



**CITY OF WICKLIFFE
LAKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF WICKLIFFE
LAKE COUNTY
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INDEPENDENT ACCOUNTANTS' REPORT

City of Wickliffe
Lake County
28730 Ridge Road
Wickliffe, Ohio 44092

To the Mayor and Members of Council:

We have audited the accompanying general-purpose financial statements of the City of Wickliffe, Lake County (the City) as of and for the years ended December 31, 2000 and December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Wickliffe, Lake County, as of December 31, 2000 and December 31, 1999, and the results of its operations and the cash flows of its proprietary fund type for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Jim Petro
Auditor of State

September 24, 2001

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

	Governmental Fund Types			Proprietary Fund Type		Fiduciary Fund Types		Account Groups			Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Enterprise Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations			
Assets and Other Debits:											
Assets:											
Cash and Cash Equivalents	\$5,009,527	\$759,865	\$326,934	\$2,371,259	\$170,788	\$90,426	\$0	\$0	\$0	\$8,728,799	
Investments	5,166,090	0	0	2,423,910	0	0	0	0	0	7,590,000	
Receivables (net of allowance for doubtful accounts):											
Taxes	1,862,576	200,272	0	666,939	0	863,083	0	0	0	3,592,870	
Accounts	20,170	1,400	0	4,346	424,959	0	0	0	0	450,875	
Interest	231,673	0	0	0	0	0	0	0	0	231,673	
Special Assessments	0	34,496	0	0	0	0	0	0	0	34,496	
Due from Other Funds	992,414	0	0	840,861	0	0	0	0	0	1,833,275	
Intergovernmental Receivables	8,601	31,975	0	0	0	0	0	0	0	40,576	
Inventory of Supplies at Cost	31,719	0	0	0	0	0	0	0	0	31,719	
Prepaid Items	14,775	0	0	0	0	0	0	0	0	14,775	
Restricted Assets:											
Cash and Cash Equivalents	0	0	0	0	0	739,788	0	0	0	739,788	
Cash with Fiscal Agent	0	0	2,081	0	0	0	0	0	0	2,081	
Fixed Assets (net of accumulated depreciation)	0	0	0	0	5,565,052	0	16,842,269	0	0	22,407,321	
Other Debits:											
Amount Available in Debt Service	0	0	0	0	0	0	0	326,934	0	326,934	
Amount to be Provided for											
General Long-Term Obligations	0	0	0	0	0	0	0	996,173	0	996,173	
Total Assets and Other Debits	\$13,337,545	\$1,028,008	\$329,015	\$6,307,315	\$6,160,799	\$1,693,297	\$16,842,269	\$1,323,107	\$0	\$47,021,355	

(Continued)

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

	Governmental Fund Types			Proprietary Fund Type		Fiduciary Fund Types		Account Groups		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Enterprise Fund	Trust and Agency Funds	General Fixed Assets	Long-Term Obligations	General	Totals (Memorandum Only)
Liabilities, Equity and Other Credits:										
Liabilities:										
Accounts Payable	\$43,341	\$192	\$0	\$159,468	\$0	\$0	\$0	\$0	\$0	\$203,001
Accrued Wages and Benefits	273,642	18,307	0	0	0	0	0	0	0	291,949
Due to Other Funds	0	0	0	0	390,000	1,443,275	0	0	0	1,833,275
Intergovernmental Payables	4,507	0	0	0	0	0	0	0	0	4,507
Claims Payable	18,785	0	0	0	0	0	0	0	0	18,785
Matured Bonds and Interest Payable	0	0	2,081	0	0	0	0	0	0	2,081
Deferred Revenue	1,832,640	236,168	0	666,939	3,370	159,596	0	0	0	2,898,713
Compensated Absences Payable	0	0	0	0	0	0	0	0	0	1,068,107
General Obligation Bonds Payable	0	0	0	0	0	0	0	255,000	0	255,000
Total Liabilities	2,172,915	254,667	2,081	826,407	393,370	1,602,871	0	1,323,107	0	6,575,418
Equity and Other Credits:										
Investment in General Fixed Assets	0	0	0	0	0	0	16,842,269	0	0	16,842,269
Contributed Capital	0	0	0	0	6,500,000	0	0	0	0	6,500,000
Retained Earnings:										
Unreserved	0	0	0	0	(732,571)	0	0	0	0	(732,571)
Fund Balances:										
Reserved for Supplies Inventory	31,719	0	0	0	0	0	0	0	0	31,719
Reserved for Prepaid Items	14,775	0	0	0	0	0	0	0	0	14,775
Reserved for Interfund Loan Receivable	0	0	0	840,861	0	0	0	0	0	840,861
Reserved for Debt Service	0	0	326,934	0	0	0	0	0	0	326,934
Unreserved:										
Undesignated	11,118,136	773,341	0	4,640,047	0	90,426	0	0	0	16,621,950
Total Equity and Other Credits	11,164,630	773,341	326,934	5,480,908	5,767,429	90,426	16,842,269	0	0	40,445,937
Total Liabilities, Equity and Other Credits	\$13,337,545	\$1,028,008	\$329,015	\$6,307,315	\$6,160,799	\$1,693,297	\$16,842,269	\$1,323,107	\$47,021,355	

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

THE CITY OF WICKLIFFE, 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

	<i>Governmental Fund Types</i>			<i>Fiduciary Fund Type</i>	Totals (Memorandum Only)	
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds		Expendable Trust Funds
Revenues:						
Property Taxes	\$1,454,688	\$181,836	\$606,120	\$0	\$0	\$2,242,644
Municipal Income Taxes	6,172,363	0	0	2,805,623	0	8,977,986
Other Local Taxes	381,411	0	0	0	0	381,411
State Levied Shared Taxes	2,397,786	438,417	0	0	0	2,836,203
Intergovernmental Revenues	0	75,700	19,638	0	0	95,338
Charges for Services	76,388	85,184	0	0	0	161,572
Licenses and Permits	11,081	0	0	0	0	11,081
Investment Earnings	974,567	0	0	0	0	974,567
Special Assessments	0	393,794	0	2,311	0	396,105
Fines and Forfeitures	164,647	0	0	0	0	164,647
All Other Revenues	268,464	0	0	481,899	74,523	824,886
Total Revenues	<u>11,901,395</u>	<u>1,174,931</u>	<u>625,758</u>	<u>3,289,833</u>	<u>74,523</u>	<u>17,066,440</u>
Expenditures:						
Current:						
Security of Persons and Property	4,497,812	185,570	0	0	0	4,683,382
Public Health and Welfare Services	7,858	2,942	0	0	2,140	12,940
Leisure Time Activities	291,431	402,734	0	0	0	694,165
Community Environment	145,123	41,290	0	0	0	186,413
Basic Utility Services	474,682	298,481	0	0	0	773,163
Transportation	1,410,427	477,544	0	0	0	1,887,971
General Government	2,867,372	0	5,227	0	64,628	2,937,227
Capital Outlay	0	45,011	0	4,140,589	0	4,185,600
Debt Service:						
Principal Retirements	0	0	85,000	0	0	85,000
Interest and Fiscal Charges	0	0	34,425	0	0	34,425
Total Expenditures	<u>9,694,705</u>	<u>1,453,572</u>	<u>124,652</u>	<u>4,140,589</u>	<u>66,768</u>	<u>15,480,286</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,206,690	(278,641)	501,106	(850,756)	7,755	1,586,154
Other Financing Sources (Uses):						
Operating Transfers In	0	309,000	0	1,129,800	0	1,438,800
Operating Transfers Out	(1,438,800)	0	0	0	0	(1,438,800)
Total Other Financing Sources (Uses)	<u>(1,438,800)</u>	<u>309,000</u>	<u>0</u>	<u>1,129,800</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	767,890	30,359	501,106	279,044	7,755	1,586,154
Fund Balance (Deficit) Beginning of Year	10,393,962	742,982	(174,172)	5,201,864	82,671	16,247,307
Decrease in Inventory Reserve	2,778	0	0	0	0	2,778
Fund Balance End of Year	<u>\$11,164,630</u>	<u>\$773,341</u>	<u>\$326,934</u>	<u>\$5,480,908</u>	<u>\$90,426</u>	<u>\$17,836,239</u>

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

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

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Property Taxes	\$1,393,500	\$1,454,688	\$61,188	\$179,388	\$181,836	\$2,448
Municipal Income Taxes	5,803,500	6,211,021	407,521	0	0	0
Other Local Taxes	394,300	417,176	22,876	0	0	0
State Levied Shared Taxes	2,119,100	2,396,544	277,444	458,800	438,826	(19,974)
Intergovernmental Revenues	0	0	0	100,000	75,700	(24,300)
Charges for Services	75,400	76,388	988	42,900	85,184	42,284
Licenses and Permits	13,800	11,081	(2,719)	0	0	0
Investment Earnings	722,600	955,994	233,394	0	0	0
Special Assessments	0	0	0	348,000	393,794	45,794
Fines and Forfeitures	205,900	169,005	(36,895)	0	0	0
All Other Revenues	162,393	268,907	106,514	0	0	0
Total Revenues	<u>10,890,493</u>	<u>11,960,804</u>	<u>1,070,311</u>	<u>1,129,088</u>	<u>1,175,340</u>	<u>46,252</u>
Expenditures:						
Current:						
Security of Persons and Property	4,633,360	4,469,301	164,059	188,400	185,570	2,830
Public Health and Welfare Services	8,500	7,858	642	1,400	2,942	(1,542)
Leisure Time Activities	253,930	291,196	(37,266)	255,650	402,678	(147,028)
Community Environment	141,795	144,629	(2,834)	44,725	41,236	3,489
Basic Utility Services	480,300	474,682	5,618	306,300	298,481	7,819
Transportation	1,318,065	1,393,316	(75,251)	504,400	494,596	9,804
General Government	2,961,935	2,936,930	25,005	0	0	0
Capital Outlay	0	0	0	42,000	45,011	(3,011)
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>9,797,885</u>	<u>9,717,912</u>	<u>79,973</u>	<u>1,342,875</u>	<u>1,470,514</u>	<u>(127,639)</u>
Excess (Deficiency) of Revenues over Expenditures	1,092,608	2,242,892	1,150,284	(213,787)	(295,174)	(81,387)
Other Financing Sources (Uses):						
Operating Transfers In	0	0	0	289,000	309,000	20,000
Operating Transfers Out	(385,500)	(1,438,800)	(1,053,300)	0	0	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>(385,500)</u>	<u>(1,438,800)</u>	<u>(1,053,300)</u>	<u>289,000</u>	<u>309,000</u>	<u>20,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	707,108	804,092	96,984	75,213	13,826	(61,387)
Fund Balance at Beginning of Year	9,326,193	9,326,193	0	746,039	746,039	0
Fund Balance at End of Year	<u>\$10,033,301</u>	<u>\$10,130,285</u>	<u>\$96,984</u>	<u>\$821,252</u>	<u>\$759,865</u>	<u>(\$61,387)</u>

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

(Continued)

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

	<u>Debt Service Fund</u>			<u>Capital Projects Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$587,700	\$606,120	\$18,420	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	2,733,000	2,823,191	90,191
Other Local Taxes	0	0	0	0	0	0
State Levied Shared Taxes	0	0	0	0	0	0
Intergovernmental Revenues	17,558	19,638	2,080	0	0	0
Charges for Services	0	0	0	0	0	0
Licenses and Permits	0	0	0	0	0	0
Investment Earnings	0	0	0	0	0	0
Special Assessments	0	0	0	2,500	2,311	(189)
Fines and Forfeitures	0	0	0	0	0	0
All Other Revenues	0	0	0	54,000	477,553	423,553
Total Revenues	<u>605,258</u>	<u>625,758</u>	<u>20,500</u>	<u>2,789,500</u>	<u>3,303,055</u>	<u>513,555</u>
<u>Expenditures:</u>						
Current:						
Security of Persons and Property	0	0	0	0	0	0
Public Health and Welfare Services	0	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0	0
Community Environment	0	0	0	0	0	0
Basic Utility Services	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
General Government	6,900	5,227	1,673	0	0	0
Capital Outlay	0	0	0	5,954,200	3,995,556	1,958,644
Debt Service:						
Principal Retirement	85,000	85,000	0	0	0	0
Interest and Fiscal Charges	34,400	34,425	(25)	0	0	0
Total Expenditures	<u>126,300</u>	<u>124,652</u>	<u>1,648</u>	<u>5,954,200</u>	<u>3,995,556</u>	<u>1,958,644</u>
Excess (Deficiency) of Revenues over Expenditures	478,958	501,106	22,148	(3,164,700)	(692,501)	2,472,199
<u>Other Financing Sources (Uses):</u>						
Operating Transfers In	0	0	0	551,500	1,129,800	578,300
Operating Transfers Out	0	0	0	0	0	0
Advances In	0	0	0	724,000	724,000	0
Advances Out	(284,000)	(284,000)	0	0	(390,000)	(390,000)
Total Other Financing Sources (Uses)	<u>(284,000)</u>	<u>(284,000)</u>	<u>0</u>	<u>1,275,500</u>	<u>1,463,800</u>	<u>188,300</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	194,958	217,106	22,148	(1,889,200)	771,299	2,660,499
Fund Balance at Beginning of Year	109,828	109,828	0	4,023,870	4,023,870	0
Fund Balance at End of Year	<u>\$304,786</u>	<u>\$326,934</u>	<u>\$22,148</u>	<u>\$2,134,670</u>	<u>\$4,795,169</u>	<u>\$2,660,499</u>

(Continued)

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

	<u>Expendable Trust Funds</u>			<u>Totals (Memorandum Only)</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$0	\$0	\$0	\$2,160,588	\$2,242,644	\$82,056
Municipal Income Taxes	0	0	0	8,536,500	9,034,212	497,712
Other Local Taxes	0	0	0	394,300	417,176	22,876
State Levied Shared Taxes	0	0	0	2,577,900	2,835,370	257,470
Intergovernmental Revenues	0	0	0	117,558	95,338	(22,220)
Charges for Services	0	0	0	118,300	161,572	43,272
Licenses and Permits	0	0	0	13,800	11,081	(2,719)
Investment Earnings	0	0	0	722,600	955,994	233,394
Special Assessments	0	0	0	350,500	396,105	45,605
Fines and Forfeitures	0	0	0	205,900	169,005	(36,895)
All Other Revenues	95,200	74,523	(20,677)	311,593	820,983	509,390
Total Revenues	95,200	74,523	(20,677)	15,509,539	17,139,480	1,629,941
<u>Expenditures:</u>						
Current:						
Security of Persons and Property	0	0	0	4,821,760	4,654,871	166,889
Public Health and Welfare Services	900	2,140	(1,240)	10,800	12,940	(2,140)
Leisure Time Activities	0	0	0	509,580	693,874	(184,294)
Community Environment	0	0	0	186,520	185,865	655
Basic Utility Services	0	0	0	786,600	773,163	13,437
Transportation	0	0	0	1,822,465	1,887,912	(65,447)
General Government	73,800	64,628	9,172	3,042,635	3,006,785	35,850
Capital Outlay	0	0	0	5,996,200	4,040,567	1,955,633
Debt Service:						
Principal Retirement	0	0	0	85,000	85,000	0
Interest and Fiscal Charges	0	0	0	34,400	34,425	(25)
Total Expenditures	74,700	66,768	7,932	17,295,960	15,375,402	1,920,558
Excess (Deficiency) of Revenues over Expenditures	20,500	7,755	(12,745)	(1,786,421)	1,764,078	3,550,499
<u>Other Financing Sources (Uses):</u>						
Operating Transfers In	0	0	0	840,500	1,438,800	598,300
Operating Transfers Out	0	0	0	(385,500)	(1,438,800)	(1,053,300)
Advances In	0	0	0	724,000	724,000	0
Advances Out	0	0	0	(284,000)	(674,000)	(390,000)
Total Other Financing Sources (Uses)	0	0	0	895,000	50,000	(845,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	20,500	7,755	(12,745)	(891,421)	1,814,078	2,705,499
Fund Balance at Beginning of Year	82,671	82,671	0	14,288,601	14,288,601	0
Fund Balance at End of Year	\$103,171	\$90,426	(\$12,745)	\$13,397,180	\$16,102,679	\$2,705,499

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

	<u>Sewer Fund</u>
<u>Operating Revenues:</u>	
Charges for Service	\$1,391,757
Total Operating Revenues	<u>1,391,757</u>
<u>Operating Expenses:</u>	
Contractual Services	1,467,969
Depreciation Expense	<u>170,529</u>
Total Operating Expenses	<u>1,638,498</u>
Net Loss	(246,741)
<u>Retained Earnings:</u>	
Accumulated Deficit at Beginning of Year	<u>(485,830)</u>
Accumulated Deficit at End of Year	<u><u>(\$732,571)</u></u>

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

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

	<u><i>Sewer Fund</i></u>
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$1,411,555
Cash Payments for Goods and Services	<u>(1,467,969)</u>
Net Cash Used for Operating Activities	<u>(56,414)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Advances In from Other Funds	390,000
Advances Out to Other Funds	<u>(440,000)</u>
Net Cash Used for Noncapital Financing Activities	<u>(50,000)</u>
Net Decrease in Cash and Cash Equivalents	(106,414)
Cash and Cash Equivalents at Beginning of Year	<u>277,202</u>
Cash and Cash Equivalents at End of Year	<u><u>\$170,788</u></u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Loss	(\$246,741)
Adjustments to Reconcile Operating Loss to	
Net Cash Used for Operating Activities:	
Depreciation Expense	170,529
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	20,545
Decrease in Deferred Revenue	<u>(747)</u>
Total Adjustments	<u>190,327</u>
Net Cash Used for Operating Activities	<u><u>(\$56,414)</u></u>

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

THE CITY OF WICKLIFFE, OHIO
LAKE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Wickliffe, Ohio (the City) is a home-rule municipal corporation created under the laws of the State of Ohio. The current Charter, which provides for a Council-Mayor form of government was adopted on July 17, 1951, and has subsequently been amended.

The accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary fund. The financial statements are presented as of December 31, 2000 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, account groups, agencies, boards and commissions that are part of the primary government, which includes the following services: police and fire protection, emergency medical, parks, recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and maintains the wastewater collection system which is reported as an enterprise fund. Wastewater treatment services are provided to the City of Wickliffe by the City of Euclid, Ohio, which owns and operates the wastewater treatment facilities.

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

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

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary fund) are accounted for through governmental funds. The measurement focus is upon determination of flow of current financial resources (sources, uses and balances of financial resources). The following are the City's governmental fund types:

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

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

Debt Service Fund - This fund is used for the accumulation of resources for, and the payment of, general obligation and special assessment long-term debt principal and interest other than that accounted for in the proprietary fund.

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

Proprietary Fund

Enterprise Fund - This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The enterprise fund is accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e. net assets) is segregated into contributed capital and retained earnings components. The enterprise fund operating statement presents increases (i.e. revenues) and decreases (i.e. expenses) in net total assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains expendable trust funds, and agency funds. Expendable trust funds are accounted for and reported similarly to governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

General Fixed Assets Account Group - This account group is established to account for fixed assets of the City, other than those accounted for in the proprietary fund.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the City other than those accounted for in the proprietary fund.

C. Basis of Accounting

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

The modified accrual basis of accounting is followed by the governmental funds and expendable trust funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is considered to be 30 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Special assessment installments, including related accrued interest, which are measurable but not available at December 31 are recorded as deferred revenue. Property taxes measurable as of December 31, 2000 and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 4.

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

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

D. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the subobject level within each department. Budgetary modifications may only be made by ordinance of the City Council.

1. Tax Budget

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

2. 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 Budget Commission then certifies its actions to the City by September 1st of each year. As part of the certification process the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year 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 appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2000.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1st of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and subobjects within a fund may be modified during the year by an ordinance of City Council. The budgetary figures which appear in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types and Expendable Trust Funds are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budget basis statements for the governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Funds
GAAP Basis (as reported)	\$767,890	\$30,359	\$501,106	\$279,044	\$7,755
Increase (Decrease):					
Accrued Revenues at December 31, 2000 received during 2001	(1,328,126)	(31,975)	0	(845,207)	0
Accrued Revenues at December 31, 1999 received during 2000	1,387,536	32,384	(284,000)	1,192,429	0
Accrued Expenditures at December 31, 2000 paid during 2001	340,275	18,499	0	159,468	0
Accrued Expenditures at December 31, 1999 paid during 2000	(364,422)	(35,441)	0	(14,435)	0
1999 Prepays for 2000	15,714	0	0	0	0
2000 Prepays for 2001	(14,775)	0	0	0	0
Budget Basis	<u>\$804,092</u>	<u>\$13,826</u>	<u>\$217,106</u>	<u>\$771,299</u>	<u>\$7,755</u>

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, The State Treasury Asset Reserve (STAR Ohio) and short-term certificates of deposit with an original maturity of three months or less. Certificates of deposit meeting the previously noted maturity limit and STAR Ohio are considered cash equivalents because they are highly liquid investments.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each had maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary fund considers its share of equity in pooled certificates of deposit with original maturities of three months or less and STAR Ohio to be cash equivalents. See Note 3, "Pooled Cash, Cash Equivalents and Investments."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. Certificates of deposit with original maturities of more than three months are reported as investments in the general purpose financial statements. In accordance with GASB Statement No. 31, *“Accounting and Financial Reporting for Certain Investments and for External Investment Pools”*, the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. See Note 3 “Cash, Cash Equivalents and Investments.” The City allocates all interest on pooled investments to the General Fund. Interest on investments held by specific funds is credited to the specific fund.

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

G. Inventory

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

H. Fixed Assets and Depreciation

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

1. Property, Plant and Equipment - General Governmental Purposes

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

Fixed assets consisting of certain improvements, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

2. Property, Plant and Equipment - Proprietary Fund

Property, plant and equipment (sewer lines) acquired by the proprietary fund are stated at appraised historical cost. Contributed fixed assets are recorded at fair market value at the date received.

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

Description	Estimated Lives (Years)
Improvements Other than Buildings	65

I. Long-Term Obligations

Long-Term obligations are being repaid from the following funds:

Obligation	Fund
General Obligation Bonds	Debt Service Fund
Compensated Absences	General Fund

The debt service for the Sewer Fund is paid out of the Debt Service Fund. The assets financed by the debt are carried in the Sewer Fund while the debt is being paid out of the Debt Service Fund. Property taxes are the primary funding source for this fund, therefore, the Sewer Fund debt is included in the Debt Service Fund within the Governmental Fund Type category.

J. Compensated Absences

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

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 "accrued wages and benefits." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group.

K. Pensions

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Transactions

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

1. Operating transfers are reported as Other Financing Sources and Uses in the governmental funds, as "Operating transfers in" by the recipient fund, and "Operating transfers out" by the disbursing fund.
2. Residual Equity Transfers are non routine or non recurring transfers between funds and are reported as additions to or deductions from the fund equity balance. There were no residual equity transfers during 2000.

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

M. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventories of supplies and materials, prepaid items, interfund loans receivable and debt service.

N. Total Columns on Combined Financial Statements - Overview

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

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficit at December 31, 2000 of \$732,571 in the Sewer Fund arise from the recognition of expenses on the accrual basis of accounting which are greater than expenses on the cash basis of accounting. A deficit does not exist under the cash basis of accounting. The general fund provides operating transfers when cash is required, not when accruals occur.

THE CITY OF WICKLIFFE, OHIO

LAKE COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2000

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures over Appropriations

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

Fund	Excess	Fund	Excess
<i>General Fund:</i>		<i>General Fund (Continued):</i>	
Security of Persons and Property		General Government (Continued)	
Overtime	\$8,134	Utilities - Telephone - All Departments	\$5,205
Temporary Part-time File Clerk	19	Contingencies	43,500
Auto-Maintenance and Repair	14,423	Municipal Court Cost	5,134
Gasoline	4,993	Office - Other Expenses	18,616
Vehicle Tires	689	General Miscellaneous	8,800
Building - Maintenance and Repair	2,006	General Government	13,208
Police Bldg. - Utilities	5,930	Transfer Out	1,053,300
Rank Adjustment	2,708	<i>Special Revenue Funds:</i>	
Overtime	39,432	State Highway Fund:	
Other expenses	1,701	Labor Wages	800
Gasoline	806	City Highway Fund:	
Dispatchers Shift Premium	872	Materials and Supplies	218
Communication Information System	7,802	Weed Control:	
Radio Maintenance and Repair	1,315	Weed Clearing	1,515
Leisure Time Activities		Weed Clearing - Deduction by Auditor	27
Winter and Summer Part-time Labor	1,498	Senior Center Fund:	
Office Clerk Part-time Wages	600	Senior Center Capital Improvements	3,011
Programs and Classes	4,626	Swimming Pool Fund:	
Park Patrol	26,361	Labor Wages	61,354
Maintenance and Repair	12,902	Utilities	28,311
Community Environment		Chemicals	13,150
Zoning Board Secretary Salary	94	Tickets and Tags	12,590
Transportation		Miscellaneous Expenses	43,132
Labor Wages	524	<i>Debt Service Fund:</i>	
School Guard Wages	632	Debt Service Fund:	
Street Signs	9,348	Interest	25
Materials and Supplies	10,288	<i>Capital Projects Funds:</i>	
All Other Labor	33,048	Capital Projects Fund:	
Overtime Wages	29,096	Buildings Maintenance and Repair	116,918
Tree - Removal	7,028	Sewer Repair Phase I	28,474
Buildings - Maintenance and Repair	61,171	Special Projects Fund:	
Radio - Maintenance and Repair	5,342	Aquatic Center Expenses	18,834
Gasoline	7,699	Advance Out - Sewer Account	390,000
General Government		<i>Enterprise Fund:</i>	
Mayor - Other Expenses	30	Sewer Fund:	
Mayor - Public Relations	14	Euclid Sewer Plant	38,851
Law - Special Council Attorney Fees	2,070	<i>Expendable Trust Fund:</i>	
Law - Other Expenses	2,070	Police and Fire Trust Fund:	
Office Clerks - Wages	3,832	Fire - Other Expenses	1,368
Hospitalization	614		
Accumulated Retirement Sick Pay	60,256		
Travel Mileage - All Departments	404		
Utilities - Gas - All Departments	3,922		

The excess expenditures were funded from available fund balance.

NOTE 3 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of a majority of individual funds are combined to form a pool of cash and cash equivalents. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents."

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

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

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

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

NOTE 3 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

Investment earnings of \$394,276 earned by other funds was credited to the General Fund as required by state statute.

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

Deposits:

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

Investments:

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

A. Deposits

At year end the carrying amount of the City's deposits was \$7,680,668 and the bank balance was \$8,581,408. Federal depository insurance covered \$500,000 of the bank and deposits balance, and all remaining deposits were classified as Category 3.

NOTE 3 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

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

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 3</u>
FNMA	\$500,000	\$480,000
<u>Non-Categorized Investments</u>		
STAR Ohio	<u>N/A</u>	<u>N/A</u>
Total Non-Categorized	<u>N/A</u>	<u>N/A</u>
Total Investments	<u>\$500,000</u>	<u>\$480,000</u>

Non-Categorized investments are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 3.

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Combined Balance Sheet	\$9,470,668	\$7,590,000
Certificates of Deposit (with maturities of more than 3 months)	6,610,000	(6,610,000)
Investments:		
STAR Ohio	<u>(8,400,000)</u>	<u>8,400,000</u>
Per GASB Statement No. 3	<u>\$7,680,668</u>	<u>\$9,380,000</u>

* Includes Cash with Fiscal Agent.

NOTE 4 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property which is used in business, located in the City. Real property taxes (other than public utility) collected during 2000 were levied after October 1, 1999 on assessed values as of January 1, 1999, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property must be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2000. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Wickliffe. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2000, was \$7.40 per \$1,000 of assessed value. The assessed value upon which the 2000 property tax receipts were based was \$306,542,994. This amount constitutes \$168,143,550 in real property assessed value, \$73,472,470 in public utility assessed value and \$64,926,974 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .74% (7.4 mills) of assessed value.

NOTE 4 – TAXES (Continued)

B. Income Tax

The City levies a tax of 2% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on the income of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

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

NOTE 5 - RECEIVABLES

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

NOTE 6 - OPERATING TRANSFERS

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$1,438,800
Special Revenue Funds:		
Swimming Pool Fund	240,000	0
Lake Transportation Fund	17,000	0
Litter Control Fund	47,000	0
Senior Citizens Fund	5,000	0
Total Special Revenue Funds	<u>309,000</u>	<u>0</u>
Capital Projects Funds:		
Capital Projects Fund	93,500	0
Special Projects Fund	1,036,300	0
Total Capital Projects Funds	<u>1,129,800</u>	<u>0</u>
Totals	<u><u>\$1,438,800</u></u>	<u><u>\$1,438,800</u></u>

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2000 consist of the following individual fund receivables and payables:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$992,414	\$0
Capital Projects Funds:		
Capital Project Fund	166,861	0
Special Project Fund	674,000	0
Total Capital Projects Funds	<u>840,861</u>	<u>0</u>
Enterprise Fund:		
Sewer Fund	0	390,000
Agency Fund:		
Income Tax Agency	<u>0</u>	<u>1,443,275</u>
Totals	<u><u>\$1,833,275</u></u>	<u><u>\$1,833,275</u></u>

NOTE 8 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets:

<u>Category</u>	<u>December 31, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2000</u>
Land	\$1,346,476	\$0	\$0	\$1,346,476
Buildings	6,084,636	1,216,000	(11,081)	7,289,555
Improvements Other than Buildings	139,035	674,080	0	813,115
Machinery and Equipment	6,086,488	1,646,916	(340,281)	7,393,123
Construction in Progress	<u>2,400,000</u>	<u>0</u>	<u>(2,400,000)</u>	<u>0</u>
Totals	<u><u>\$16,056,635</u></u>	<u><u>\$3,536,996</u></u>	<u><u>(\$2,751,362)</u></u>	<u><u>\$16,842,269</u></u>

NOTE 8 - FIXED ASSETS (Continued)

B. Proprietary Fixed Assets

Summary by Category at December 31, 2000:

<u>Category</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Utility Structures in Service	<u>\$11,570,120</u>	<u>(\$6,005,068)</u>	<u>\$5,565,052</u>

C. Contributed Capital

There were no changes to contributed capital in the enterprise fund during 2000.

Balance at Beginning of Year	\$6,500,000
Additions:	
Contributions from Other Funds	<u>0</u>
Balance at End of Year	<u>\$6,500,000</u>

NOTE 9 – DEFINED BENEFIT PENSION PLANS

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

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

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for state and local government divisions. The 2000 employer contribution rate for local government employer units was 10.84%, of covered payroll, 6.54% to fund the pension and 4.3% to fund health care. The 1999 and 1998 employer contribution rates were 13.55%. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City’s contributions to the PERS of Ohio for the years ending December 31, 2000, 1999 and 1998 were \$341,926, \$403,055 and \$373,055, respectively, which were equal to the required contributions for each year.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the PERS of Ohio is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 2000 employer contribution rate (identified above) that was used to fund health care for the year 2000 was 4.3% of covered payroll which amounted to \$135,635.

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

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

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

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2000, 1999 and 1998 were \$327,844, \$330,074 and \$305,412 for police and \$279,467, \$287,301 and \$285,286 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2000 covered payroll that was used to fund postemployment health care benefits was \$121,891 representing 7.25% of covered payroll for police and \$84,422 representing 7.25% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 1999, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 12,467 for police and 9,807 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 1999 were \$95,004,633, which was net of member contributions of \$5,518,098.

NOTE 10 – COMPENSATED ABSENCES

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

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

Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. The liability decreased \$8,115 from the beginning year balance of \$1,076,222 to a year end balance of \$1,068,107.

NOTE 10 – COMPENSATED ABSENCES (Continued)

At December 31, 2000, the total accumulated unpaid leave time recorded in the General Long-Term Obligations Account Group was:

	<u>Days</u>	<u>Amount</u>
Sick Leave	5,341	\$958,166
Vacation	273	52,287
Compensatory Time	310	57,654
Total	<u>5,924</u>	<u>\$1,068,107</u>

NOTE 11 - LONG-TERM DEBT AND OTHER OBLIGATIONS

Long-Term debt and other long-term obligations of the City at December 31, 2000 were as follows:

<u>Year Issued</u>		<u>Balance December 31, 1999</u>	<u>Issued (Retired)</u>	<u>Balance December 31, 2000</u>
General Obligation Long-Term Debt:				
General Obligation Bonds:				
1983 Rockerfeller Road	2003	\$200,000	(\$50,000)	\$150,000
1983 Rush Road	2003	100,000	(25,000)	75,000
1983 Clayton Road	2003	40,000	(10,000)	30,000
Total General Obligation Bonds		<u>340,000</u>	<u>(85,000)</u>	<u>255,000</u>
Other Long-Term Obligations:				
Compensated Absences		<u>1,076,222</u>	<u>(8,115)</u>	<u>1,068,107</u>
Total Other Long-Term Obligations		<u>1,076,222</u>	<u>(8,115)</u>	<u>1,068,107</u>
Total General Long-Term Debt and Other Long-Term Obligations		<u>\$1,416,222</u>	<u>(\$93,115)</u>	<u>\$1,323,107</u>

General obligation bonds will be paid from the Debt Service Fund with property taxes collected. Compensated absences will be paid from the General Fund.

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

<u>Years</u>	<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2001	\$85,000	\$25,819	\$110,819
2002	85,000	17,213	102,213
2003	85,000	8,606	93,606
Totals	<u>\$255,000</u>	<u>\$51,638</u>	<u>\$306,638</u>

NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUND

Included in the services provided by the City is wastewater collection which is financed primarily by user charges. The key financial information for the year ended December 31, 2000 for this enterprise activity is as follows:

	<u>Sewer</u>
Operating Revenues	\$1,391,757
Depreciation	170,529
Operating Loss	246,741
Net Loss	246,741
Assets	6,160,799
Net Working Capital	205,747
Total Equity	5,767,429

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City is a member of the Ohio Government Risk Management Plan (OGRMP), a public entity risk plan formed under the provisions of Section 2744.081 of the Ohio Revised Code. OGRMP is a "fixed cost, fully reinsured, non-assessable program" for over 550 member political subdivisions. The organization is controlled by a Board of Directors comprised of public officials from participating members. Coverage is 100% reinsured over the insured's deductibles. The City pays an annual premium to OGRMP for its general insurance coverage. The agreement for formation of OGRMP provides that the organization will be self-sustaining through member premiums and will reinsure through commercial insurance and reinsurance companies.

The following is a summary of insurance coverages at year end:

<u>Coverage</u>		
Comprehensive General Liability	\$1,000,000	per occurrence
Law Enforcement Professional Liability	1,000,000	per occurrence
Public Officials Errors and Omissions	1,000,000	per occurrence
Property	11,710,316	per occurrence
Bond/Crime	25,000/50,000	per occurrence
Boiler and Machinery	11,710,316	per occurrence
Automobile Liability	1,000,000	per occurrence

The City provides two alternative forms of major medical health insurance coverage for its employees. The first is Health Maintenance Organization (HMO) operated by Blue Cross & Blue Shield Mutual of Ohio as HMO Health Ohio. The second form of major medical insurance is a self-funded health insurance program with claims processed by Administrative Service Consultants, on behalf of the City. The City uses the general fund to account for its risk financing and the claims liabilities are reflected within the general fund.

NOTE 13 - RISK MANAGEMENT (Continued)

As an integral part of the health insurance program, a reinsurance policy has been purchased covering claims in excess of \$27,500 per individual per year up to a maximum of \$1,000,000 per individual per lifetime. Settled claims have not exceeded the commercial coverage limits in any of the past six fiscal years.

A self-insurance fund maintains a balance of \$56,369 which serves as a reserve for catastrophic losses. Total contributions to the program during 2000 were \$313,718. The claims liability of \$18,785 reported in the general fund at December 31, 2000 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability amount in fiscal 1999 and 2000 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
1999	\$39,540	\$220,378	(\$217,889)	\$42,029
2000	42,029	290,474	(313,718)	18,785

Settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

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

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**THE CITY OF WICKLIFFE, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999**

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types	Account Groups			Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Enterprise Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
Assets and Other Debits:									
Assets:									
Cash and Cash Equivalents	\$5,410,993	\$746,039	\$109,828	\$2,334,623	\$277,202	\$82,671	\$0	\$0	\$8,961,356
Investments	3,949,427	0	0	1,689,247	0	0	0	0	5,638,674
Receivables (net of allowance for doubtful accounts):									
Taxes	1,815,968	188,536	628,971	0	0	985,968	0	0	3,619,443
Accounts	28,882	700	0	0	445,504	0	0	0	475,086
Interest	116,580	0	0	0	0	0	0	0	116,580
Special Assessments	0	38,328	0	0	0	0	0	0	38,328
Due from Other Funds	1,031,073	0	0	1,192,429	0	0	0	0	2,223,502
Intergovernmental Receivables	12,959	32,384	0	0	0	0	0	0	45,343
Inventory of Supplies at Cost	28,941	0	0	0	0	0	0	0	28,941
Prepaid Items	15,714	0	0	0	0	0	0	0	15,714
Restricted Assets:									
Cash and Cash Equivalents	0	0	0	0	0	652,373	0	0	652,373
Cash with Fiscal Agent	0	0	2,081	0	0	0	0	0	2,081
Fixed Assets (net of accumulated depreciation)	0	0	0	0	5,735,581	0	16,056,635	0	21,792,216
Other Debits:									
Amount Available in Debt Service	0	0	0	0	0	0	0	(174,172)	(174,172)
Amount to be Provided for									
General Long-Term Obligations	0	0	0	0	0	0	0	1,590,394	1,590,394
Total Assets and Other Debits	\$12,410,537	\$1,005,987	\$740,880	\$5,216,299	\$6,458,287	\$1,721,012	\$16,056,635	\$1,416,222	\$45,025,859

(Continued)

**THE CITY OF WICKLIFFE, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999**

	Governmental Fund Types			Proprietary Fund Type		Fiduciary Fund Types		Account Groups			Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Enterprise Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations			
Liabilities, Equity and Other Credits:											
Liabilities:											
Accounts Payable	\$61,493	\$0	\$0	\$14,435	\$0	\$0	\$0	\$0	\$0	\$0	\$75,928
Accrued Wages and Benefits	240,746	35,441	0	0	0	0	0	0	0	0	276,187
Due to Other Funds	0	0	284,000	0	440,000	1,499,502	0	0	0	0	2,223,502
Intergovernmental Payables	20,154	0	0	0	0	0	0	0	0	0	20,154
Claims Payable	42,029	0	0	0	0	0	0	0	0	0	42,029
Matured Bonds and Interest Payable	0	0	2,081	0	0	0	0	0	0	0	2,081
Deferred Revenue	1,652,153	227,564	628,971	0	4,117	138,839	0	0	0	0	2,651,644
Compensated Absences Payable	0	0	0	0	0	0	0	0	0	0	1,076,222
General Obligation Bonds Payable	0	0	0	0	0	0	0	0	0	0	340,000
Total Liabilities	2,016,575	263,005	915,052	14,435	444,117	1,638,341	0	0	0	1,416,222	6,707,747
Equity and Other Credits:											
Investment in General Fixed Assets	0	0	0	0	0	0	16,056,635	0	0	0	16,056,635
Contributed Capital	0	0	0	0	6,500,000	0	0	0	0	0	6,500,000
Retained Earnings:											
Unreserved	0	0	0	0	(485,830)	0	0	0	0	0	(485,830)
Fund Balances:											
Reserved for Supplies Inventory	28,941	0	0	0	0	0	0	0	0	0	28,941
Reserved for Prepaid Items	15,714	0	0	0	0	0	0	0	0	0	15,714
Reserved for Interfund Loan Receivable	0	0	0	1,192,429	0	0	0	0	0	0	1,192,429
Reserved for Debt Service	0	0	(174,172)	0	0	0	0	0	0	0	(174,172)
Unreserved:											
Undesignated	10,349,307	742,982	0	4,009,435	0	82,671	0	0	0	0	15,184,395
Total Equity and Other Credits	10,393,962	742,982	(174,172)	5,201,864	6,014,170	82,671	16,056,635	0	0	0	38,318,112
Total Liabilities, Equity and Other Credits	\$12,410,537	\$1,005,987	\$740,880	\$5,216,299	\$6,458,287	\$1,721,012	\$16,056,635	\$1,416,222			\$45,025,859

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

THE CITY OF WICKLIFFE, 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, 1999

	<i>Governmental Fund Types</i>			<i>Fiduciary Fund Type</i>		Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expensible Trust Funds	
Revenues:						
Property Taxes	\$1,445,510	\$180,688	\$602,295	\$0	\$0	\$2,228,493
Municipal Income Taxes	6,170,496	0	0	2,804,788	0	8,975,284
Other Local Taxes	431,347	0	0	0	0	431,347
State Levied Shared Taxes	2,333,650	451,815	0	0	0	2,785,465
Intergovernmental Revenues	0	102,950	21,054	0	0	124,004
Charges for Services	79,511	1,580	0	0	0	81,091
Licenses and Permits	13,976	0	0	0	0	13,976
Investment Earnings	806,017	0	0	0	0	806,017
Special Assessments	0	382,934	0	3,406	0	386,340
Fines and Forfeitures	187,172	0	0	0	0	187,172
All Other Revenues	285,406	0	0	157,096	73,236	515,738
Total Revenues	<u>11,753,085</u>	<u>1,119,967</u>	<u>623,349</u>	<u>2,965,290</u>	<u>73,236</u>	<u>16,534,927</u>
Expenditures:						
Current:						
Security of Persons and Property	4,366,518	181,952	0	0	0	4,548,470
Public Health and Welfare Services	7,866	896	0	0	484	9,246
Leisure Time Activities	240,523	144,901	0	0	0	385,424
Community Environment	132,152	41,935	0	0	0	174,087
Basic Utility Services	468,107	301,378	0	0	0	769,485
Transportation	1,228,882	506,473	6,510	0	0	1,741,865
General Government	2,755,389	0	0	0	49,975	2,805,364
Capital Outlay	0	2,082	0	6,498,398	0	6,500,480
Debt Service:						
Principal Retirements	0	0	85,000	0	0	85,000
Interest and Fiscal Charges	0	0	43,031	0	0	43,031
Total Expenditures	<u>9,199,437</u>	<u>1,179,617</u>	<u>134,541</u>	<u>6,498,398</u>	<u>50,459</u>	<u>17,062,452</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,553,648	(59,650)	488,808	(3,533,108)	22,777	(527,525)
Other Financing Sources (Uses):						
Operating Transfers In	0	193,800	0	1,323,100	0	1,516,900
Operating Transfers Out	(1,516,900)	0	0	0	0	(1,516,900)
Total Other Financing Sources (Uses)	<u>(1,516,900)</u>	<u>193,800</u>	<u>0</u>	<u>1,323,100</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,036,748	134,150	488,808	(2,210,008)	22,777	(527,525)
Fund Balance (Deficit) Beginning of Year	9,376,223	608,832	(662,980)	7,411,872	59,894	16,793,841
Decrease in Inventory Reserve	(19,009)	0	0	0	0	(19,009)
Fund Balance (Deficit) End of Year	<u>\$10,393,962</u>	<u>\$742,982</u>	<u>(\$174,172)</u>	<u>\$5,201,864</u>	<u>\$82,671</u>	<u>\$16,247,307</u>

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

THE CITY OF WICKLIFFE, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Property Taxes	\$1,408,100	\$1,445,510	\$37,410	\$176,010	\$180,688	\$4,678
Municipal Income Taxes	5,571,200	6,229,128	657,928	0	0	0
Other Local Taxes	370,200	418,411	48,211	0	0	0
State Levied Shared Taxes	2,007,900	2,330,563	322,663	450,900	452,111	1,211
Intergovernmental Revenues	0	0	0	83,300	102,950	19,650
Charges for Services	69,200	79,511	10,311	22,300	1,580	(20,720)
Licenses and Permits	14,100	13,976	(124)	0	0	0
Investment Earnings	694,500	831,231	136,731	0	0	0
Special Assessments	0	0	0	329,500	382,934	53,434
Fines and Forfeitures	220,600	190,586	(30,014)	0	0	0
All Other Revenues	392,700	297,787	(94,913)	0	0	0
Total Revenues	10,748,500	11,836,703	1,088,203	1,062,010	1,120,263	58,253
Expenditures:						
Current:						
Security of Persons and Property	4,545,935	4,349,227	196,708	181,200	181,952	(752)
Public Health and Welfare Services	6,900	7,866	(966)	1,400	896	504
Leisure Time Activities	238,185	240,187	(2,002)	226,400	144,694	81,706
Community Environment	126,900	132,102	(5,202)	41,420	41,793	(373)
Basic Utility Services	478,800	468,107	10,693	304,600	301,378	3,222
Transportation	1,292,930	1,242,151	50,779	491,300	475,995	15,305
General Government	2,914,825	2,858,833	55,992	0	0	0
Capital Outlay	0	0	0	15,000	2,082	12,918
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	9,604,475	9,298,473	306,002	1,261,320	1,148,790	112,530
Excess (Deficiency) of Revenues over Expenditures	1,144,025	2,538,230	1,394,205	(199,310)	(28,527)	170,783
Other Financing Sources (Uses):						
Operating Transfers In	0	0	0	190,000	193,800	3,800
Operating Transfers Out	(393,600)	(1,516,900)	(1,123,300)	0	0	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	(393,600)	(1,516,900)	(1,123,300)	190,000	193,800	3,800
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	750,425	1,021,330	270,905	(9,310)	165,273	174,583
Fund Balance at Beginning of Year	8,304,863	8,304,863	0	580,766	580,766	0
Fund Balance at End of Year	\$9,055,288	\$9,326,193	\$270,905	\$571,456	\$746,039	\$174,583

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

(Continued)

THE CITY OF WICKLIFFE, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Property Taxes	\$586,697	\$602,295	\$15,598	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	2,660,800	2,831,422	170,622
Other Local Taxes	0	0	0	0	0	0
State Levied Shared Taxes	0	0	0	0	0	0
Intergovernmental Revenues	0	21,054	21,054	0	0	0
Charges for Services	0	0	0	0	0	0
Licenses and Permits	0	0	0	0	0	0
Investment Earnings	0	0	0	0	0	0
Special Assessments	0	0	0	0	3,406	3,406
Fines and Forfeitures	0	0	0	0	0	0
All Other Revenues	0	0	0	0	160,238	160,238
Total Revenues	586,697	623,349	36,652	2,660,800	2,995,066	334,266
Expenditures:						
Current:						
Security of Persons and Property	0	0	0	0	0	0
Public Health and Welfare Services	0	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0	0
Community Environment	0	0	0	0	0	0
Basic Utility Services	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
General Government	5,300	6,510	(1,210)	0	0	0
Capital Outlay	0	0	0	8,003,000	6,638,500	1,364,500
Debt Service:						
Principal Retirement	85,000	85,000	0	0	0	0
Interest and Fiscal Charges	43,000	43,031	(31)	0	0	0
Total Expenditures	133,300	134,541	(1,241)	8,003,000	6,638,500	1,364,500
Excess (Deficiency) of Revenues over Expenditures	453,397	488,808	35,411	(5,342,200)	(3,643,434)	1,698,766
Other Financing Sources (Uses):						
Operating Transfers In	0	0	0	101,200	1,323,100	1,221,900
Operating Transfers Out	0	0	0	0	0	0
Advances In	0	0	0	380,000	1,080,000	700,000
Advances Out	(380,000)	(530,000)	(150,000)	0	(440,000)	(440,000)
Total Other Financing Sources (Uses)	(380,000)	(530,000)	(150,000)	481,200	1,963,100	1,481,900
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	73,397	(41,192)	(114,589)	(4,861,000)	(1,680,334)	3,180,666
Fund Balance at Beginning of Year	151,020	151,020	0	5,704,204	5,704,204	0
Fund Balance at End of Year	\$224,417	\$109,828	(\$114,589)	\$843,204	\$4,023,870	\$3,180,666

(Continued)

THE CITY OF WICKLIFFE, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>Expendable Trust Funds</i>			<i>Totals (Memorandum Only)</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Property Taxes	\$0	\$0	\$0	\$2,170,807	\$2,228,493	\$57,686
Municipal Income Taxes	0	0	0	8,232,000	9,060,550	828,550
Other Local Taxes	0	0	0	370,200	418,411	48,211
State Levied Shared Taxes	0	0	0	2,458,800	2,782,674	323,874
Intergovernmental Revenues	0	0	0	83,300	124,004	40,704
Charges for Services	0	0	0	91,500	81,091	(10,409)
Licenses and Permits	0	0	0	14,100	13,976	(124)
Investment Earnings	0	0	0	694,500	831,231	136,731
Special Assessments	0	0	0	329,500	386,340	56,840
Fines and Forfeitures	0	0	0	220,600	190,586	(30,014)
All Other Revenues	83,500	73,236	(10,264)	476,200	531,261	55,061
Total Revenues	83,500	73,236	(10,264)	15,141,507	16,648,617	1,507,110
Expenditures:						
Current:						
Security of Persons and Property	0	0	0	4,727,135	4,531,179	195,956
Public Health and Welfare Services	1,400	484	916	9,700	9,246	454
Leisure Time Activities	0	0	0	464,585	384,881	79,704
Community Environment	0	0	0	168,320	173,895	(5,575)
Basic Utility Services	0	0	0	783,400	769,485	13,915
Transportation	0	0	0	1,784,230	1,718,146	66,084
General Government	84,300	49,975	34,325	3,004,425	2,915,318	89,107
Capital Outlay	0	0	0	8,018,000	6,640,582	1,377,418
Debt Service:						
Principal Retirement	0	0	0	85,000	85,000	0
Interest and Fiscal Charges	0	0	0	43,000	43,031	(31)
Total Expenditures	85,700	50,459	35,241	19,087,795	17,270,763	1,817,032
Excess (Deficiency) of Revenues over Expenditures	(2,200)	22,777	24,977	(3,946,288)	(622,146)	3,324,142
Other Financing Sources (Uses):						
Operating Transfers In	0	0	0	291,200	1,516,900	1,225,700
Operating Transfers Out	0	0	0	(393,600)	(1,516,900)	(1,123,300)
Advances In	0	0	0	380,000	1,080,000	700,000
Advances Out	0	0	0	(380,000)	(970,000)	(590,000)
Total Other Financing Sources (Uses)	0	0	0	(102,400)	110,000	212,400
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,200)	22,777	24,977	(4,048,688)	(512,146)	3,536,542
Fund Balance at Beginning of Year	59,894	59,894	0	14,800,747	14,800,747	0
Fund Balance at End of Year	\$57,694	\$82,671	\$24,977	\$10,752,059	\$14,288,601	\$3,536,542

THE CITY OF WICKLIFFE, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u><i>Sewer Fund</i></u>
<u>Operating Revenues:</u>	
Charges for Service	\$1,452,144
Total Operating Revenues	<u>1,452,144</u>
<u>Operating Expenses:</u>	
Contractual Services	1,379,346
Depreciation Expense	<u>170,529</u>
Total Operating Expenses	<u>1,549,875</u>
Net Loss	(97,731)
<u>Retained Earnings:</u>	
Accumulated Deficit at Beginning of Year	<u>(388,099)</u>
Accumulated Deficit at End of Year	<u><u>(\$485,830)</u></u>

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

**THE CITY OF WICKLIFFE, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u><i>Sewer Fund</i></u>
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$1,542,998
Cash Payments for Goods and Services	<u>(1,379,346)</u>
Net Cash Provided by Operating Activities	<u>163,652</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Advances In from Other Funds	440,000
Advances Out to Other Funds	<u>(550,000)</u>
Net Cash Used by Noncapital Financing Activities	<u>(110,000)</u>
Net Increase in Cash and Cash Equivalents	53,652
Cash and Cash Equivalents at Beginning of Year	<u>223,550</u>
Cash and Cash Equivalents at End of Year	<u><u>\$277,202</u></u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u> Provided by Operating Activities:</u>	
Operating Loss	(\$97,731)
Adjustments to Reconcile Operating Loss to	
Net Cash Used for Operating Activities:	
Depreciation Expense	170,529
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	91,425
Decrease in Deferred Revenue	<u>(571)</u>
Total Adjustments	<u>261,383</u>
Net Cash Provided for Operating Activities	<u><u>\$163,652</u></u>

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

THE CITY OF WICKLIFFE, OHIO
LAKE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Wickliffe, Ohio (the City) is a home-rule municipal corporation created under the laws of the State of Ohio. The current Charter, which provides for a Council-Mayor form of government was adopted on July 17, 1951, and has subsequently been amended.

The accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary fund. The financial statements are presented as of December 31, 1999 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, account groups, agencies, boards and commissions that are part of the primary government, which includes the following services: police and fire protection, emergency medical, parks, recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and maintains the wastewater collection system which is reported as an enterprise fund. Wastewater treatment services are provided to the City of Wickliffe by the City of Euclid, Ohio, which owns and operates the wastewater treatment facilities.

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

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

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary fund) are accounted for through governmental funds. The measurement focus is upon determination of flow of current financial resources (sources, uses and balances of financial resources). The following are the City's governmental fund types:

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

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

Debt Service Fund - This fund is used for the accumulation of resources for, and the payment of, general obligation and special assessment long-term debt principal and interest other than that accounted for in the proprietary fund.

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

Proprietary Fund

Enterprise Fund - This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The enterprise fund is accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e. net assets) is segregated into contributed capital and retained earnings components. The enterprise fund operating statement presents increases (i.e. revenues) and decreases (i.e. expenses) in net total assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains expendable trust funds and agency funds. Expendable trust funds are accounted for and reported similarly to governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

General Fixed Assets Account Group - This account group is established to account for fixed assets of the City, other than those accounted for in the proprietary fund.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the City other than those accounted for in the proprietary fund.

C. Basis of Accounting

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

The modified accrual basis of accounting is followed by the governmental funds and expendable trust funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is considered to be 30 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Special assessment installments, including related accrued interest, which are measurable but not available at December 31 are recorded as deferred revenue. Property taxes measurable as of December 31, 1999 and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

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

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

D. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the subobject level within each department. Budgetary modifications may only be made by ordinance of the City Council.

1. Tax Budget

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

2. 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 Budget Commission then certifies its actions to the City by September 1st of each year. As part of the certification process the City receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year 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 appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1st of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and subobjects within a fund may be modified during the year by an ordinance of City Council. The budgetary figures which appear in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types and Expendable Trust Funds are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budget basis statements for the governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Funds
GAAP Basis (as reported)	\$1,036,748	\$134,150	\$488,808	(\$2,210,008)	\$22,777
Increase (Decrease):					
Accrued Revenues at December 31, 1999 received during 2000	(1,387,536)	(32,384)	0	(1,192,429)	0
Accrued Revenues at December 31, 1998 received during 1999	1,471,154	32,680	0	1,862,205	0
Accrued Expenditures at December 31, 1999 paid during 2000	364,422	35,441	284,000	14,435	0
Accrued Expenditures at December 31, 1998 paid during 1999	(465,246)	(4,614)	(814,000)	(154,537)	0
1998 Prepays for 1999	17,502	0	0	0	0
1999 Prepays for 2000	(15,714)	0	0	0	0
Note Retirements	0	0	0	0	0
Budget Basis	<u>\$1,021,330</u>	<u>\$165,273</u>	<u>(\$41,192)</u>	<u>(\$1,680,334)</u>	<u>\$22,777</u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, The State Treasury Asset Reserve (STAR Ohio) and short-term certificates of deposit with an original maturity of three months or less. Certificates of deposit meeting the previously noted maturity limit and STAR Ohio are considered cash equivalents because they are highly liquid investments.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each had maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary fund considers its share of equity in pooled certificates of deposit with original maturities of three months or less and STAR Ohio to be cash equivalents. See Note 4, "Pooled Cash, Cash Equivalents and Investments."

F. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. Certificates of deposit with original maturities of more than three months are reported as investments in the general purpose financial statements. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. See Note 4 "Cash, Cash Equivalents and Investments." The City allocates all interest on pooled investments to the General Fund. Interest on investments held by specific funds is credited to the specific fund.

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

G. Inventory

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation

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

1. Property, Plant and Equipment - General Governmental Purposes

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

Fixed assets consisting of certain improvements, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets.

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

2. Property, Plant and Equipment - Proprietary Fund

Property, plant and equipment (sewer lines) acquired by the proprietary fund are stated at appraised historical cost. Contributed fixed assets are recorded at fair market value at the date received.

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

<u>Description</u>	<u>Estimated Lives (Years)</u>
Improvements Other than Buildings	65

I. Long-Term Obligations

Long-Term obligations are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Debt Service Fund
Compensated Absences	General Fund

The debt service for the Sewer Fund is paid out of the Debt Service Fund. The assets financed by the debt are carried in the Sewer Fund while the debt is being paid out of the Debt Service Fund. Property taxes are the primary funding source for this fund, therefore, the Sewer Fund debt is included in the Debt Service Fund within the Governmental Fund Type category.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

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

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 "accrued wages and benefits." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group.

K. Pensions

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

L. Interfund Transactions

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

1. Operating transfers are reported as Other Financing Sources and Uses in the governmental funds, as "Operating transfers in" by the recipient fund, and "Operating transfers out" by the disbursing fund.
2. Residual Equity Transfers are non routine or non recurring transfers between funds and are reported as additions to or deductions from the fund equity balance. There were no residual equity transfers during 1999.

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

M. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventories of supplies and materials, prepaid items, interfund loans receivable and debt service.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Total Columns on Combined Financial Statements - Overview

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

NOTE 2 - PRIOR PERIOD ADJUSTMENT

During 1999, the City had a physical inventory taken on its fixed assets which resulted in a restatement. As a result of the physical inventory taken during 1999, the General Fixed Assets Account Group was understated by \$376,009. The General Fixed Assets Account Group balance at January 1, 1999 has been restated. The balance increased from \$12,978,679 to \$13,354,688.

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficits at December 31, 1999 of \$174,172 in the Debt Service Fund and \$485,830 in the Sewer Fund arise from the recognition of expenditures/expenses on the modified accrual/accrual basis of accounting which are greater than expenditures/expenses on the budget/cash basis of accounting. Deficits do not exist under the budget/cash basis of accounting. The general fund provides operating transfers when cash is required, not when accruals occur.

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures over Appropriations

For the year ended December 31, 1999, expenditures exceeded appropriations at the subobject level (i.e., the legal level of budgetary control) as follows:

<u>Fund</u>	<u>Excess</u>	<u>Fund</u>	<u>Excess</u>
<i>General Fund:</i>		<i>General Fund (Continued):</i>	
Security of Persons and Property		General Government (Continued)	
Pension Fund-Police	\$12,773	Office - Other Expenses	\$3,326
Other expenses	1,803	General Miscellaneous	3,932
Auto-Maintenance and Repair	25,676	Refunds and Reimbursements	2,549
Crime Prevention Expenses	85	Transfer Out	1,123,300
Part Time Firemen's Wages	3,404		
Rank Adjustment	1,850	<i>Special Revenue Funds:</i>	
Overtime	10	City Highway Fund:	
Paramedic Wages	253	Labor Wages	3,400
Equipment-Maintenance and Repair	348	Laketran Transportation Program	
Gasoline	276	Maintenance and Repairs	1,546
Public Education-Information	836	Gasoline	615
Dispatchers Shift Premium	191	Litter Control:	
Dispatchers Overtime	15,968	Travel	40
Radio Maintenance and Repair	6,695	Other Expenses	650
Public Health and Welfare Services		Senior Center Fund:	
Prisoner's Board	968	Senior Center Rental	3,000
Leisure Time Activities		Street Lighting Fund:	
Winter and Summer Part-time Labor	3,432	Deductions by Auditor	434
Office Clerk Part-time Wages	1,075	Swimming Pool Fund:	
Programs and Classes	1,037	Miscellaneous Expenses	42
Equipment and Improvement	6,452		
Community Environment		<i>Debt Service Fund:</i>	
Building and Service Assistant	8,196	Debt Service Fund:	
Basic Utility Services		Interest	31
Yard Waste Cans	486	Deductions by Auditor	1,210
Transportation		Transfer/Advances Out	150,000
Street Signs	1,104		
Overtime Wages	10,691	<i>Capital Projects Funds:</i>	
Tree - Removal	275	Capital Projects Fund:	
Buildings - Maintenance and Repair	6,425	Buildings Maintenance and Repair	2,036
Radio - Maintenance and Repair	1,505	Parks	52,644
Other Expenses	396	Special Projects Fund:	
Equipment Maintenance and Repair	17,579	Aquatic Center Expenses	113,444
General Government		Advance Out - Sewer Account	440,000
Law - Special Council Attorney Fees	1,160		
Janitor's Wages	51	<i>Expendable Trust Fund:</i>	
Civil Service Commission Expenses	3,618	Police Pension Fund:	
Office Clerks - Wages	4,429	Police Pension Expense	1,000
Sick Pay	80,892	Fire Pension Fund:	
Conferences-All Departments	5,409	Firemen's Pension Expense	1,000
Membership Dues - All Departments	946		
Travel Mileage - All Departments	379		
Deductions by County Auditor &			

The excess expenditures were funded from available fund balance.

NOTE 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of a majority of individual funds are combined to form a pool of cash and cash equivalents. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents."

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;

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

- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, *"Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,"* collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

Investment earnings of \$312,064 earned by other funds was credited to the General Fund as required by state statute.

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

Deposits:

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

Investments:

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

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

A. Deposits

At year end the carrying amount of the City's deposits was \$4,535,810 and the bank balance was \$5,514,854. Federal depository insurance covered \$500,000 of the bank and deposits balance, and all remaining deposits were classified as Category 3.

B. Investments

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

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 3</u>	<u>Fair Value</u>
United States Treasury Bills	\$794,807	\$1,523,867	\$2,318,674
 <u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	8,400,000
Total Non-Categorized	N/A	N/A	8,400,000
Total Investments	<u>\$794,807</u>	<u>\$1,523,867</u>	<u>\$10,718,674</u>

Non-Categorized investments are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 3.

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Combined Balance Sheet	\$9,615,810	\$5,638,674
Certificates of Deposit (with maturities of more than 3 months)	3,320,000	(3,320,000)
Investments:		
STAR Ohio	<u>(8,400,000)</u>	<u>8,400,000</u>
Per GASB Statement No. 3	<u>\$4,535,810</u>	<u>\$10,718,674</u>

* Includes Cash with Fiscal Agent.

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property which is used in business, located in the City. Real property taxes (other than public utility) collected during 1999 were levied after October 1, 1998 on assessed values as of January 1, 1998, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property must be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 1994. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Wickliffe. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 1999, was \$7.40 per \$1,000 of assessed value. The assessed value upon which the 1999 property tax receipts were based was \$302,420,782. This amount constitutes \$167,259,700 in real property assessed value, \$69,359,610 in public utility assessed value and \$65,801,472 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .74% (7.4 mills) of assessed value.

NOTE 5 – TAXES (Continued)

B. Income Tax

The City levies a tax of 2% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on the income of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

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

NOTE 6 - RECEIVABLES

Receivables at December 31, 1999, consisted of taxes, interest, accounts receivable, special assessments interfund and intergovernmental receivables arising from shared revenues.

NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers for all funds for 1999:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$1,516,900
Special Revenue Funds:		
Swimming Pool Fund	130,000	0
Lake Transportation Fund	5,000	0
Litter Control Fund	38,800	0
Senior Citizens Fund	20,000	0
Total Special Revenue Funds	193,800	0
Capital Projects Funds:		
Capital Projects Fund	103,400	0
Special Projects Fund	1,219,700	0
Total Capital Projects Funds	1,323,100	0
Totals	\$1,516,900	\$1,516,900

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 1999 consist of the following individual fund receivables and payables:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$1,031,073	\$0
Debt Service Fund:		
General Bond Retirement Fund	0	284,000
Capital Projects Funds:		
Capital Project Fund	468,429	0
Special Project Fund	<u>724,000</u>	<u>0</u>
Total Capital Projects Funds	1,192,429	0
Enterprise Fund:		
Sewer Fund	0	440,000
Agency Fund:		
Income Tax Agency	<u>0</u>	<u>1,499,502</u>
Totals	<u><u>\$2,223,502</u></u>	<u><u>\$2,223,502</u></u>

NOTE 9 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets:

Category	Restated December 31, 1998	Additions	Deletions	December 31, 1999
Land	\$1,346,476	\$0	\$0	\$1,346,476
Buildings	6,264,863	0	(180,227)	6,084,636
Improvements Other than Buildings	229,855	64,692	(155,512)	139,035
Machinery and Equipment	5,513,494	943,859	(370,865)	6,086,488
Construction in Progress	<u>0</u>	<u>2,400,000</u>	<u>0</u>	<u>2,400,000</u>
Totals	<u><u>\$13,354,688</u></u>	<u><u>\$3,408,551</u></u>	<u><u>(\$706,604)</u></u>	<u><u>\$16,056,635</u></u>

NOTE 9 - FIXED ASSETS (Continued)

B. Proprietary Fixed Assets

Summary by Category at December 31, 1999:

<u>Category</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Utility Structures in Service	<u>\$11,570,120</u>	<u>(\$5,834,539)</u>	<u>\$5,735,581</u>

C. Contributed Capital

There were no changes to contributed capital in the enterprise fund during 1999.

Balance at Beginning of Year	\$6,500,000
Additions:	
Contributions from Other Funds	<u>0</u>
Balance at End of Year	<u>\$6,500,000</u>

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

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

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 1999 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.35% to fund the pension and 4.2% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the PERS of Ohio for the years ending December 31, 1999, 1998 and 1997 were \$403,055, \$373,055 and \$359,934, respectively, which were equal to the required contributions for each year.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the PERS of Ohio is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 1999 employer contribution rate (identified above) that was used to fund health care for the year 1999 was 4.2% of covered payroll which amounted to \$124,932.

Other Postemployment Benefits (OPEB) are financed through employer contributions and investment earnings thereon. Funding and accounting were on a pay-as-you-go basis. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. Expenditures for other postemployment benefits during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

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

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 1999, 1998 and 1997 were \$330,074, \$305,412 and \$288,630 for police and \$287,301, \$285,286 and \$275,015 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 1999 covered payroll that was used to fund postemployment health care benefits was \$118,488 representing 7.00% of covered payroll for police and \$83,796 representing 7.00% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 1998, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 11,424 for police and 9,186 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 1998 were \$78,596,790, which was net of member contributions of \$5,331,515.

NOTE 11 – COMPENSATED ABSENCES

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

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

Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. The liability increased \$2,722 from the beginning year balance of \$1,073,500 to a year end balance of \$1,076,222.

NOTE 11 – COMPENSATED ABSENCES (Continued)

At December 31, 1999, the total accumulated unpaid leave time recorded in the General Long-Term Obligations Account Group was:

	<u>Days</u>	<u>Amount</u>
Sick Leave	5,561	\$972,079
Vacation	257	46,838
Compensatory Time	315	57,305
Total	<u>6,133</u>	<u>\$1,076,222</u>

NOTE 12 - LONG-TERM DEBT AND OTHER OBLIGATIONS

Long-Term debt and other long-term obligations of the City at December 31, 1999 were as follows:

<u>Year Issued</u>		<u>Balance December 31, 1998</u>	<u>Issued (Retired)</u>	<u>Balance December 31, 1999</u>
General Obligation Long-Term Debt:				
General Obligation Bonds:				
1983 Rockerfeller Road	2003	\$250,000	(\$50,000)	\$200,000
1983 Rush Road	2003	125,000	(25,000)	100,000
1983 Clayton Road	2003	50,000	(10,000)	40,000
Total General Obligation Bonds		425,000	(85,000)	340,000
Other Long-Term Obligations:				
Compensated Absences		1,073,500	2,722	1,076,222
Total Other Long-Term Obligations		1,073,500	2,722	1,076,222
Total General Long-Term Debt and Other Long-Term Obligations		<u>\$1,498,500</u>	<u>(\$82,278)</u>	<u>\$1,416,222</u>

General obligation bonds will be paid from the Debt Service Fund with property taxes collected. Compensated absences will be paid from the General Fund.

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 1999 follows:

<u>Years</u>	<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2000	\$85,000	\$34,425	\$119,425
2001	85,000	25,819	110,819
2002	85,000	17,213	102,213
2003	85,000	8,606	93,606
Totals	<u>\$340,000</u>	<u>\$86,063</u>	<u>\$426,063</u>

NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUND

Included in the services provided by the City is wastewater collection which is financed primarily by user charges. The key financial information for the year ended December 31, 1999 for this enterprise activity is as follows:

	<u>Sewer</u>
Operating Revenues	\$1,452,144
Depreciation	170,529
Operating Loss	97,731
Net Loss	97,731
Assets	6,458,287
Net Working Capital	282,706
Total Equity	6,014,170

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City is a member of the Ohio Government Risk Management Plan (OGRMP), a public entity risk plan formed under the provisions of Section 2744.081 of the Ohio Revised Code. OGRMP is a "fixed cost, fully reinsured, non-assessable program" for over 550 member political subdivisions. The organization is controlled by a Board of Directors comprised of public officials from participating members. Coverage is 100% reinsured over the insured's deductibles. The City pays an annual premium to OGRMP for its general insurance coverage. The agreement for formation of OGRMP provides that the organization will be self-sustaining through member premiums and will reinsure through commercial insurance and reinsurance companies.

The following is a summary of insurance coverages at year end:

<u>Coverage</u>		
Comprehensive General Liability	\$1,000,000	per occurrence
Law Enforcement Professional Liability	1,000,000	per occurrence
Public Officials Errors and Omissions	1,000,000	per occurrence
Property	11,710,316	per occurrence
Bond/Crime	25,000/50,000	per occurrence
Boiler and Machinery	11,710,316	per occurrence
Automobile Liability	1,000,000	per occurrence

The City provides two alternative forms of major medical health insurance coverage for its employees. The first is Health Maintenance Organization (HMO) operated by Blue Cross & Blue Shield Mutual of Ohio as HMO Health Ohio. The second form of major medical insurance is a self-funded health insurance program with claims processed by Administrative Service Consultants, on behalf of the City. The City uses the general fund to account for its risk financing and the claims liabilities are reflected within the general fund.

NOTE 14 - RISK MANAGEMENT (Continued)

As an integral part of the health insurance program, a reinsurance policy has been purchased covering claims in excess of \$27,500 per individual per year up to a maximum of \$1,000,000 per individual per lifetime. Settled claims have not exceeded the commercial coverage limits in any of the past six fiscal years.

A self-insurance fund maintains a balance of \$56,369 which serves as a reserve for catastrophic losses. Total contributions to the program during 1999 were \$217,889. The claims liability of \$42,029 reported in the general fund at December 31, 1999 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability amount in fiscal 1998 and 1999 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
1998	\$42,988	\$293,338	(\$296,786)	\$39,540
1999	39,540	220,378	(217,889)	42,029

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

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs. Unemployment claims are paid to the Ohio Bureau of Employment Services (OBES) as incurred.

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

City of Wickliffe
Lake County
28730 Ridge Road
Wickliffe, Ohio 44092

To the Mayor and Members of Council:

We have audited the financial statements of City of Wickliffe, Lake County, Ohio, (the City) as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated September 24, 2001. We conducted our audits 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 audits 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 2000-20843-001. In addition, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated September 24, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in separate letter dated September 24, 2001.

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

Jim Petro
Auditor of State

September 24, 2001

**CITY OF WICKLIFFE
SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2000-20843-001	
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Ohio Rev. Code Section 5705.41(B) prohibits a subdivision from making an expenditure or encumbrance unless it has been appropriated.

The City overexpended appropriations at the legal level of control in many accounts within funds (see listing in Note 2B for 2000 and Note 3B for 1999 in the general purpose financial statements.) However they did not amend appropriations to eliminate the deficits until after year end. The City Finance Director should deny payment requests exceeding appropriations. The Finance Director should request Council to amend appropriations before approving these payments.



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CITY OF WICKLIFFE

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 8, 2001**