In addition, all highly liquid investments held with a maturity of three months or less when purchased, are considered cash equivalents. Only separate investments with a maturity of greater than three months are reported as investments on the Balance Sheet.

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

**NOTE 4 - CASH DEPOSITS AND INVESTMENTS (Continued)**

The Governmental Accounting Standards Board (GASB Statement No. 3) has established credit risk categories for deposits and investments as follows:

Category 1: Deposits that are insured or collateralized with securities held by the City or its agent in the City's name;  
Investments that are insured or registered, or securities held by the City or its agent in the City's name;

Category 2: Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name;  
Investments that are uninsured and unregistered, with securities held by the counter-party's trust department or agent in the City's name;

Category 3: Deposits that are uncollateralized or collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the City's name;  
Investments that are uninsured and unregistered, with securities held by the counter-party or its trust department or agent but not in the City's name.

Based on the above criteria, the City's deposits and investments at December 31, 2000 are classified as follows:

	Category			Bank Balance	Carrying Amount	Fair Value
	1	2	3			
<u>Deposits:</u>						
Demand Deposits	\$236,741	\$0	\$107,118	\$343,859	\$233,634	
Certificates of Deposit	200,000	1,812,733	0	2,012,733	2,012,733	
Total Deposits	<u>\$436,741</u>	<u>\$1,812,733</u>	<u>\$107,118</u>	<u>\$2,356,592</u>	<u>\$2,246,367</u>	
<u>Investments:</u>						
U.S. Treasury Notes			\$1,472,246	\$1,472,246	\$1,472,246	\$1,472,246
Repurchase Agreement			156,000	156,000	156,000	156,000
Commercial Paper			1,981,202	1,981,202	1,981,202	1,981,202
State Treasury Assets Reserve of Ohio*			0	50,944	50,944	50,944
U.S. Treasury Bonds			14,000	14,000	14,000	14,000
Total Investments			<u>\$3,623,448</u>	<u>\$3,674,392</u>	<u>\$3,674,392</u>	<u>\$3,674,392</u>

\* The City's investment in the State Treasury Assets Reserve of Ohio (STAR Ohio) is not categorized because it is not evidenced by securities that exist in physical or book entry form.

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

**NOTE 4 - CASH DEPOSITS AND INVESTMENTS (Continued)**

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. The STAR Ohio and investments with an original maturity of three months or less are treated as cash and cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note is based on criteria set forth in GASB Statement No. 3.

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

	Cash and Cash Equivalents	Investments
Per Combined Balance Sheet	\$4,916,853	\$1,003,906
U.S. Treasury Notes	(468,340)	468,340
Repurchase Agreement	(156,000)	156,000
Commercial Paper	(1,981,202)	1,981,202
U.S. Treasury Bonds	(14,000)	14,000
State Treasury Assets Reserve of Ohio (STAR Ohio)	(50,944)	50,944
	\$2,246,367	\$3,674,392
Per GASB Statement No. 3		

**NOTE 5 - PROPERTY TAXES**

Property taxes, include amounts levied against all real, public utility, and tangible personal (used in business) property located in the City. Real property taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value. Real property taxes are collected in and intended to finance the year following the year in which they are levied.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). Tangible personal property taxes attach as a lien and are levied January 1 of the current year, the same year in which collections are made. Tangible personal property assessments are 25% of true value.

The assessed value upon which the 2000 taxes were collected was \$195,477,700. The full tax rate for all City operations applied to real property for fiscal year ended December 31, 2000 was \$8.10 per \$1,000 of assessed valuation.

After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$4.99 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$5.83 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the City by the State of Ohio.



**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

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**NOTE 5 - PROPERTY TAXES (Continued)**

Real Property - 1999 Valuation:

Residential/Agricultural	\$117,380,100
Commercial/Industrial	43,249,660
Total Real Property	<u>160,629,760</u>

Tangible Personal Property - 2000 Valuation:

General	27,109,770
Public Utilities	7,738,170
Total Personal Property	<u>34,847,940</u>
Total Assessed Valuation	<u><u>\$195,477,700</u></u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 30. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 15; if paid semi-annually, the first payment is due April 15, with the remainder payable by September 30.

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable as of December 31, 2000. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not intended to finance 2000 operations. The receivable is therefore offset by a credit to deferred revenue.

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

**NOTE 6 - INTERFUND RECEIVABLES/PAYABLES**

Individual fund interfund receivables and payables balances as of December 31, 2000, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$30,987	\$0
Special Revenue Funds:		
Indigent Driver's Alcohol Treatment	128	0
Enforcement and Education	55	0
Court Computerization	2,446	0
Computerized Legal Research	973	0
Voted Fire Levy	0	10,284
<i>Total Special Revenue Funds</i>	3,602	10,284
Enterprise Funds:		
Water	18,103	0
Sewer	0	7,819
<i>Total Enterprise Funds</i>	18,103	7,819
Nonexpendable Trust Fund:		
Cemetery Trust	1,962	0
<i>Total Nonexpendable Trust Funds:</i>	1,962	0
Agency Funds:		
Law Enforcement Trust	26	0
Municipal Court Agency	0	34,615
Betterment of Inmates	0	1,962
<i>Total Agency Funds</i>	26	36,577
<i>Total - All Funds</i>	\$54,680	\$54,680

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

**NOTE 7 - FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year:

	Balance January 1, 2000	Additions	Retirements	Balance December 31, 2000
Land	\$642,875	\$3,180	\$0	\$646,055
Buildings and Improvements	1,498,487	119,862	0	1,618,349
Land Improvements	503,970	0	0	503,970
Machinery, Equipment and Vehicles	3,284,891	153,510	86,943	3,351,458
Total Fixed Assets	<u>\$5,930,223</u>	<u>\$276,552</u>	<u>\$86,943</u>	6,119,832
Less: Accumulated Depreciation				<u>3,452,712</u>
Net Fixed Assets				<u><u>\$2,667,120</u></u>

The following is a summary of Enterprise Fund fixed assets at December 31, 2000:

	Sewer	Water	Pool	Totals
Land	\$262,214	\$1,067,410	\$0	\$1,329,624
Buildings, Plant and Facilities	11,820,099	2,170,820	0	13,990,919
Land Improvements	155,405	0	112,900	268,305
Machinery, Equipment and Vehicles	565,384	2,352,342	0	2,917,726
Infrastructure	11,842,972	8,483,433	0	20,326,405
Construction in Progress	5,901,150	5,734,962	0	11,636,112
Capital Leased Assets	0	140,000	0	140,000
Total Fixed Assets	<u>30,547,224</u>	<u>19,948,967</u>	<u>112,900</u>	<u>50,609,091</u>
Less: Accumulated Depreciation	<u>7,108,362</u>	<u>2,492,675</u>	<u>101,610</u>	<u>9,702,647</u>
Net Fixed Assets	<u><u>\$23,438,862</u></u>	<u><u>\$17,456,292</u></u>	<u><u>\$11,290</u></u>	<u><u>\$40,906,444</u></u>

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

**NOTE 8 - DEBT OBLIGATIONS**

The following is a summary of the City's note obligation activity for the year ended December 31, 2000:

Purpose/ Description	Maturity Date	Interest Rate	Balance January 1, 2000	Issued/ (Retired)	Balance December 31, 2000
<i><u>Notes Payable from Governmental Funds:</u></i>					
Capital Improvement (TIF) Note	2000	4.38%	\$835,000	(\$835,000)	\$0
Totals			<u>\$835,000</u>	<u>(\$835,000)</u>	<u>\$0</u>
<i><u>Notes Reported in General Long-Term Obligations Account Group:</u></i>					
Municipal Court Building	2002	5.33%	\$307,000	(\$25,000)	\$282,000
Fire Truck	2003	4.85%	197,875	(22,994)	174,881
Capital Improvement (TIF) Note	2030	6.00%	0	975,000	975,000
Capital Improvement (TIF) Note	2030	6.00%	0	600,000	600,000
Totals			<u>\$504,875</u>	<u>\$1,527,006</u>	<u>\$2,031,881</u>
<i><u>Notes Payable from Enterprise Funds:</u></i>					
Sewer Issue II Note	2014	N/A	\$124,886	(\$8,325)	\$116,561
Water System Improvement Note	2030	6.00%	0	1,350,000	1,350,000
Water System Improvement Note	2000	4.25%	3,100,000	(3,100,000)	0
Totals			<u>\$3,224,886</u>	<u>(\$1,758,325)</u>	<u>\$1,466,561</u>

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

**NOTE 8 - DEBT OBLIGATIONS (Continued)**

The following is a summary of the City's general obligation bonds, revenue bonds and OWDA loan obligations activity for the year ended December 31, 2000:

Purpose/ Description	Maturity Date	Interest Rate	Balance January 1, 2000	Issued/ (Retired)	Balance December 31, 2000
<u>G.O. Bonds Reported in General Long-Term Obligations Account Group:</u>					
Capital Improvement Bonds	2022	6.20%	\$665,000	(\$15,000)	\$650,000
Totals			<u>\$665,000</u>	<u>(\$15,000)</u>	<u>\$650,000</u>
<u>G.O. Bonds Payable from Enterprise Funds:</u>					
Sewer Improvement Bonds	2004	6.00%	\$540,000	(\$95,000)	\$445,000
Sewer Improvement Bonds	2007	6.38%	960,000	(120,000)	840,000
Totals			<u>\$1,500,000</u>	<u>(\$215,000)</u>	<u>\$1,285,000</u>
<u>Revenue Bonds Payable from Enterprise Funds:</u>					
Water System Bonds	2019	2.85 - 5.37%	\$11,444,226	(\$465,000)	\$10,979,226
Totals			<u>\$11,444,226</u>	<u>(\$465,000)</u>	<u>\$10,979,226</u>
<u>OWDA Loans Payable from Enterprise Funds:</u>					
OWDA Loan	2004	6.40%	\$1,037,298	(\$206,548)	\$830,750
OWDA Loan	2004	8.38%	31,436	(6,053)	25,383
OWDA Loan	N/A	3.43%	2,881,856	3,019,294	5,901,150
OWDA Loan	N/A	4.38%	0	3,390,442	3,390,442
Totals			<u>\$3,950,590</u>	<u>\$6,197,135</u>	<u>\$10,147,725</u>

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

**NOTE 8 - DEBT OBLIGATIONS (Continued)**

Outstanding general obligation bonds consist of street and wastewater treatment plant improvement issues. General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged.

Revenue bonds were issued to acquire the local water utility facilities and infrastructure from private owners. These bonds are direct obligations of the City for which its water utility revenues were pledged to repay these bonds.

The two original Ohio Water Development Authority loans were made to the City in 1981 and 1985 for utility construction projects. Property and revenue of the Enterprise Funds have been pledged to repay these debts. In 2000, the City entered into two agreements with the Ohio Water Development Authority to obtain loans for the purpose of improving the City's wastewater treatment facilities. As of December 31, 2000 the City had a total amount of \$6,557,476 which it could draw down from its first loan, of which \$5,901,150 was drawn. The City had a total amount of \$3,638,625 which it could draw down from the second loan, of which \$3,390,442 was drawn. These loans have not been amortized at year end, therefore, the future funding requirements for the retirement of these loans has not been included in the summary of the City's future long-term funding requirements that follow. These loans will be repaid from Enterprise Fund revenues.

The annual requirements to amortize all Enterprise note debt, bonded debt and loans outstanding as of December 31, 2000, are as follows:

Year Ending December 31	Sewer Issue II Note	Water System Improvement Note	Sewer Improvement Bonds	Water System Bonds	OWDA Loans
2001	\$8,325	\$98,068	\$298,725	\$985,083	\$281,623
2002	8,325	98,068	295,574	987,773	281,624
2003	8,325	98,068	286,765	988,803	281,624
2004	8,325	98,068	277,560	988,123	140,810
2005	8,325	98,068	142,951	990,682	0
2006 - 2010	41,625	490,339	262,950	4,925,934	0
2011 - 2015	33,311	490,339	0	4,937,284	0
2016 - 2039	0	1,471,018	0	3,948,376	0
	116,561	2,942,036	1,564,525	18,752,058	985,681
Less: Amount Representing Interest	0	1,592,036	279,525	7,772,832	129,548
Principal Balance	\$116,561	\$1,350,000	\$1,285,000	\$10,979,226	\$856,133

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

**NOTE 8 - DEBT OBLIGATIONS (Continued)**

The annual requirements to amortize all general long-term note and bonded debt outstanding as of December 31, 2000 are as follows:

Year Ending December 31	Municipal Court Building Note	Fire Truck Note	Capital Improvement Notes	Capital Improvement Bonds
2001	\$28,404	\$82,502	\$114,430	\$55,300
2002	283,338	55,001	114,430	54,370
2003	0	54,881	114,430	53,440
2004	0	0	114,430	57,510
2005	0	0	114,431	56,270
2006-2010	0	0	572,151	272,440
2011 - 2015	0	0	572,151	273,690
2016 - 2020	0	0	572,151	275,680
2021 - 2030	0	0	1,144,302	109,300
	311,742	192,384	3,432,906	1,208,000
Less: Amount Representing Interest	29,742	17,503	1,857,906	558,000
Principal Balance	\$282,000	\$174,881	\$1,575,000	\$650,000

The following is a summary of the changes in the City's other long-term obligations for the year ended December 31, 2000:

Obligation	Balance January 1, 2000	Additions	Reductions	Balance December 31, 2000
<u>Obligations Reported in General Long-Term Obligations Account Group:</u>				
Compensated Absences	\$320,105	\$77,909	\$0	\$398,014
Due to Other Governments	252,594	0	26,040	226,554
Capital Leases	38,551	38,550	37,471	39,630
Totals	\$611,250	\$116,459	\$63,511	\$664,198
<u>Obligations Payable from Enterprise Funds:</u>				
Capital Lease	\$110,000	\$0	\$5,000	\$105,000

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

**NOTE 9 - CAPITAL LEASES**

In 1999, the City entered into a capital lease for a dump truck. In 2000, they entered into a new capital lease for another dump truck. Both of these leases qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and, therefore have been recorded at the present value of the future minimum lease payments as of the date of inception.

The City has also entered into a lease agreement as lessee for the water storage tank of Fayette County for 20 years. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore has been recorded at the present value of the future minimum lease payments as of the date of inception.

These lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. For governmental funds, capital lease payments are reflected as debt service in the general purpose financial statements. In the proprietary funds, capital lease principal payments reduce the liability and the interest payments are reported as interest and fiscal charge expenses.

The following is a schedule of the future minimum lease payments for the dump truck and water storage tank capital leases, and the present value of the future minimum lease payments at December 31, 2000:

Year Ending December 31	General Long-Term Obligations Account Group	Enterprise
2001	\$42,961	\$18,000
2002	0	17,200
2003	0	16,400
2004	0	15,600
2005	0	14,800
2006-2009	0	64,400
Total Future Minimum Lease Payments	42,961	146,400
Less: Amount Representing Interest	3,331	41,400
Present Value of Future Minimum Lease Payments	\$39,630	\$105,000



**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

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**NOTE 10 - PENSION OBLIGATIONS**

Public Employee Retirement System

Plan Description: The City contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State. PERS 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 assigns the authority to establish and amend benefit provisions. The PERS issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

Funding Policy: The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. Law enforcement employees contribute 9.0% of covered payroll. The 2000 contribution rate for local government employers was temporarily rolled back by 20%, from 13.55% to 10.84% of annual covered payroll. The law enforcement employer rate was 15.70% of covered payroll. The City's required contributions to PERS for the years ending December 31, 2000, 1999 and 1998 were \$346,854, \$408,998, and \$374,664, respectively; 81.39% has been contributed for 2000 and 100 percent for years 1999 and 1998. Of the 2000 amount, \$64,542 was unpaid at December 31, 2000 and is recorded as a liability within the respective funds.

Postemployment Benefits: The Public Employees Retirement System of Ohio also provides postemployment health care coverage to age and service retirants with ten (10) or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postemployment health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2000 employer contribution rate for local government employer units was 10.84% of covered payroll; 4.3% was the portion that was used to fund health care for the year 2000. The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through contributions to PERS.

The assumptions and calculations below were based on the System'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 the 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 5.10%. Health care costs were assumed to increase 4.75% annually.

As of December 31, 1999, the actuarial value of net assets available for other postemployment benefits payments was \$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. The number of active contributing participants at December 31, 1999 was 401,339.

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

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**NOTE 10 - PENSION OBLIGATIONS (Continued)**

The Retirement Board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for local government divisions and 6% for law enforcement divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

**Police and Firemen's Disability and Pension Fund**

**Plan Description:** The City contributes to the Police and Firemen's Disability and Pension Fund of Ohio (PFDPF), a cost-sharing multiple-employer defined benefit pension plan. PFDPF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The PFDPF issues a publicly available financial report that includes financial statements and required supplementary information for the plan. This report may be obtained by writing to Police & Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43125-5164 or by calling (614) 228-2975.

**Funding Policy:** Plan members (both policemen and firemen) are required to contribute 10.0% of their annual covered salary and the employers are required to contribute 19.50% of annual covered payroll for policemen and 24.0% of annual covered payroll for firemen. The City's contributions to PFDPF for the years ending December 31, 2000, 1999 and 1998 were \$150,856, \$151,482, and \$131,209, for police; \$140,393, \$135,592, and \$127,051, for firemen, respectively; 68.20% has been contributed for 2000 and 100 percent for years 1999 and 1998 for police; and 70.83% has been contributed for 2000 and 100 percent for years 1999 and 1998 for firemen. Of the 2000 amount, \$47,968 for police and \$40,949 for firemen was unpaid at December 31, 2000 and is recorded as a liability within the General Long-Term Obligations Account Group.

**Postemployment Benefits:** The Police and Firemen's Disability Pension Fund System of Ohio (PFDPF) provides postemployment 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 eighteen (18) whether or not the child is attending school or under the age of twenty-two (22) if attending school full-time or on a two-thirds (2/3) basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the fund of the PFDPF shall be included in the employer's contribution rate which is 19.5% for police and 24.0% for firefighters of covered payroll. The Ohio Revised Code provides the statutory authority allowing the PFDPF Board of Trustees to provide health care coverage to all eligible individuals.

Health care funding and accounting are on a pay-as-you-go basis. Currently, 7.25% of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The portion of the 2000 covered payroll that was used to fund postemployment health care benefits was \$56,118 for police and \$42,399 for firemen. Also 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 check. As of December 31, 1999 the number of participants eligible to receive health care benefits was 12,467 for police and 9,807 for firefighters. The Fund's total health care expenses for the year ended December 31, 1999 were \$95,004,633.

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

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**NOTE 11 - EMPLOYEE BENEFITS**

Compensated Absences

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 16, the City accrues a liability for sick leave and vacation when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined.

Sick leave accumulates at the rate of .0575 hours of sick leave for each hour of work completed with a maximum of 80 hours per pay period. Employees who have ten years of service, hired prior to April 12, 1991 who have sick leave accumulated receive payment upon retirement at a rate of one hour for each hour of accumulated and unused sick leave, to a maximum of 960 hours. Employees who have ten years of service, hired after April 12, 1991 who have sick leave accumulated receives payment upon retirement at a rate of one hour for each four hours of accumulated and unused sick leave, to a maximum of 240 hours. Individuals leaving the employment of the City prior to retirement or at retirement with less than ten years of service lose their accumulated sick leave. A liability has been recognized in the accompanying financial statements for a portion of the sick leave hours of those employees who have ten years of service and are age 50 or older, or have thirty years with local government employment as well as other employees who are expected to become eligible in the future to receive such payments.

A liability for accrued vacation has been recognized based on the amount of unused vacation hours for each employee. Vacation is accumulated based upon length of service as follows:

<u>Employee Service</u>	<u>Vacation Credit</u>
After 1 year	2 weeks
After 10 years	3 weeks
After 15 years	4 weeks
After 22 years	5 weeks

Vacation leave must be used within the current calendar year unless the employee is unable to use his vacation due to the operational needs of the employer. Without this, such excess leave is eliminated from the employee's leave balance. In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation.

At December 31, 2000, the City has accrued a liability of \$115,370 in the Enterprise Funds and \$398,014 in the General Long-Term Obligations Account Group for vacation which is earned and a portion of sick leave which is vested or probable for payment.

Health Care Benefits

The City has elected to provide employee medical/surgical and prescription drug benefits through Medical Mutual of Ohio Insurance Company. The employees share the cost of the monthly premium with the City.

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

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**NOTE 12 - SEGMENT INFORMATION - ENTERPRISE FUNDS**

The City operates three Enterprise Funds. The key financial information for the year ended December 31, 2000 for these enterprise activities are as follows:

	<u>Sewer</u>	<u>Water</u>	<u>Pool</u>	<u>Total</u>
Operating Revenues	\$2,467,961	\$2,863,596	\$131,050	\$5,462,607
Operating Expenses before Depreciation	1,678,037	1,167,979	168,319	3,014,335
Depreciation and Amortization	415,867	359,504	22,580	797,951
Operating Income	374,057	1,336,113	(59,849)	1,650,321
Interest Income	38,212	181,101	0	219,313
Net Income (Loss)	89,996	719,490	(9,849)	799,637
Fixed Assets:				
Additions	3,033,631	4,124,347	0	7,157,978
Total Assets	24,300,303	20,373,723	29,611	44,703,637
Net Working Capital	(2,609,304)	571,925	15,763	(2,021,616)
Net Change in Contributed Capital	51,071	0	(22,580)	28,491
Total Equity	15,977,678	4,024,370	27,053	20,029,101

**CITY OF WASHINGTON, OHIO**  
*Notes to the General Purpose Financial Statements*  
*For the Year Ended December 31, 2000*

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**NOTE 13 - INTERGOVERNMENTAL REVENUE**

The following is a summary of major intergovernmental revenue:

General Fund:

Local Government Distributions and Reimbursements	\$800,304
Estate Taxes and Other Taxes	290,590
Other Grants and Revenue	78,579
	<hr/>
<i>Total General Fund</i>	<u><u>\$1,169,473</u></u>

Special Revenue Funds:

Street Maintenance Distribution	\$361,173
State Highway Improvement	28,799
County Permissive License	50,000
City Permissive License	85,210
Formula Grant	88,000
Bridge Maintenance Grant	9,427
Downtown Improvement Grant	115,000
CDBG-CHIP-CHIS Grant	214,035
Community Corrections Grant	55,215
Other Grants and Revenue	70,427
	<hr/>
<i>Total Special Revenue Funds</i>	<u><u>\$1,077,286</u></u>

Debt Service Funds:

Tax Increment Revenue	\$2,732
	<hr/>
<i>Total Debt Service Funds</i>	<u><u>\$2,732</u></u>

Capital Project Funds:

Permanent Improvement Grant	\$12,739
	<hr/>
<i>Total Capital Project Funds</i>	<u><u>\$12,739</u></u>

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

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**NOTE 14 - CONTRIBUTED CAPITAL**

Contributions for (or of) capital assets to proprietary funds are credited directly to contributed capital. These contributions can include donations from developers, private sources, other governments, and governmental funds of the City. The operating-type contributions or grants are recorded as revenue in the receiving funds. The following is a summary of the changes in the contributed capital account for the year ended December 31, 2000:

	Enterprise
Contributed Capital at January 1, 2000	\$601,708
Capital Grant	51,071
Depreciation Expense	(22,580)
Contributed Capital at December 31, 2000	\$630,199

**NOTE 15 - RELATED ORGANIZATION**

The Carnegie Public Library is a related organization of the City. The City is not financially accountable for this fiscally independent organization. The imposition of will or financial benefit/burden relationship criteria outlined in GASB Statement No. 14 do not apply and the City's accountability is limited to the appointment of all members to the governing board of the Library.

**NOTE 16 - CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

**NOTE 17 - ACCOUNTABILITY**

**Deficit Fund Balances**

The following fund had a deficit fund balance as of December 31, 2000:

*Special Revenue Fund:*

Community Corrections Grant	\$734
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The deficit fund balance in the Community Corrections Grant Fund is the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficit in this fund and provides operating transfers when cash is required, not when accruals occur. This deficit does not exist on the cash basis.

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

**NOTE 18 - CONTRACTUAL COMMITMENTS**

As of December 31, 2000, the City had the following contractual purchase commitments for Enterprise Fund improvements:

Project	Total Contract Amount	Total Expended	Total Unexpended
Sewer Improvements	\$6,557,477	\$5,901,150	\$656,327
Water Improvements	6,266,125	4,931,916	1,334,209
Total	<u>\$12,823,602</u>	<u>\$10,833,066</u>	<u>\$1,990,536</u>

**NOTE 19 - RISK MANAGEMENT**

The City is exposed to various risks of loss torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2000, the City contracted with various commercial carriers for property, auto, crime, and liability insurances, as well as public official bonds. Coverages provided are as follows:

Type of Coverage	Annual Aggregate	Deductible
Buildings and Contents - replacement cost	\$33,007,186	\$1,000
General Liability - per occurrence/aggregate	2,000,000/3,000,000	0
Public Official Liability	2,000,000	5,000
Law Enforcement	2,000,000	5,000
Auto Liability	1,000,000	0
Auto Comprehensive	1,000,000	50
Auto Collision	1,000,000	1,000
Flood	135,000,000	1,000
Earthquake	15,000,000	204
Electronic Data Processing Equipment	532,000	500/1,000
Public Officials Bond	various amounts up to 250,000	0
Blanket Bond	250,000	0
Contractor's Equipment	173,044	500
Inland Marine	1,562,200	500

The City maintains comprehensive insurance coverage for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured. Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. The City pays all public officials' bonds by statute.

**CITY OF WASHINGTON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 2000**

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**NOTE 19 - RISK MANAGEMENT** (Continued)

The City has not incurred any significant reductions in insurance coverage from coverage in the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.



**CITY OF WASHINGTON  
FAYETTE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2000**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	<u>Disbursements</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Department of Development</i>			
Community Development Block Grants:		14.228	
Formula Allocation	A-F-99-195-1		\$86,309
Downtown Revitalization	A-T-99-195-1		85,759
Community Housing Improvement Program	A-C-99-195-1		201,775
Economic Development	A-E-00-195-1		51,300
Total Community Development Block Grants:			425,143
Total U.S. Department of Housing and Urban Development			425,143
<b>TOTAL FEDERAL EXPENDITURES</b>			<b>\$425,143</b>

The City of Washington administers a Community Development Building Grant Revolving Loan program with funds provided by the U.S. Department of Housing and Urban development. The purpose of the program is to stimulate community development activity by providing low or no interest loans to low income individuals or businesses. As of December 31, 2000, the total amount of loans outstanding was \$104,836.

*The accompanying note to this schedule is an integral part of this schedule.*

**CITY OF WASHINGTON  
FAYETTE COUNTY**

**NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

City of Washington  
Fayette County  
105 North Main Street  
Washington Court House, Ohio 43160

To the City Council:

We have audited the general purpose financial statements of the City of Washington, Fayette County, Ohio (the City), as of and for the year ended December 31, 2000, and have issued our report thereon dated August 9, 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 2000-20624-001. We also noted matters involving noncompliance that do not require inclusion in this report that we have reported to management in a separate letter dated August 9, 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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, 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. A reportable condition is described in the accompanying schedule of findings as item 2000-20624-001.

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

are also considered to be material weaknesses. However, we do not believe the reportable condition described above is material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the City of Washington in a separate letter date August 9, 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, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

August 9, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR

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

City of Washington  
Fayette County  
105 North Main Street  
Washington Court House, Ohio 43160

To the City Council:

**Compliance**

We have audited the compliance of the City of Washington, Fayette 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 each of its major federal programs for the year ended December 31, 2000. We noted an instance of noncompliance that does not require inclusion in this report that we have reported to the management of the City in a separate letter dated August 9, 2001.

**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.

City of Washington  
Fayette County  
Report on Compliance With Requirements Applicable to Each Major  
Federal Program and Internal Control over Compliance  
In Accordance With OMB Circular A-133  
Page 2

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

August 9, 2001

**CITY OF WASHINGTON  
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2000**

**1. SUMMARY OF AUDITOR'S RESULTS**

(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?	No
(d)(1)(vii)	Major Programs (list):	CFDA #14.228 Community Development Block Grant
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all other
(d)(1)(ix)	Low Risk Auditee?	Yes

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

**FINDING NUMBER 2000-20624-001**

**Noncompliance Citation - Reportable Condition**

Ohio Rev. Code, Section 5705.41 (D), provides that a subdivision or taxing unit shall not make any contract or order involving the disbursement of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment.

**FINDING NUMBER 2000-20624-001  
(Continued)**

This Section also provides two “exceptions” to the above requirements:

1. Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that the fiscal officer is completing the certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
2. Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Thirty-two percent of the expenditures and obligations made by the City were initiated without obtaining the prior certification of the City Auditor and neither of the exceptions provided for were used. This procedure is not only required by Ohio law, but it is also a key control in the disbursement process. Without proper certification of funds, disbursements could be made without adequate current resources being available or disbursements could be made in excess of authorized appropriations. We recommend that prior certifications be provided for all disbursements. In instances when prior certifications are not practical, “then and now” certifications should be made.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**CITY OF WASHINGTON**

**FAYETTE 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  
SEPTEMBER 4, 2001**