



**CITY OF ZANESVILLE
MUSKINGUM COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF ZANESVILLE
MUSKINGUM COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

City of Zanesville
Muskingum County
401 Market Street
Zanesville, Ohio 43701

To City Council:

We have audited the accompanying general purpose financial statements of the City of Zanesville, Muskingum County, Ohio (the City), as of and for the year ended December 31, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the South East Area Transit Authority, which represents 100% of the assets and revenues of the component unit column. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, is based on the report of other auditors.

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

We were unable to locate 25% of the vehicles, furniture, fixtures, machinery and equipment we selected from the records of the general fixed asset account group, the enterprise fund type and the internal service fund type. Vehicles, furniture, fixtures, machinery and equipment comprise 26%, 6%, and 22% of the total fixed assets recorded in the general fixed asset account group, the enterprise fund type and the internal service fund type, respectively. We were unable to satisfy ourselves as to the existence of these assets by other procedures.

In our opinion, based on our audit and the report of other auditors, and except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the existence of vehicles, furniture, fixtures, machinery and equipment recorded in the general fixed asset account group, the enterprise fund type and the internal service fund type, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Zanesville, Muskingum County, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types, non-expendable trust funds and component unit for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2001, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

September 27, 2001

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City of Zanesville, Ohio
 Combined Balance Sheet
 All Fund Types, Account Groups, and
 Discretely Presented Component Unit
 December 31, 2000

| | Governmental Fund Types | | | | Proprietary |
|--|---------------------------|---------------------------|-------------------------|-------------------------|----------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Enterprise |
| <u>Assets and Other Debits:</u> | | | | | |
| <u>Assets:</u> | | | | | |
| Equity with City Treasurer: | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$5,320,201 | \$2,303,681 | \$359,524 | \$191,534 | \$7,323,730 |
| Investments | 0 | 25,000 | 0 | 0 | 95,112 |
| Cash and Cash Equivalents in Segregated Accounts | 32,239 | 25,861 | 0 | 0 | 9,401 |
| Receivables: | | | | | |
| Taxes | 1,283,553 | 723,951 | 373,521 | 0 | 0 |
| Accounts | 555,804 | 10,512 | 0 | 0 | 1,146,217 |
| Special Assessments | 5,347 | 0 | 120,931 | 0 | 45,019 |
| Interfund Receivable | 165,000 | 0 | 0 | 0 | 0 |
| Accrued Interest | 0 | 545 | 0 | 0 | 694 |
| Loans | 0 | 119,475 | 0 | 0 | 0 |
| Intergovernmental | 323,897 | 198,205 | 0 | 7,831 | 100,075 |
| Due from Other Funds | 7,355 | 0 | 0 | 0 | 0 |
| Materials and Supplies Inventory | 0 | 13,137 | 0 | 0 | 855,305 |
| Prepaid Items | 17,243 | 15,218 | 0 | 5,211 | 26,915 |
| Restricted Equity in Pooled Cash and Cash Equivalents | 0 | 0 | 0 | 0 | 232,366 |
| Fixed Assets (Net, where applicable, of Accumulated Depreciation) | 0 | 0 | 0 | 0 | 30,968,517 |
| <u>Other Debits:</u> | | | | | |
| Amount to be Provided from General Government Resources | 0 | 0 | 0 | 0 | 0 |
| Amount to be Provided from Special Assessments | 0 | 0 | 0 | 0 | 0 |
| Amount Available in Debt Service Fund for Retirement of General Obligation Bonds | 0 | 0 | 0 | 0 | 0 |
| Amount Available in Debt Service Fund for Retirement of Special Assessment Bonds | 0 | 0 | 0 | 0 | 0 |
| Total Assets and Other Debits | <u><u>\$7,710,639</u></u> | <u><u>\$3,435,585</u></u> | <u><u>\$853,976</u></u> | <u><u>\$204,576</u></u> | <u><u>\$40,803,351</u></u> |

| Fund Types | Fiduciary | Account Groups | | Totals Primary Government (Memorandum Only) | Component Unit | Totals Reporting Entity (Memorandum Only) |
|---------------------|------------------------|----------------------------|-------------------------------------|---|--------------------|---|
| | Fund Types | General Fixed Assets | General Long-Term Obligations | | | |
| Internal Service | Trust and Agency | | | | | |
| \$727,249 | \$89,530 | \$0 | \$0 | \$16,315,449 | \$0 | \$16,315,449 |
| 0 | 12,028 | 0 | 0 | 132,140 | 0 | 132,140 |
| 0 | 0 | 0 | 0 | 67,501 | 35,785 | 103,286 |
| 0 | 0 | 0 | 0 | 2,381,025 | 0 | 2,381,025 |
| 59 | 0 | 0 | 0 | 1,712,592 | 176,811 | 1,889,403 |
| 0 | 0 | 0 | 0 | 171,297 | 0 | 171,297 |
| 0 | 0 | 0 | 0 | 165,000 | 0 | 165,000 |
| 0 | 107 | 0 | 0 | 1,346 | 0 | 1,346 |
| 0 | 0 | 0 | 0 | 119,475 | 0 | 119,475 |
| 10,946 | 0 | 0 | 0 | 640,954 | 0 | 640,954 |
| 155,484 | 0 | 0 | 0 | 162,839 | 0 | 162,839 |
| 49,509 | 0 | 0 | 0 | 917,951 | 19,514 | 937,465 |
| 922 | 0 | 0 | 0 | 65,509 | 13,766 | 79,275 |
| 0 | 0 | 0 | 0 | 232,366 | 0 | 232,366 |
| 596,198 | 0 | 19,427,153 | 0 | 50,991,868 | 1,638,779 | 52,630,647 |
| 0 | 0 | 0 | 4,633,113 | 4,633,113 | 0 | 4,633,113 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 274,524 | 274,524 | 0 | 274,524 |
| 0 | 0 | 0 | 85,000 | 85,000 | 0 | 85,000 |
| <u>\$1,540,367</u> | <u>\$101,665</u> | <u>\$19,427,153</u> | <u>\$4,992,637</u> | <u>\$79,069,949</u> | <u>\$1,884,655</u> | <u>\$80,954,604</u> |

(continued)

City of Zanesville, Ohio
 Combined Balance Sheet
 All Fund Types, Account Groups, and
 Discretely Presented Component Unit (Continued)
 December 31, 2000

| | Governmental Fund Types | | | | Proprietary |
|--|-------------------------|--------------------|------------------|---------------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Enterprise |
| <u>Liabilities, Fund Equity, and Other Credits:</u> | | | | | |
| <u>Liabilities:</u> | | | | | |
| Accounts Payable | \$73,082 | \$72,466 | \$0 | \$638 | \$171,318 |
| Contracts Payable | 0 | 179,342 | 0 | 314,333 | 124,553 |
| Accrued Wages and Benefits Payable | 150,322 | 164,831 | 0 | 0 | 115,987 |
| Compensated Absences Payable | 58,552 | 64,561 | 0 | 0 | 302,957 |
| Retainage Payable | 32,239 | 9,729 | 0 | 0 | 9,401 |
| Interfund Payable | 0 | 0 | 0 | 165,000 | 0 |
| Due to Other Funds | 21,016 | 43,063 | 0 | 0 | 86,599 |
| Intergovernmental Payable | 229,243 | 236,989 | 0 | 7,189 | 98,277 |
| Deferred Revenue | 1,015,829 | 181,939 | 494,452 | 0 | 45,019 |
| Other Liabilities | 0 | 0 | 0 | 0 | 0 |
| Due to Others | 0 | 0 | 0 | 0 | 0 |
| Accrued Interest Payable | 0 | 0 | 0 | 0 | 5,011 |
| Notes Payable | 0 | 0 | 0 | 3,145 | 0 |
| Claims and Judgments Payable | 0 | 0 | 0 | 0 | 0 |
| Payable from Restricted Assets: | | | | | |
| Customer Deposits | 0 | 0 | 0 | 0 | 232,367 |
| Capital Leases Payable | 0 | 0 | 0 | 0 | 0 |
| OWDA Loans Payable | 0 | 0 | 0 | 0 | 6,783,485 |
| Special Assessment Debt with Governmental Commitment | 0 | 0 | 0 | 0 | 0 |
| General Obligation Bonds Payable | 0 | 0 | 0 | 0 | 0 |
| Revenue Bonds Payable | 0 | 0 | 0 | 0 | 2,955,000 |
| Total Liabilities | 1,580,283 | 952,920 | 494,452 | 490,305 | 10,929,974 |
| <u>Fund Equity and Other Credits:</u> | | | | | |
| Investment in General Fixed Assets | 0 | 0 | 0 | 0 | 0 |
| Contributed Capital | 0 | 0 | 0 | 0 | 12,697,881 |
| Retained Earnings | 0 | 0 | 0 | 0 | 17,175,496 |
| Fund Balance: | | | | | |
| Reserved for Encumbrances | 711,125 | 349,602 | 0 | 48,343 | 0 |
| Reserved for Endowment | 0 | 0 | 0 | 0 | 0 |
| Reserved for Inventory | 0 | 13,137 | 0 | 0 | 0 |
| Reserved for Loans | 0 | 119,475 | 0 | 0 | 0 |
| Reserved for Claimants | 12,148 | 0 | 0 | 0 | 0 |
| Unreserved (Deficit) | 5,407,083 | 2,000,451 | 359,524 | (334,072) | 0 |
| Total Fund Equity and Other Credits | 6,130,356 | 2,482,665 | 359,524 | (285,729) | 29,873,377 |
| Total Liabilities, Fund Equity, and Other Credits | \$7,710,639 | \$3,435,585 | \$853,976 | \$204,576 | \$40,803,351 |

See accompanying notes to the general purpose financial statements

| Fund Types | Fiduciary | Account Groups | | Totals Primary Government (Memorandum Only) | Component Unit | Totals Reporting Entity (Memorandum Only) |
|---------------------|------------------------|----------------------------|-------------------------------------|---|--------------------|---|
| | Fund Types | General Fixed Assets | General Long-Term Obligations | | | |
| Internal Service | Trust and Agency | | | | | |
| \$28,881 | \$0 | \$0 | \$0 | \$346,385 | \$30,781 | \$377,166 |
| 0 | 0 | 0 | 0 | 618,228 | 0 | 618,228 |
| 10,340 | 0 | 0 | 0 | 441,480 | 66,831 | 508,311 |
| 28,137 | 0 | 0 | 870,706 | 1,324,913 | 0 | 1,324,913 |
| 0 | 0 | 0 | 0 | 51,369 | 0 | 51,369 |
| 0 | 0 | 0 | 0 | 165,000 | 0 | 165,000 |
| 12,161 | 0 | 0 | 0 | 162,839 | 0 | 162,839 |
| 9,323 | 0 | 0 | 0 | 581,021 | 0 | 581,021 |
| 0 | 0 | 0 | 0 | 1,737,239 | 38,360 | 1,775,599 |
| 0 | 0 | 0 | 0 | 0 | 2,556 | 2,556 |
| 0 | 77,263 | 0 | 0 | 77,263 | 0 | 77,263 |
| 0 | 0 | 0 | 0 | 5,011 | 0 | 5,011 |
| 0 | 0 | 0 | 0 | 3,145 | 0 | 3,145 |
| 430,292 | 0 | 0 | 0 | 430,292 | 0 | 430,292 |
| 0 | 0 | 0 | 0 | 232,367 | 0 | 232,367 |
| 0 | 0 | 0 | 21,931 | 21,931 | 0 | 21,931 |
| 0 | 0 | 0 | 0 | 6,783,485 | 0 | 6,783,485 |
| 0 | 0 | 0 | 85,000 | 85,000 | 0 | 85,000 |
| 0 | 0 | 0 | 4,015,000 | 4,015,000 | 0 | 4,015,000 |
| 0 | 0 | 0 | 0 | 2,955,000 | 0 | 2,955,000 |
| <u>519,134</u> | <u>77,263</u> | <u>0</u> | <u>4,992,637</u> | <u>20,036,968</u> | <u>138,528</u> | <u>20,175,496</u> |
| 0 | 0 | 19,427,153 | 0 | 19,427,153 | 0 | 19,427,153 |
| 953,364 | 0 | 0 | 0 | 13,651,245 | 1,574,087 | 15,225,332 |
| 67,869 | 0 | 0 | 0 | 17,243,365 | 172,040 | 17,415,405 |
| 0 | 0 | 0 | 0 | 1,109,070 | 0 | 1,109,070 |
| 0 | 22,000 | 0 | 0 | 22,000 | 0 | 22,000 |
| 0 | 0 | 0 | 0 | 13,137 | 0 | 13,137 |
| 0 | 0 | 0 | 0 | 119,475 | 0 | 119,475 |
| 0 | 0 | 0 | 0 | 12,148 | 0 | 12,148 |
| 0 | 2,402 | 0 | 0 | 7,435,388 | 0 | 7,435,388 |
| <u>1,021,233</u> | <u>24,402</u> | <u>19,427,153</u> | <u>0</u> | <u>59,032,981</u> | <u>1,746,127</u> | <u>60,779,108</u> |
| <u>\$1,540,367</u> | <u>\$101,665</u> | <u>\$19,427,153</u> | <u>\$4,992,637</u> | <u>\$79,069,949</u> | <u>\$1,884,655</u> | <u>\$80,954,604</u> |

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

| | Governmental | |
|--|--------------------|--------------------|
| | General | Special Revenue |
| <u>Revenues:</u> | | |
| Taxes | \$446,377 | \$168,653 |
| Municipal Income Taxes | 6,345,596 | 4,359,754 |
| Charges for Services | 407,470 | 74,452 |
| Fines, Licenses, and Permits | 406,995 | 278,254 |
| Intergovernmental | 2,307,884 | 1,932,271 |
| Special Assessments | 0 | 0 |
| Rent | 600 | 89,150 |
| Interest | 869,929 | 32,612 |
| Other | 128,488 | 73,825 |
| | <u>10,913,339</u> | <u>7,008,971</u> |
| <u>Expenditures:</u> | | |
| Current: | | |
| Security of Persons and Property | 2,900,785 | 5,603,394 |
| Public Health Services | 55,730 | 45,489 |
| Leisure Time Activities | 550,627 | 51,725 |
| Community Environment | 226,611 | 1,498,662 |
| Transportation | 0 | 1,056,940 |
| General Government | 3,242,353 | 38,784 |
| Intergovernmental | 452,606 | 0 |
| Capital Outlay | 0 | 0 |
| Debt Service: | | |
| Principal Retirement | 0 | 9,937 |
| Interest and Fiscal Charges | 0 | 1,882 |
| | <u>7,428,712</u> | <u>8,306,813</u> |
| Total Expenditures | | |
| Excess of Revenues Over (Under) Expenditures | <u>3,484,627</u> | <u>(1,297,842)</u> |
| <u>Other Financing Sources (Uses):</u> | | |
| Sale of Fixed Assets | 1,561 | 8,491 |
| Inception of Capital Lease | 0 | 9,590 |
| Operating Transfers In | 0 | 1,212,137 |
| Operating Transfers Out | (2,106,502) | (114,562) |
| | <u>(2,104,941)</u> | <u>1,115,656</u> |
| Total Other Financing Sources (Uses) | | |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 1,379,686 | (182,186) |
| Fund Balances at Beginning of Year (Restated - Note 3) | 4,750,670 | 2,686,322 |
| Decrease in Reserve for Inventory | <u>0</u> | <u>(21,471)</u> |
| Fund Balances at End of Year | <u>\$6,130,356</u> | <u>\$2,482,665</u> |

See accompanying notes to the general purpose financial statements

| <u>Fund Types</u> | | <u>Fiduciary Fund Type</u> | <u>Totals (Memorandum Only)</u> |
|-------------------------|-----------------------------|--------------------------------|---|
| <u>Debt Service</u> | <u>Capital Projects</u> | <u>Expendable Trust</u> | |
| \$322,940 | \$0 | \$0 | \$937,970 |
| 0 | 0 | 0 | 10,705,350 |
| 0 | 0 | 0 | 481,922 |
| 0 | 35,667 | 0 | 720,916 |
| 39,009 | 143,994 | 0 | 4,423,158 |
| 124,462 | 0 | 0 | 124,462 |
| 0 | 0 | 0 | 89,750 |
| 0 | 0 | 2,500 | 905,041 |
| 0 | 0 | 0 | 202,313 |
| <u>486,411</u> | <u>179,661</u> | <u>2,500</u> | <u>18,590,882</u> |
| 0 | 0 | 0 | 8,504,179 |
| 0 | 0 | 0 | 101,219 |
| 0 | 0 | 0 | 602,352 |
| 0 | 0 | 2,500 | 1,727,773 |
| 0 | 0 | 0 | 1,056,940 |
| 248 | 0 | 0 | 3,281,385 |
| 0 | 0 | 0 | 452,606 |
| 0 | 582,386 | 0 | 582,386 |
| 300,000 | 0 | 0 | 309,937 |
| 280,352 | 0 | 0 | 282,234 |
| <u>580,600</u> | <u>582,386</u> | <u>2,500</u> | <u>16,901,011</u> |
| <u>(94,189)</u> | <u>(402,725)</u> | <u>0</u> | <u>1,689,871</u> |
| 0 | 0 | 0 | 10,052 |
| 0 | 0 | 0 | 9,590 |
| 111,416 | 3,146 | 0 | 1,326,699 |
| 0 | 0 | 0 | (2,221,064) |
| <u>111,416</u> | <u>3,146</u> | <u>0</u> | <u>(874,723)</u> |
| 17,227 | (399,579) | 0 | 815,148 |
| 342,297 | 113,850 | 500 | 7,893,639 |
| 0 | 0 | 0 | (21,471) |
| <u>\$359,524</u> | <u>(\$285,729)</u> | <u>\$500</u> | <u>\$8,687,316</u> |

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

| | General Fund | | |
|--|--------------------|--------------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| <u>Revenues:</u> | | | |
| Taxes | \$417,897 | \$446,377 | \$28,480 |
| Municipal Income Taxes | 6,147,701 | 6,388,266 | 240,565 |
| Charges for Services | 412,700 | 400,095 | (12,605) |
| Fines, Licenses, and Permits | 424,780 | 425,642 | 862 |
| Intergovernmental | 1,979,914 | 2,428,064 | 448,150 |
| Special Assessments | 0 | 0 | 0 |
| Rent | 500 | 600 | 100 |
| Interest | 661,113 | 852,292 | 191,179 |
| Other | 119,198 | 127,032 | 7,834 |
| Total Revenues | 10,163,803 | 11,068,368 | 904,565 |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Security of Persons and Property | 3,098,118 | 2,978,932 | 119,186 |
| Public Health Services | 58,030 | 55,730 | 2,300 |
| Leisure Time Activities | 690,722 | 588,523 | 102,199 |
| Community Environment | 454,126 | 224,527 | 229,599 |
| Transportation | 0 | 0 | 0 |
| General Government | 6,496,365 | 3,666,588 | 2,829,777 |
| Intergovernmental | 570,793 | 452,606 | 118,187 |
| Capital Outlay | 0 | 0 | 0 |
| Debt Service: | | | |
| Principal Retirement | 0 | 0 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 |
| Total Expenditures | 11,368,154 | 7,966,906 | 3,401,248 |
| Excess of Revenues Over (Under) Expenditures | (1,204,351) | 3,101,462 | 4,305,813 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Sale of Fixed Assets | 5,000 | 1,561 | (3,439) |
| Advances In | 144,038 | 0 | (144,038) |
| Advances Out | 0 | 0 | 0 |
| Operating Transfers In | 0 | 0 | 0 |
| Operating Transfers Out | (2,254,330) | (2,106,502) | 147,828 |
| Total Other Financing Sources (Uses) | (2,105,292) | (2,104,941) | 351 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (3,309,643) | 996,521 | 4,306,164 |
| Fund Balances at Beginning of Year | 3,309,645 | 3,309,645 | 0 |
| Prior Year Encumbrances Appropriated | 121,987 | 121,987 | 0 |
| Fund Balances at End of Year | \$121,989 | \$4,428,153 | \$4,306,164 |

| Special Revenue Funds | | | Debt Service Funds | | |
|-----------------------|--------------------|----------------------------------|--------------------|------------------|----------------------------------|
| Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$168,652 | \$168,653 | \$1 | \$296,260 | \$323,252 | \$26,992 |
| 4,445,299 | 4,389,626 | (55,673) | 0 | 0 | 0 |
| 79,822 | 77,672 | (2,150) | 0 | 0 | 0 |
| 267,700 | 275,967 | 8,267 | 0 | 0 | 0 |
| 2,360,946 | 1,974,462 | (386,484) | 39,009 | 39,009 | 0 |
| 0 | 0 | 0 | 117,513 | 124,462 | 6,949 |
| 83,068 | 88,838 | 5,770 | 0 | 0 | 0 |
| 27,508 | 37,438 | 9,930 | 0 | 0 | 0 |
| 360,778 | 78,986 | (281,792) | 0 | 0 | 0 |
| <u>7,793,773</u> | <u>7,091,642</u> | <u>(702,131)</u> | <u>452,782</u> | <u>486,723</u> | <u>33,941</u> |
| 6,768,872 | 5,683,185 | 1,085,687 | 0 | 0 | 0 |
| 59,696 | 58,749 | 947 | 0 | 0 | 0 |
| 74,833 | 57,556 | 17,277 | 0 | 0 | 0 |
| 2,581,491 | 1,520,981 | 1,060,510 | 0 | 0 | 0 |
| 1,219,599 | 1,041,524 | 178,075 | 0 | 0 | 0 |
| 287,615 | 38,451 | 249,164 | 400,448 | 248 | 400,200 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 300,000 | 300,000 | 0 |
| 0 | 0 | 0 | 280,353 | 280,352 | 1 |
| <u>10,992,106</u> | <u>8,400,446</u> | <u>2,591,660</u> | <u>980,801</u> | <u>580,600</u> | <u>400,201</u> |
| <u>(3,198,333)</u> | <u>(1,308,804)</u> | <u>1,889,529</u> | <u>(528,019)</u> | <u>(93,877)</u> | <u>434,142</u> |
| 6,923 | 8,491 | 1,568 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 1,321,741 | 1,212,137 | (109,604) | 186,035 | 111,416 | (74,619) |
| (189,181) | (114,562) | 74,619 | 0 | 0 | 0 |
| <u>1,139,483</u> | <u>1,106,066</u> | <u>(33,417)</u> | <u>186,035</u> | <u>111,416</u> | <u>(74,619)</u> |
| (2,058,850) | (202,738) | 1,856,112 | (341,984) | 17,539 | 359,523 |
| 2,031,010 | 2,031,010 | 0 | 341,985 | 341,985 | 0 |
| 56,663 | 56,663 | 0 | 0 | 0 | 0 |
| <u>\$28,823</u> | <u>\$1,884,935</u> | <u>\$1,856,112</u> | <u>\$1</u> | <u>\$359,524</u> | <u>\$359,523</u> |

(continued)

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

| | Capital Projects Funds | | |
|--|------------------------|------------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| <u>Revenues:</u> | | | |
| Taxes | \$3,000 | \$0 | (\$3,000) |
| Municipal Income Taxes | 0 | 0 | 0 |
| Charges for Services | 0 | 0 | 0 |
| Fines, Licenses, and Permits | 44,000 | 35,408 | (8,592) |
| Intergovernmental | 1,361,180 | 300,785 | (1,060,395) |
| Special Assessments | 0 | 0 | 0 |
| Rent | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Total Revenues | 1,408,180 | 336,193 | (1,071,987) |
| <u>Expenditures:</u> | | | |
| <u>Current:</u> | | | |
| Security of Persons and Property | 0 | 0 | 0 |
| Public Health Services | 0 | 0 | 0 |
| Leisure Time Activities | 0 | 0 | 0 |
| Community Environment | 0 | 0 | 0 |
| Transportation | 167,667 | 164,506 | 3,161 |
| General Government | 25,000 | 19,810 | 5,190 |
| Intergovernmental | 0 | 0 | 0 |
| Capital Outlay | 1,201,163 | 142,862 | 1,058,301 |
| <u>Debt Service:</u> | | | |
| Principal Retirement | 3,146 | 3,146 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 |
| Total Expenditures | 1,396,976 | 330,324 | 1,066,652 |
| Excess of Revenues Over (Under) Expenditures | 11,204 | 5,869 | (5,335) |
| <u>Other Financing Sources (Uses):</u> | | | |
| Sale of Fixed Assets | 0 | 0 | 0 |
| Advances In | 0 | 0 | 0 |
| Advances Out | (144,038) | 0 | 144,038 |
| Operating Transfers In | 3,146 | 3,146 | 0 |
| Operating Transfers Out | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | (140,892) | 3,146 | 144,038 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (129,688) | 9,015 | 138,703 |
| Fund Balances at Beginning of Year | 129,690 | 129,690 | 0 |
| Prior Year Encumbrances Appropriated | 1,589 | 1,589 | 0 |
| Fund Balances at End of Year | \$1,591 | \$140,294 | \$138,703 |

See accompanying notes to the general purpose financial statements

| Expendable Trust Fund | | | Totals (Memorandum Only) | | |
|-----------------------|--------------|----------------------------------|--------------------------|--------------------|----------------------------------|
| Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$0 | \$0 | \$0 | \$885,809 | \$938,282 | \$52,473 |
| 0 | 0 | 0 | 10,593,000 | 10,777,892 | 184,892 |
| 0 | 0 | 0 | 492,522 | 477,767 | (14,755) |
| 0 | 0 | 0 | 736,480 | 737,017 | 537 |
| 0 | 0 | 0 | 5,741,049 | 4,742,320 | (998,729) |
| 0 | 0 | 0 | 117,513 | 124,462 | 6,949 |
| 0 | 0 | 0 | 83,568 | 89,438 | 5,870 |
| 2,000 | 2,500 | 500 | 690,621 | 892,230 | 201,609 |
| 0 | 0 | 0 | 479,976 | 206,018 | (273,958) |
| <u>2,000</u> | <u>2,500</u> | <u>500</u> | <u>19,820,538</u> | <u>18,985,426</u> | <u>(835,112)</u> |
| 0 | 0 | 0 | 9,866,990 | 8,662,117 | 1,204,873 |
| 0 | 0 | 0 | 117,726 | 114,479 | 3,247 |
| 2,500 | 2,500 | 0 | 768,055 | 648,579 | 119,476 |
| 0 | 0 | 0 | 3,035,617 | 1,745,508 | 1,290,109 |
| 0 | 0 | 0 | 1,387,266 | 1,206,030 | 181,236 |
| 0 | 0 | 0 | 7,209,428 | 3,725,097 | 3,484,331 |
| 0 | 0 | 0 | 570,793 | 452,606 | 118,187 |
| 0 | 0 | 0 | 1,201,163 | 142,862 | 1,058,301 |
| 0 | 0 | 0 | 303,146 | 303,146 | 0 |
| 0 | 0 | 0 | 280,353 | 280,352 | 1 |
| <u>2,500</u> | <u>2,500</u> | <u>0</u> | <u>24,740,537</u> | <u>17,280,776</u> | <u>7,459,761</u> |
| <u>(500)</u> | <u>0</u> | <u>500</u> | <u>(4,919,999)</u> | <u>1,704,650</u> | <u>6,624,649</u> |
| 0 | 0 | 0 | 11,923 | 10,052 | (1,871) |
| 0 | 0 | 0 | 144,038 | 0 | (144,038) |
| 0 | 0 | 0 | (144,038) | 0 | 144,038 |
| 0 | 0 | 0 | 1,510,922 | 1,326,699 | (184,223) |
| 0 | 0 | 0 | (2,443,511) | (2,221,064) | 222,447 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>(920,666)</u> | <u>(884,313)</u> | <u>36,353</u> |
| (500) | 0 | 500 | (5,840,665) | 820,337 | 6,661,002 |
| 500 | 500 | 0 | 5,812,830 | 5,812,830 | 0 |
| 0 | 0 | 0 | 180,239 | 180,239 | 0 |
| <u>\$0</u> | <u>\$500</u> | <u>\$500</u> | <u>\$152,404</u> | <u>\$6,813,406</u> | <u>\$6,661,002</u> |

City of Zanesville, Ohio
 Combined Statement of Revenues,
 Expenses and Changes in Fund Equity/Fund Balance
 All Proprietary Fund Types, Non-Expendable Trust Funds, and
 Discretely Presented Component Unit
 For the Year Ended December 31, 2000

| | Proprietary Fund Types | |
|---|------------------------|--------------------|
| | Enterprise | Internal Service |
| <u>Revenues:</u> | | |
| Charges for Services | \$8,412,566 | \$2,440,816 |
| Tap-In Fees | 32,460 | 0 |
| Interest | 0 | 0 |
| Rental | 8,731 | 0 |
| Other | 21,942 | 90 |
| Total Revenues | <u>8,475,699</u> | <u>2,440,906</u> |
| <u>Expenses:</u> | | |
| Salaries and Wages | 2,530,093 | 236,324 |
| Fringe Benefits | 922,565 | 113,533 |
| Contractual Services | 2,044,514 | 156,163 |
| Materials and Supplies | 1,478,834 | 459,485 |
| Claims and Judgments | 0 | 1,709,492 |
| Administrative | 0 | 0 |
| Vehicle Maintenance | 0 | 0 |
| Building Maintenance | 0 | 0 |
| Depreciation | 1,471,805 | 23,921 |
| Other | 0 | 0 |
| Total Expenses | <u>8,447,811</u> | <u>2,698,918</u> |
| Operating Income (Loss) | <u>27,888</u> | <u>(258,012)</u> |
| <u>Non-Operating Revenues (Expenses):</u> | | |
| Operating Grants | 0 | 0 |
| Contributions from Local Governments | 0 | 0 |
| Interest | 83,109 | 0 |
| Gain on Disposal of Fixed Assets | 11,779 | 0 |
| Interest and Fiscal Charges | (748,023) | 0 |
| Total Non-Operating Revenues (Expenses) | <u>(653,135)</u> | <u>0</u> |
| Income (Loss) Before Operating Transfers | (625,247) | (258,012) |
| Operating Transfers In | <u>783,641</u> | <u>110,724</u> |
| Net Income (Loss) | 158,394 | (147,288) |
| Retained Earnings/Fund Balance (Deficit) at Beginning of Year | <u>17,017,102</u> | <u>215,157</u> |
| Depreciation on Fixed Assets Acquired by Contributed Capital | <u>0</u> | <u>0</u> |
| Retained Earnings/Fund Balance (Deficit) at End of Year (Restated Note 3) | 17,175,496 | 67,869 |
| Contributed Capital at Beginning of Year | <u>12,375,381</u> | <u>953,364</u> |
| Current Year Contribution - Intergovernmental | <u>322,500</u> | <u>0</u> |
| Depreciation on Fixed Assets Acquired by Contributed Capital | <u>0</u> | <u>0</u> |
| Contributed Capital at End of Year | <u>12,697,881</u> | <u>953,364</u> |
| Total Fund Equity/Fund Balance at End of Year | <u>\$29,873,377</u> | <u>\$1,021,233</u> |

See accompanying notes to the general purpose financial statements

| Fiduciary Fund Type | Totals Government (Memorandum Only) | Component Unit | Totals Reporting Entity (Memorandum Only) |
|------------------------------|--|--------------------|--|
| Non- Expendable Trusts | | | |
| \$0 | \$10,853,382 | \$847,611 | \$11,700,993 |
| 0 | 32,460 | 0 | 32,460 |
| 752 | 752 | 0 | 752 |
| 0 | 8,731 | 0 | 8,731 |
| 0 | 22,032 | 32,809 | 54,841 |
| <u>752</u> | <u>10,917,357</u> | <u>880,420</u> | <u>11,797,777</u> |
| 0 | 2,766,417 | 863,840 | 3,630,257 |
| 0 | 1,036,098 | 319,452 | 1,355,550 |
| 0 | 2,200,677 | 155,511 | 2,356,188 |
| 0 | 1,938,319 | 0 | 1,938,319 |
| 0 | 1,709,492 | 0 | 1,709,492 |
| 0 | 0 | 129,071 | 129,071 |
| 0 | 0 | 342,077 | 342,077 |
| 0 | 0 | 27,371 | 27,371 |
| 0 | 1,495,726 | 194,278 | 1,690,004 |
| 0 | 0 | 19,069 | 19,069 |
| <u>0</u> | <u>11,146,729</u> | <u>2,050,669</u> | <u>13,197,398</u> |
| <u>752</u> | <u>(229,372)</u> | <u>(1,170,249)</u> | <u>(1,399,621)</u> |
| 0 | 0 | 784,300 | |
| 0 | 0 | 258,500 | |
| 0 | 83,109 | 2,813 | 85,922 |
| 0 | 11,779 | 0 | 11,779 |
| 0 | (748,023) | 0 | (748,023) |
| <u>0</u> | <u>(653,135)</u> | <u>1,045,613</u> | <u>(650,322)</u> |
| 752 | (882,507) | (124,636) | (2,049,943) |
| <u>0</u> | <u>894,365</u> | <u>0</u> | <u>894,365</u> |
| 752 | 11,858 | (124,636) | (1,155,578) |
| <u>23,150</u> | <u>17,255,409</u> | <u>102,398</u> | <u>17,357,807</u> |
| <u>0</u> | <u>0</u> | <u>194,278</u> | <u>194,278</u> |
| 23,902 | 17,267,267 | 172,040 | 16,396,507 |
| <u>0</u> | <u>13,328,745</u> | <u>646,893</u> | <u>13,975,638</u> |
| <u>0</u> | <u>322,500</u> | <u>1,121,472</u> | <u>1,443,972</u> |
| <u>0</u> | <u>0</u> | <u>(194,278)</u> | <u>(194,278)</u> |
| <u>0</u> | <u>13,651,245</u> | <u>1,574,087</u> | <u>15,225,332</u> |
| <u>\$23,902</u> | <u>\$30,918,512</u> | <u>\$1,746,127</u> | <u>\$32,664,639</u> |

City of Zanesville, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Types, Non-Expendable Trust Funds,
 and Discretely Presented Component Unit
 For the Year Ended December 31, 2000

| | <u>Proprietary Fund Types</u> | |
|--|-------------------------------|-------------------------|
| | <u>Enterprise</u> | <u>Internal Service</u> |
| <u>Increase (Decrease) in Cash and Cash Equivalents:</u> | | |
| <u>Cash Flows from Operating Activities:</u> | | |
| Cash Received from Customers | \$8,370,134 | \$0 |
| Cash Received from Quasi External Transactions | 0 | 2,612,464 |
| Cash Payments for Employee Services and Benefits | (3,426,194) | (349,567) |
| Cash Payments to Suppliers for Goods and Services | (3,610,602) | (636,455) |
| Cash Payments for Claims | 0 | 0 |
| Cash Payments for Operating and Administrative Expenses | 0 | (1,705,723) |
| Other Operating Revenues | 32,291 | 90 |
| Customer Deposits Received | 105,613 | 0 |
| Customer Deposits Returned | (96,587) | 0 |
| Net Cash Provided by (Used In) Operating Activities | <u>1,374,655</u> | <u>(79,191)</u> |
| <u>Cash Flows from Noncapital Financing Activities:</u> | | |
| Operating Transfers In | 783,641 | 110,724 |
| Proceeds from Operating Grants and Assistance | 0 | 0 |
| Net Cash Provided by Noncapital Financing Activities | <u>783,641</u> | <u>110,724</u> |
| <u>Cash Flows from Capital and Related Financing Activities:</u> | | |
| Acquisition of Capital Assets | (692,349) | (2,000) |
| Principal Paid on Debt | (685,464) | 0 |
| Interest Paid on Debt | (748,883) | 0 |
| Grants | 222,500 | 0 |
| Proceeds from Sale of Capital Assets | 12,069 | 0 |
| Net Cash Used for Capital and Related Financing Activities | <u>(1,892,127)</u> | <u>(2,000)</u> |
| <u>Cash Flows from Investing Activities:</u> | | |
| Interest on Investments | 84,425 | 0 |
| Sale of Investments | 25,000 | 0 |
| Net Cash Provided by Investing Activities | <u>109,425</u> | <u>0</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 375,594 | 29,533 |
| Cash and Cash Equivalents Beginning of Year | <u>7,189,903</u> | <u>697,716</u> |
| Cash and Cash Equivalents End of Year | <u><u>\$7,565,497</u></u> | <u><u>\$727,249</u></u> |

| <u>Fiduciary Fund Type</u> Non- Expendable Trusts | <u>Totals Primary Government (Memorandum Only)</u> | <u>Component Unit</u> | <u>Totals Reporting Entity (Memorandum Only)</u> |
|--|--|---------------------------|--|
| \$0 | \$8,370,134 | \$815,241 | \$9,185,375 |
| 0 | 2,612,464 | 0 | 2,612,464 |
| 0 | (3,775,761) | 0 | (3,775,761) |
| 0 | (4,247,057) | 0 | (4,247,057) |
| 0 | 0 | 0 | 0 |
| 0 | (1,705,723) | 0 | (1,705,723) |
| 0 | 0 | (1,832,363) | (1,832,363) |
| 0 | 32,381 | 0 | 32,381 |
| 0 | 105,613 | 0 | 105,613 |
| 0 | (96,587) | 0 | (96,587) |
| <u>0</u> | <u>1,295,464</u> | <u>(1,017,122)</u> | <u>278,342</u> |
| 0 | 894,365 | 0 | 894,365 |
| 0 | 0 | 1,065,068 | 1,065,068 |
| 0 | 894,365 | 1,065,068 | 1,959,433 |
| 0 | (694,349) | (1,173,240) | (1,867,589) |
| 0 | (685,464) | 0 | (685,464) |
| 0 | (748,883) | 0 | (748,883) |
| 0 | 222,500 | 1,121,472 | 1,343,972 |
| 0 | 12,069 | 0 | 12,069 |
| <u>0</u> | <u>(1,894,127)</u> | <u>(51,768)</u> | <u>(1,945,895)</u> |
| 560 | 84,985 | 2,813 | 87,798 |
| 0 | 25,000 | 0 | 25,000 |
| <u>560</u> | <u>109,985</u> | <u>2,813</u> | <u>112,798</u> |
| 560 | 405,687 | (1,009) | 404,678 |
| 11,207 | 7,898,826 | 36,794 | 7,935,620 |
| <u>\$11,767</u> | <u>\$8,304,513</u> | <u>\$35,785</u> | <u>\$8,340,298</u> |

(continued)

City of Zanesville, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Types, Non-Expendable Trust Funds,
 and Discretely Presented Component Unit (Continued)
 For the Year Ended December 31, 2000

| | Proprietary Fund Types | |
|--|------------------------|---------------------|
| | Enterprise | Internal Service |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by <u>Provided by (Used in) Operating Activities:</u> | | |
| Operating Income (Loss) | \$27,888 | (\$258,012) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | | |
| Interest Income | 0 | 0 |
| Depreciation Expense | 1,471,805 | 23,921 |
| Changes in Assets and Liabilities: | | |
| (Increase) Decrease in Accounts Receivable | (73,558) | (59) |
| Increase in Intergovernmental Receivable | 284 | 13,494 |
| (Increase) Decrease in Inventory | 23,848 | 0 |
| (Increase) Decrease in Prepaids | 4,123 | (15,684) |
| Decrease in Due from Other Funds | 0 | (40) |
| Increase (Decrease) in Accounts Payable | 13,166 | 158,214 |
| Increase in Deferred Revenue | 0 | (4,320) |
| Increase in Accrued Salaries | 12,819 | 0 |
| Decrease in Other Accrued Liabilities | 0 | (182) |
| Increase in Other Liabilities | 0 | 0 |
| (Decrease) in Contracts Payable | (124,349) | 0 |
| Decrease in Retainage Payable | (10,517) | 0 |
| Increase (Decrease) in Compensated Absences | 36,156 | 0 |
| Increase in Customer Deposits | 9,027 | 0 |
| Decrease in Claims Payable | 0 | 3,769 |
| Decrease in Due to Other Funds | 5,594 | 2,202 |
| Increase (Decrease) in Intergovernmental Payables | (21,631) | (2,494) |
| Net Cash Provided by (Used in) Operating Activities | \$1,374,655 | (\$79,191) |
| Combined Balance Sheet, Cash and Cash Equivalents All Trust and Agency Funds: | | \$89,530 |
| Agency Fund Cash and Cash Equivalents: | | (77,263) |
| Expendable Trust Fund Cash and Cash Equivalents: | | (500) |
| Non-Expendable Trust Funds Cash and Cash Equivalents: | | \$11,767 |

See accompanying notes to the general purpose financial statements

| <u>Fiduciary Fund Type</u> Non- Expendable Trusts | <u>Totals Primary Government (Memorandum Only)</u> | <u>Component Unit</u> | <u>Totals Reporting Entity (Memorandum Only)</u> |
|--|--|---------------------------|--|
| \$752 | (\$229,372) | (\$1,170,249) | (\$1,399,621) |
| (752) | (752) | 0 | (752) |
| 0 | 1,495,726 | 194,278 | 1,690,004 |
| 0 | (73,617) | (65,179) | (138,796) |
| 0 | 13,778 | 0 | 13,778 |
| 0 | 23,848 | 24,470 | 48,318 |
| 0 | (11,561) | 3,714 | (7,847) |
| 0 | (40) | 0 | (40) |
| 0 | 171,380 | (2,066) | 169,314 |
| 0 | (4,320) | 0 | (4,320) |
| 0 | 12,819 | 0 | 12,819 |
| 0 | (182) | (2,372) | (2,554) |
| 0 | 0 | 282 | 282 |
| 0 | (124,349) | 0 | (124,349) |
| 0 | (10,517) | 0 | (10,517) |
| 0 | 36,156 | 0 | 36,156 |
| 0 | 9,027 | 0 | 9,027 |
| 0 | 3,769 | 0 | 3,769 |
| 0 | 7,796 | 0 | 7,796 |
| 0 | (24,125) | 0 | (24,125) |
| <u>\$0</u> | <u>\$1,295,464</u> | <u>(\$1,017,122)</u> | <u>\$278,342</u> |

City of Zanesville, Ohio
 Combined Statement of Revenues, Expenses and Changes in
 Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types and Non-Expendable Trust Funds
 For the Year Ended December 31, 2000

| | Enterprise Funds | | |
|---|-------------------|--------------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| <u>Revenues:</u> | | | |
| Charges for Services | \$8,490,158 | \$8,342,724 | (\$147,434) |
| Tap-In Fees | 32,460 | 32,460 | 0 |
| Security Deposits | 109,000 | 105,613 | (3,387) |
| Interest Income | 64,260 | 82,470 | 18,210 |
| Rental Income | 7,170 | 9,015 | 1,845 |
| Other Operating Revenues | 292,738 | 254,791 | (37,947) |
| Sales of Fixed Assets | 10,229 | 12,069 | 1,840 |
| Total Revenues | 9,006,015 | 8,839,142 | (166,873) |
| <u>Expenses:</u> | | | |
| <u>Current:</u> | | | |
| Salaries and Wages | 2,633,362 | 2,481,118 | 152,244 |
| Fringe Benefits | 1,267,582 | 981,754 | 285,828 |
| Contractual Services | 3,512,722 | 2,257,197 | 1,255,525 |
| Materials and Supplies | 1,837,831 | 1,439,548 | 398,283 |
| Claims Expense | 0 | 0 | 0 |
| Security Deposits | 111,228 | 99,976 | 11,252 |
| Other Non-operating Expenses | 515,327 | 0 | 515,327 |
| Capital Outlay | 4,186,645 | 1,019,441 | 3,167,204 |
| <u>Debt Service:</u> | | | |
| Principal Retirement | 685,465 | 685,464 | 1 |
| Interest and Fiscal Charges | 748,885 | 748,883 | 2 |
| Total Expenses | 15,499,047 | 9,713,381 | 5,785,666 |
| Excess of Revenues Over (Under) Expenses | (6,493,032) | (874,239) | 5,618,793 |
| Operating Transfers In | 821,865 | 783,641 | (38,224) |
| Excess of Revenues Over (Under) Expenses and Operating Transfers | (5,671,167) | (90,598) | 5,580,569 |
| Fund Equity at Beginning of Year | 5,671,172 | 5,671,172 | 0 |
| Prior Year Encumbrances Appropriated | 417,037 | 417,037 | 0 |
| Fund Equity at End of Year | \$417,042 | \$5,997,611 | \$5,580,569 |

| Internal Service Funds | | | Non-Expendable Trust Funds | | |
|------------------------|------------------|----------------------------------|----------------------------|-----------------|----------------------------------|
| Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$3,171,695 | \$2,612,464 | (\$559,231) | \$0 | \$0 | \$0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 800 | 330 | (470) |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 100 | 90 | (10) | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>3,171,795</u> | <u>2,612,554</u> | <u>(559,241)</u> | <u>800</u> | <u>330</u> | <u>(470)</u> |
| 239,660 | 236,506 | 3,154 | 0 | 0 | 0 |
| 125,400 | 114,928 | 10,472 | 0 | 0 | 0 |
| 225,840 | 165,486 | 60,354 | 0 | 0 | 0 |
| 524,953 | 481,394 | 43,559 | 0 | 0 | 0 |
| 2,840,973 | 1,705,723 | 1,135,250 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 2,000 | 2,000 | 0 | 24,000 | 0 | 24,000 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>3,958,826</u> | <u>2,706,037</u> | <u>1,252,789</u> | <u>24,000</u> | <u>0</u> | <u>24,000</u> |
| (787,031) | (93,483) | 693,548 | (23,200) | 330 | 23,530 |
| <u>110,724</u> | <u>110,724</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| (676,307) | 17,241 | 693,548 | (23,200) | 330 | 23,530 |
| 676,309 | 676,309 | 0 | 23,201 | 23,201 | 0 |
| 4,959 | 4,959 | 0 | 0 | 0 | 0 |
| <u>\$4,961</u> | <u>\$698,509</u> | <u>\$693,548</u> | <u>\$1</u> | <u>\$23,531</u> | <u>\$23,530</u> |

(continued)

City of Zanesville, Ohio
 Combined Statement of Revenues, Expenses and Changes in
 Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types and Non-Expendable Trust Funds (Continued)
 For the Year Ended December 31, 2000

| | Total (Memorandum Only) | | |
|---|-------------------------|--------------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| <u>Revenues:</u> | | | |
| Charges for Services | \$11,661,853 | \$10,955,188 | (\$706,665) |
| Tap-In Fees | 32,460 | 32,460 | 0 |
| Security Deposits | 109,000 | 105,613 | (3,387) |
| Interest Income | 65,060 | 82,800 | 17,740 |
| Rental Income | 7,170 | 9,015 | 1,845 |
| Other Operating Revenues | 292,838 | 254,881 | (37,957) |
| Sales of Fixed Assets | 10,229 | 12,069 | 1,840 |
| Total Revenues | 12,178,610 | 11,452,026 | (726,584) |
| <u>Expenses:</u> | | | |
| <u>Current:</u> | | | |
| Salaries and Wages | 2,873,022 | 2,717,624 | 155,398 |
| Fringe Benefits | 1,392,982 | 1,096,682 | 296,300 |
| Contractual Services | 3,738,562 | 2,422,683 | 1,315,879 |
| Materials and Supplies | 2,362,784 | 1,920,942 | 441,842 |
| Claims Expense | 2,840,973 | 1,705,723 | 1,135,250 |
| Security Deposits | 111,228 | 99,976 | 11,252 |
| Other Non-operating Expenses | 515,327 | 0 | 515,327 |
| Capital Outlay | 4,212,645 | 1,021,441 | 3,191,204 |
| <u>Debt Service:</u> | | | |
| Principal Retirement | 685,465 | 685,464 | 1 |
| Interest and Fiscal Charges | 748,885 | 748,883 | 2 |
| Total Expenses | 19,481,873 | 12,419,418 | 7,062,455 |
| Excess of Revenues Over (Under) Expenses | (7,303,263) | (967,392) | 6,335,871 |
| Operating Transfers In | 932,589 | 894,365 | (38,224) |
| Excess of Revenues Over (Under) Expenses and Operating Transfers | (6,370,674) | (73,027) | 6,297,647 |
| Fund Equity at Beginning of Year | 6,370,682 | 6,370,682 | 0 |
| Prior Year Encumbrances Appropriated | 421,996 | 421,996 | 0 |
| Fund Equity at End of Year | \$422,004 | \$6,719,651 | \$6,297,647 |

See accompanying notes to the general purpose financial statements

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

The City of Zanesville (the "City") is a body politic, incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the laws of the State of Ohio. The City is organized as a Mayor/Council form of government. Located in Muskingum County, the City was established in 1814. The City is located 55 miles east of Columbus, once served as the state capital, and currently serves as the county seat. The City employs approximately 358 people. The Mayor, Council, Auditor, Treasurer, and Law Director are elected officials. Department directors and public members of various boards and commissions are appointed by the Mayor.

A. Reporting Entity

The City utilizes the standards of Governmental Accounting Standards Board Statement 14 for determining the reporting entity.

The financial reporting entity consists of a) the primary government, b) component units, which are legally separate organizations which are fiscally dependent on the City or for which the City is financially accountable, and c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City provides various services including police and fire protection, recreation (including parks), planning, zoning, street maintenance and repair, water and water pollution control, sanitation services, and general administrative services. The operation of each of these activities is directly controlled by the Council through the budgetary process. These City operations form the legal entity of the City and are included as part of the primary government.

The "Component Unit" column in the Combined Financial Statements identifies the financial data of the City's component unit, the South East Area Transit Authority, formerly known as Muskingum Authority of Public Transit. It is discretely reported to emphasize that it is legally separate from the City.

The South East Area Transit Authority is a legally separate entity, organized under the laws of the State of Ohio, which is governed by a nine member board of directors. The board consists of six members appointed by the City, two members appointed by Muskingum County, and one member appointed by the Village of South Zanesville. The Authority provides bus service within the City of Zanesville, the Village of South Zanesville, and portions of Muskingum County. The Authority derives its revenues from bus fares, Federal Transit Authority grants administered by the State of Ohio, local matching funds, and other miscellaneous revenue sources. The City currently provides approximately 73 percent of the Authority's local matching funds. The remaining 27 percent is provided by the County and Village. The Authority operates on a fiscal year ending December 31. The operating statement of the Authority is presented at operating and non-operating category levels. Separately issued financial statements can be obtained from the South East Area Transit Authority, Zanesville, Ohio.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

The following have been excluded from the financial reporting entity:

Muskingum County Public Library

Zanesville City School District

Muskingum Community Action Group, Inc.

Muskingum College

Muskingum Area Technical College

Zanesville/Muskingum Convention and Visitors Bureau

Zanesville City Chamber of Commerce

East Muskingum Water Authority

The City is involved with the following organizations which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 22.

Ohio Mid-Eastern Governments Association (OMEGA)

Zanesville/Muskingum County Port Authority

Zanesville/Muskingum Conventions Facility Authority

Zanesville Metropolitan Housing Authority

The City is associated with the Ohio Rural Water Association Workers Compensation Group Rating Program which is defined as an insurance purchasing pool. Information regarding the pool is presented in Note 23.

B. Basis of Presentation - Fund Accounting

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

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

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

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

Governmental Fund Types:

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

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

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

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

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

Proprietary Fund Types:

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

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

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

Internal Service Funds - The internal service funds are used to account for the financing on a cost-reimbursement basis of goods or services provided by one department or agency to other departments or agencies. Charges to the user departments are intended to recover costs.

Fiduciary Fund Types:

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

Expendable Trust Fund - This fund is accounted for in essentially the same manner as governmental funds.

Non-Expendable Trust Funds - These funds are accounted for in essentially the same manner as proprietary funds; the principal of the trust must be preserved intact.

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

Account Groups:

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

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

General Long-Term Obligations Account Group - The General Long-Term Obligations Account Group is used to account for all long-term obligations of the City, except that accounted for in the proprietary or trust funds.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The City applies Financial and Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989 to proprietary activities provided they do not conflict with Governmental Accounting Standards Board Statements and Interpretations. Information in the notes to the General Purpose Financial Statements relates in general to the primary government. Information related to the operation of the South East Area Transit Authority (component unit) is specifically identified.

A. Measurement Focus and Basis of Accounting

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

All proprietary and non-expendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is typically segregated into contributed capital and retained earnings components. Proprietary fund types and non-expendable trust fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

All governmental fund types, the expendable trust fund, and agency funds are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, state-levied locally shared taxes (including gasoline tax), fines and forfeitures and income tax (the employer withheld amounts measurable at December 31, 2000).

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports deferred revenues on its Combined Balance Sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the Combined Balance Sheet and revenue is recognized. Special assessments and current and delinquent property taxes measurable as of December 31, 2000, whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary and non-expendable trust funds. Revenues are recognized when they are earned and become measurable and expenses are recognized when they are incurred, if measurable. Unbilled service charges receivable are recognized as revenue at year end. In addition, rent payments received in advance have been recorded as deferred revenue in the Airport Enterprise Fund; the deferred revenue will be eliminated when the revenue is earned, and delinquent demolition accounts receivable have been recorded as receivables and deferred revenues.

The Component Unit follows the accounting guidelines set forth in GASB Statement Number 29, "The Use of Not-For-Profit Accounting and Financial Reporting Principles by Governmental Entities." Under GASB Statement Number 29, the Component Unit used the governmental model for financial reporting. The Component Unit has only one fund and accounts for its operations on a full accrual basis similar to the proprietary funds of the City.

B. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department. Any budgetary modifications at this level may only be made by resolution of the City Council. Advances between funds are not required to be budgeted.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Budget:

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

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if revenue fluctuations are anticipated. The amounts reported on the budgetary statement reflect the amounts included in the final amended official certificate of estimated resources issued during 2000.

Appropriations:

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council. During the year, several supplemental appropriation measures were passed. None of these supplemental appropriations had any significant effect on the original appropriations. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances:

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

Lapsing of Appropriations:

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

Budgetary Basis of Accounting:

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

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Proprietary Fund Types and Non-Expendable Trust Funds are presented on the budgetary basis to provide a comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget) rather than as a reservation of fund balance for governmental fund types and the expendable trust fund and as note disclosure for the proprietary and non-expendable trust funds (GAAP).

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Proceeds from and principal payment on short-term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).

Budgetary information for the South East Area Transit Authority (Component Unit) is not reported because it is not included in the entity for which "the appropriated budget" is adopted and the Component Unit does not maintain separate budgetary financial information.

C. Cash and Cash Equivalents

To improve cash management, cash received by the City treasurer is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. These monies are presented in the Combined Balance Sheet as "Equity in Pooled Cash and Cash Equivalents with City Treasurer". Individual fund integrity is maintained through City records.

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

Cash related to the Component Unit is presented as "Cash and Cash Equivalents in Segregated Accounts".

For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments of the cash management pool and investments with an original maturity of three months or less are considered to be cash equivalents.

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

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest income received directly by the South East Area Transit Authority during 2000 was \$2,813. Interest revenue credited to the General Fund during fiscal year 2000 amounted to \$869,929, which includes \$620,225 assigned from other City funds.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Inventory

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

The Component Unit's inventory consists of spare parts and fuel used in the maintenance of the Authority's buses and is stated at the lower of cost or market. Cost is determined on a first-in, first-out basis.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2000, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

F. Restricted Assets

Restricted assets in the enterprise funds represent monies legally restricted for customer deposits.

G. Fixed Assets and Depreciation

1. Primary Government

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fund fixed assets (assets used to provide services accounted for in proprietary funds) are capitalized in the fund that uses them.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Assets in the general fixed assets account group are not depreciated. Depreciation in the proprietary fund types is computed using the straight-line method over the following useful lives:

| | |
|--|---------------|
| Buildings and Building Improvements | 20 - 50 years |
| Improvements other than Buildings | 50 years |
| Machinery, Equipment, Furniture, and Fixtures | 6 - 15 years |
| Vehicles | 5 - 10 years |

2. Component Unit

Component Unit fixed assets are recorded at cost and depreciated over estimated useful lives utilizing the straight line method, except for two buses for which depreciation is computed by the units-of-production method at six cents per mile. Depreciation on assets acquired with federal, state, and/or local financial assistance is recorded as a transfer to the contributed capital account.

H. Short-term Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables." All other outstanding balances between funds are reported as "due to/from other funds."

I. Compensated Absences

GASB Statement 16, Accounting for Compensated Absences, specifies the methods used to accrue liabilities for leave benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employee for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the City's termination policy.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For governmental funds, the City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The City records a liability for accumulated unused sick leave for police and jail employees after five years of service; street, water, sewer and sanitation employees after seven years of service; fire department employees after one year of service; and all other City employees after nine years of service. The current portion of compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Contributed Capital

1. Primary Government

Contributed capital represents federal and state grants and other financial resources supplied to the City's proprietary funds which are not subject to repayment.

Because the City had not prepared financial statements in accordance with generally accepted accounting principles prior to 1993, the exact amount of contributed capital pertaining to prior years cannot be determined. Consequently, only those amounts that have been able to be identified have been classified as contributed capital in the accompanying Combined Financial Statements. All other fund equity amounts pertaining to the proprietary funds have been classified as retained earnings.

2. Component Unit

The Component Unit recognizes resources provided to finance capital expenditures as contributed capital.

K. Intergovernmental Revenues

1. Primary Government

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

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Component Unit

The Component Unit intergovernmental revenues, such as grants, shared revenues, and entitlements, are recognized as operating revenues in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital. Amounts received from certain entities, based on a percentage of federal grants applied for, are recorded as deferred revenue, until the revenue becomes measurable and available.

L. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Fund balances are reserved for encumbrances, endowments, inventories of supplies and materials, loans (Community Development Block Grant monies loaned to local businesses and individuals), and claimants. By law, unclaimed monies are not available for appropriation until five years have elapsed.

M. Interfund Transactions

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

1. Transfers of resources from one fund to another through which resources are expended are recorded as operating transfers.
2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and as reductions in the expenditures/expenses in the reimbursed fund.
3. Quasi-external transactions are accounted for as revenues and expenditures/expenses.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless whether they will be liquidated with current resources. However, claims and judgements, compensated absences, and special termination benefits are reported as a liability in the general long-term obligation account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than sixty days after year end are generally considered not to have been paid with current available financial resources. Bonds, capital leases and long-term loans are recognized as a liability of the general long-term obligations account group until due.

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

O. Total Columns on General Purpose Financial Statements

Total columns on the General Purpose Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. When the title of a statement indicates a Component Unit is included, two total columns are presented. The first is captioned "Primary Government" to indicate that only those activities that comprise the City's legal entity have been included. The second is captioned "Reporting Entity" and includes the activity and operations of the City's legally separate discretely presented Component Unit, see Note 1. The total column on the statements which do not include a component unit have no additional caption.

P. Estimates

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

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 3 - RESTATEMENT OF FUND BALANCE

For the year ended December 31, 2000, certain adjustments have resulted in fund equity restatements. The following provides detail of this adjustment and the resultant effect on the excess of revenues and other financing sources over (under) expenditures and other uses/and the resultant effect on fund balance:

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Debt Service Fund</u> |
|--------------------------------------|---------------------------|---------------------------------|---------------------------|
| Excess as previously reported | (\$127,374) | \$(182,780) | \$21,735 |
| Restatement for Special Assessments | 0 | 0 | (187,288) |
| Restatement for: Accounts Receivable | <u>1,748</u> | <u>(1,748)</u> | <u>0</u> |
| Restated Excess | <u><u>(\$125,626)</u></u> | <u><u>\$(184,528)</u></u> | <u><u>\$(165,553)</u></u> |

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Debt Service Fund</u> |
|---------------------------------------|---------------------------|---------------------------------|--------------------------|
| Fund Balance - January 1, 2000 | \$4,749,939 | \$2,688,070 | \$529,585 |
| Restatement for Special Assessments | 0 | 0 | (187,288) |
| Restatement for: Accounts Receivable | <u>731</u> | <u>(1,748)</u> | <u>0</u> |
| Restated Fund Balance January 1, 2000 | <u><u>\$4,750,670</u></u> | <u><u>\$2,686,322</u></u> | <u><u>\$342,297</u></u> |

The changes in the General Fund, Litter Fund, and Debt Service Fund were due to more accurate accounts receivable information.

Due to more accurate information for fixed assets, the Enterprise Fund fixed assets were restated in the amount of \$47,873. Overall, Enterprise Fund fixed assets were restated from \$31,798,300 to \$31,750,427. The General Fixed Assets Account Group was restated in the amount of \$398,064 due to more accurate fixed asset information. Overall, the General Fixed Assets Account Group was restated from \$19,612,121 to \$19,214,057.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 4 - CONVERSION OF OPERATIONS FROM BUDGET TO GAAP BASIS

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

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

| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> |
|--|------------------|----------------------------|-------------------------|-----------------------------|
| GAAP Basis | \$1,379,686 | (\$182,186) | \$17,227 | (\$399,579) |
| Net Adjustment for Revenue Accruals | 155,029 | 82,671 | 312 | 156,532 |
| Net Adjustment for Expenditure Accruals | 227,193 | 315,063 | 0 | 303,930 |
| Debt Principal | 0 | 9,937 | 0 | (3,146) |
| Interest and Fiscal Charges | 0 | 1,882 | 0 | 0 |
| Inception of Capital Lease | 0 | (9,590) | 0 | 0 |
| Advances Out | 0 | 0 | 0 | 0 |
| Encumbrances | <u>(765,387)</u> | <u>(420,515)</u> | <u>0</u> | <u>(48,722)</u> |
| Budget Basis | <u>\$996,521</u> | <u>(\$202,738)</u> | <u>\$17,539</u> | <u>\$9,015</u> |

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 4 - CONVERSION OF OPERATIONS FROM BUDGET TO GAAP BASIS (Continued)

Net Income(Loss)/Excess of Revenues and Operating
Transfers In Over (Under) Expenses
Proprietary Fund Types, Non-Expendable Trust Funds

| | <u>Enterprise</u> | <u>Internal Service</u> | <u>Non-Expendable Trust</u> |
|-------------------------------------|--------------------|-------------------------|---------------------------------|
| GAAP Basis | \$158,394 | (\$147,288) | \$752 |
| Net Adjustment for Revenue Accruals | 280,334 | 171,648 | (422) |
| Sale of Fixed Assets | (11,779) | 0 | 0 |
| Utility Deposits | (99,976) | 0 | 0 |
| Depreciation | 1,471,805 | 23,921 | 0 |
| Net Adjustment for Expense Accruals | 1,445,087 | (300) | 0 |
| Debt Principal Retirement | (685,464) | 0 | 0 |
| Interest Expense | (860) | 0 | 0 |
| Capital Outlay | (1,019,441) | (2,000) | 0 |
| Encumbrances | <u>(1,628,698)</u> | <u>(28,740)</u> | <u>0</u> |
| Budget Basis | <u>(\$90,598)</u> | <u>\$17,241</u> | <u>\$330</u> |

NOTE 5 - ACCOUNTABILITY AND COMPLIANCE

A. 1. Primary Government

Fund Deficits

The following funds had deficit fund balances/retained earnings at December 31, 2000:

| | |
|---|-------------|
| Special Revenue Fund: | |
| Jail Reduction | (2,651) |
| Capital Projects Fund: | |
| State & Federal Infrastructure | (411,053) |
| Enterprise Fund: | |
| Airport Fund | (1,222,196) |
| Internal Service Fund: | |
| Vehicle and Equipment Maintenance Fund | (272,252) |

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 5 - ACCOUNTABILITY AND COMPLIANCE (Continued)

The deficit in the Capital Project Fund is due to the recognition of an interfund payable. The deficits in the enterprise and internal service funds are due to the recognition of contributed capital and depreciation expense in accordance with generally accepted accounting principles. In addition, these funds are not charging sufficient amounts to recover costs. Management is reviewing and analyzing their operations to determine appropriate measures necessary to eliminate the deficits.

2. Component Unit

A deficit occurs in the Component Unit due to the Authority not charging sufficient fares for services.

B. Statutory Compliance

In compliance with ORC section 5705.41, no funds had expenditures plus encumbrances in excess of appropriations.

NOTE 6 - DEPOSITS AND INVESTMENTS

A. Primary Government

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

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

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

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

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

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

Interim monies may be deposited or invested in the following securities:

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

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

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

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the City has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

Deposits At year-end, the carrying amount of the City's deposits was \$355,599 and the bank balance was \$431,125. Of the bank balance:

1. \$157,240 was covered by federal depository insurance;
2. \$273,885 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department in the City's name and all State statutory requirements for the investment of money had been followed, noncompliance with federal requirement would potentially subject the City to a successful claim by the FDIC.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

Investments GASB Statement 3 "Deposits with Financial Institutions, Investment and Reverse Repurchase Agreements" requires that investments be categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name.

| | <u>Category</u> | | | Carrying | Market |
|------------------------------|-----------------|----------|--------------|---------------------|---------------------|
| | <u>1</u> | <u>2</u> | <u>3</u> | <u>Value</u> | <u>Value</u> |
| Bonds | \$55,000 | | | \$55,000 | \$55,000 |
| United States Treasury Notes | 50,140 | | | 50,140 | 50,140 |
| Repurchase Agreement | | | \$11,234,000 | 11,234,000 | 11,234,000 |
| Star Ohio | | | | <u>5,052,717</u> | <u>5,052,717</u> |
| Total Investments | | | | <u>\$16,391,857</u> | <u>\$16,391,857</u> |

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

| | <u>Cash & Cash</u> <u>Equivalents/Deposits</u> | <u>Investments</u> |
|-------------------------|---|---------------------|
| GASB Statement 9 | \$16,615,316 | \$132,140 |
| Investments: | | |
| Certificates of Deposit | 27,000 | (27,000) |
| Repurchase Agreements | (11,234,000) | 11,234,000 |
| StarOhio | <u>(5,052,717)</u> | <u>5,052,717</u> |
| GASB Statement 3 | <u>\$355,599</u> | <u>\$16,391,857</u> |

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

B. Component Unit

The component unit is subject to the same legal requirements for the classification of cash as discussed in part A of this note. At year-end, the carrying amount of the component unit's deposits was \$35,785 and the bank balance was \$101,604. Of the bank balance, \$100,000 was covered by federal depository insurance. The remaining balance of \$1,604 was uninsured and uncollateralized as defined by the Governmental Accounting Standards Board (GASB). The uncollateralized deposits were, however, covered by the financial institutions' risk pool for public deposits as governed by the Ohio Revised Code Section 135.

NOTE 7 - PROPERTY TAXES

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

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

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

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 7 - PROPERTY TAXES (Continued)

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

The full tax rate for all City operations for the year ended December 31, 2000, was \$3.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

| | |
|----------------------------|----------------------|
| Real Property | \$227,763,949 |
| Tangible Personal Property | <u>75,921,316</u> |
| Total Assessed Value | <u>\$303,685,265</u> |

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

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

The County Treasurer collects property taxes on behalf of Muskingum County, including the City of Zanesville. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2000. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2000 operations. The receivable is therefore offset by a credit to deferred revenue.

NOTE 8 - RECEIVABLES

A. Primary Government

Receivables at December 31, 2000, consisted of taxes, accounts (billings for user charged services including unbilled utility services), special assessments, loans, interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are collectible in full. Delinquent accounts receivable are certified and collected as a special assessment, subject to foreclosure for nonpayment.

The special revenue funds reflect loans receivable of \$119,475. This amount is for the principal owed to the City for Federal Community Development Block Grant Program monies loaned to local businesses for capital improvements. The loans bear interest at annual rates between four and twelve percent.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 8 - RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables follows:

| Intergovernmental Receivables | <u>Amount</u> |
|--------------------------------------|-------------------------|
| General Fund: | |
| Local Government Tax | \$115,330 |
| Estate Tax | 83,968 |
| BWC Refund | 119,834 |
| Miscellaneous | <u>4,765</u> |
| Total General Fund | <u>323,897</u> |
| Special Revenue Funds: | |
| Motor Vehicle License Tax | 45,535 |
| Gasoline Tax | 15,105 |
| Miscellaneous | 6,084 |
| Capital Grants | 104,199 |
| State Highway Tax | <u>27,282</u> |
| Total Special Revenue Funds | <u>198,205</u> |
| Capital Projects Funds: | |
| Motor Vehicle License | <u>7,831</u> |
| Total Capital Projects Funds: | <u>7,831</u> |
| Enterprise Funds: | |
| Capital Grants | 100,000 |
| Miscellaneous | <u>75</u> |
| Total Enterprise Funds | <u>100,075</u> |
| Internal Service Funds: | |
| Intergovernmental | <u>10,946</u> |
| Total Internal Service Funds | <u>10,946</u> |
| <u>Total All Funds</u> | <u>\$640,954</u> |

B. Component Unit

Accounts receivable at December 31, 2000 consisted of the following amounts:

| | |
|-------------------------------|-------------------------|
| Operating Accounts Receivable | \$169,699 |
| Capital Grant Receivable | <u>7,112</u> |
| Total | <u>\$176,811</u> |

All amounts are considered collectible; consequently, an allowance for uncollectible accounts receivable is not necessary.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 9 - INCOME TAX

The City levies a municipal income tax of one and seven tenths percent on substantially all earned income arising from employment, residency, or business activities within the City as well as income of residents earned outside of the City.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax proceeds are distributed to funds in the following manner: 1% to General Fund, .5% to Police Expenditure Special Revenue Fund, and .2% to Jail Operating Special Revenue Fund. Income tax revenue for 2000 was \$10,705,350.

NOTE 10 - FIXED ASSETS AND DEPRECIATION

A summary of the proprietary funds' property, plant, and equipment at December 31, 2000 follows:

| | <u>Enterprise</u> | <u>Internal Service</u> | <u>Component Unit</u> |
|--|---------------------|-----------------------------|---------------------------|
| Land | \$761,106 | \$397,639 | \$35,000 |
| Buildings and Building Improvements | 4,323,584 | 376,437 | 670,697 |
| Improvements other than Buildings | 48,336,731 | 0 | 0 |
| Machinery, Equipment, Furniture and Fixtures | 1,851,863 | 169,735 | 442,299 |
| Vehicles | 1,501,312 | 49,524 | 1,402,233 |
| Construction in Progress | <u>0</u> | <u>0</u> | <u>345,707</u> |
| Total | 56,774,596 | 993,335 | 2,895,936 |
| Less: Accumulated Depreciation | <u>(25,806,079)</u> | <u>(397,137)</u> | <u>(1,257,157)</u> |
| Net Fixed Assets | <u>\$30,968,518</u> | <u>\$596,198</u> | <u>\$1,638,779</u> |

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 10 - FIXED ASSETS AND DEPRECIATION (Continued)

A summary of changes in general fixed assets follows:

| | <u>Balance</u> <u>January 1,</u> <u>2000</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>December 31,</u> <u>2000</u> |
|--|--|------------------|-------------------|--|
| Land | \$4,646,921 | \$0 | \$0 | \$4,646,921 |
| Buildings and Building Improvements | 8,818,232 | 0 | 0 | 8,818,232 |
| Improvements other than Buildings | 830,651 | 48,908 | 0 | 879,559 |
| Machinery, Equipment, Furniture, and Fixtures | 2,615,418 | 258,046 | 16,138 | 2,857,326 |
| Vehicles | <u>2,302,835</u> | <u>0</u> | <u>77,720</u> | <u>2,225,115</u> |
| Total | <u>\$19,214,057</u> | <u>\$306,954</u> | <u>\$93,858</u> | <u>\$19,427,153</u> |

NOTE 11 - RISK MANAGEMENT

A. Primary Government

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. Effective June 1, 2000, the City contracted with Hartford for general liability insurance including police professional liability, EMT liability, fire legal liability, personal injury and advertising injury. Bodily injury and property damage are covered for \$2,000,000 each occurrence, \$3,000,000 aggregate. The City has a \$5,000 deductible per occurrence for general liability insurance. Personal injury and advertising injury are covered up to \$2,000,000 for each occurrence, premises medical payments and fire legal liability are covered up to \$10,000 per person and \$500,000 per occurrence, respectively. Ohio Stop Gap insurance of \$1,000,000, and \$2,000,000 per occurrence and \$2,000,000 aggregate employee benefit liability is also maintained. Property and contents coverage per summary of values and cost of reproduction new, less exclusions, plus leased and rented items with a \$1,000 deductible. Earthquake coverage is maintained with a \$10,000,000 limit with a \$25,000 deductible each occurrence. Police professional liability coverage is maintained with a \$2,000,000 limit with a \$10,000 deductible.

Public officials liability (claims made policy) is maintained in the amount of \$2,000,000 per claim, \$2,000,000 aggregate, with a \$10,000 deductible.

Vehicle fleet insurance: \$2,000,000 CSL bodily injury, property damage. Uninsured motorist is covered up to \$1,000,000 CSL. A \$1,000 deductible is effective for collision and comprehensive on certain vehicles. Non-owned and hired vehicles are covered for bodily injury and property damage in the amount of \$2,000,000 CSL.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 11 - RISK MANAGEMENT (Continued)

Boiler and machinery insurance is contracted with Hartford Steam Boiler Insurance Company with entire property limit with deductibles as follows: \$2,500; regarding solid state rectifiers and \$1,000; regarding all other objects.

Excess umbrella insurance for general liability, EMT, ambulance, malpractice, fire division liability, police professional liability and auto liability is maintained in an aggregate amount of \$5,000,000.

The Cincinnati Insurance Company provides crime insurance coverage for robbery and safe burglary with an \$25,000 per occurrence limit and a \$500 deductible.

For fiscal year 2000, the City participated in the Ohio Rural Water Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 23). The intent of the GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participant is calculated as one experience and a common premium rate is applied to all members in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to members that can meet the GRP's selection criteria. The firm of Comp Management provides administrative, cost control and actuarial services to the GRP.

The City maintains a limited risk health insurance program for employees. Premiums are paid to a third party administrator, Central Benefits, Inc. All claims are processed and monitored by the third party administrator. An internal service fund is presented in the financial statements and reflects premiums paid into the Health Self-Insurance internal service fund by other funds which are available to pay claims and administrative costs, and establish claim reserves. An excess coverage insurance policy covers aggregate annual claims at 110% of estimated claims. No excess coverage is maintained for individual claims.

The claims liability of the Health Self-Insurance internal service fund of \$430,292 reported at December 31, 2000, is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Changes in the fund's claims liability for 1999 and 2000 were:

| | <u>Beginning of Year</u> | <u>Current Year Claims</u> | <u>Claim Payments</u> | <u>Balance at End of Year</u> |
|------|------------------------------|--------------------------------|---------------------------|-----------------------------------|
| 1999 | \$281,314 | \$1,843,044 | \$1,697,835 | \$426,523 |
| 2000 | 426,523 | 1,709,492 | 1,705,723 | 430,292 |

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 11 - RISK MANAGEMENT (Continued)

B. Component Unit

The South East Area Transit Authority (Component Unit) carries commercial insurance for all risks of loss including workers' compensation, property insurance and bonding. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. Primary Government

1. Public Employees Retirement System:

All City employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board.

PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

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 and 6% for law enforcement divisions. The 2000 employer contribution rate for state employers was 10.65% of covered payroll. For local government employer units, the rate was 10.84% of covered payroll.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 6.54 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially.

The City's required contributions to PERS for the years ended December 31, 2000, 1999 and 1998 were \$658,275, \$768,249, and \$768,533 respectively. The full amount has been contributed for 2000.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

2. Police and Firemen's Disability and Pension Fund:

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12.5 percent for police and 17.0 percent for firefighters. Contributions are authorized by State statute. contributes to the Police and Firemen's Disability and Pension Fund of Ohio (the "Fund"), a cost-sharing multiple employer public employee retirement system administered by the Fund's Board of Trustees. The Fund provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. The Fund issues a publicly available financial report that includes financial information and required supplementary information for the Fund. That report may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215. Columbus, Ohio 43215. The City's contributions to the Fund for police and firefighters were \$262,486 and \$297,788, for the year ended December 31, 2000, \$250,137 and \$280,063 for the year ended December 31, 1999. The full amount has been contributed for 2000.

B. Component Unit:

All South East Area Transit Authority full-time employees participate in the Public Employees Retirement System of Ohio ("System") as discussed in Section A1 of this note.

The retirement contribution requirement for the year ended December 31, 2000 was \$96,797.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. Primary Government

1. Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute.

The employer contribution rate was rolled back for the year 2000. For local government employer units the rate was 10.84% of covered payroll; 4.30% was the portion that was used to fund health care for the year.

Benefits are funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. As of December 31, 2000, the unaudited estimated net assets available for future OPEB payments were \$10,805,500. At December 31, 2000, the total number of active contributing participants was 401,339. The City's actual contributions for 2000 which were used to fund OPEB were \$239,025.

2. Police and Firemen's Disability and Pension Fund

The Police and Firemen's Disability and Pension Fund (PFDPF) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Police and Firemen's Disability and Pension Fund's board of trustees to provide health care coverage and states that health care cost paid from the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.25 percent of covered payroll is applied to the postemployment health care program. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1999 (the latest information available) was 12,467 for police and 9,807 for firefighters. The City's actual contributions for 2000 that were used to fund postemployment benefits were \$155,532 for police and \$113,045 for fire. The Fund's total health care expenses for the year ended December 31, 1999 (the latest information available) were \$95,004,633, which was net of member contributions of \$5,518,098.

B. Component Unit

The Component Unit retirants are provided postemployment health coverage by the Public Employees Retirement System of Ohio. Complete information regarding postemployment benefits is discussed in Section A1 of this note. The Authority's actual contributions for 1999 which were used to fund postemployment benefits were \$38,397.

NOTE 14 - OTHER EMPLOYEE BENEFITS

A. Other Insurance Benefits

All employees are covered under a \$10,000 life insurance policy through Allianz Life Insurance. Additionally, for non-union employees and elected officials, the City provides coverage under an Accidental Death and Dismemberment policy. To be eligible, employees must work a minimum of twenty hours per week.

The City provides a self-funded comprehensive health insurance plan administered by Central Benefits. Deductibles vary according to employee group: non-union - \$100 family, \$50 single; police/correction officer/AFSCME unions - \$350 family, \$150 single; and firefighters' union - \$400 family, \$125 single. After deductibles, employees are responsible for a 20 percent copayment per claim (major medical). Employees with family coverage are responsible for a \$5.00 payroll deduction per pay for the cost of health insurance.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 14 - OTHER EMPLOYEE BENEFITS (Continued)

B. Compensated Absences

1. Primary Government

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Upon retirement, AFSCME union employees and policemen are paid 33% of their sick leave up to a maximum of 33% of 960 hours. Assistant Fire Chiefs whose work week consists of 56 hours when averaged over a three-week period shall receive, upon retirement, 25% of accrued sick leave up to 540 hours. Upon retirement, 33% of balance with a maximum payment of 540 hours shall be made to firefighters. Police sergeants and lieutenants shall receive, upon retirement, 33% of sick leave balances with a maximum of 960 hours. All other uniformed police and corrections officers shall receive, upon retirement, 25% of their balance with a maximum of 960 hours of sick leave. Unaffiliated employees shall receive 25% of balance with a maximum of 385 hours. All employees are required to have ten or more years of service before any compensation for accumulated sick leave is paid upon retirement. Upon voluntary termination, death, or retirement, all employees will receive 100% of vacation earned and not previously taken. As of December 31, 2000 the liability for unpaid compensated absences was \$870,706 .

2. Component Unit

The Authority records compensated absences for vacation leave in accordance with GASB Statement No. 16. However, since accrued sick leave is not paid upon termination, no liability is recorded.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE

In the current and prior years, the City has entered into capitalized leases for copying equipment, computer equipment, 911 equipment, and other miscellaneous items. Each lease meets the criteria of a capital lease set forth in the Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the General Purpose Financial Statements for the governmental. Equipment acquired by lease has been capitalized in the General Fixed Assets Account Group in the amount of \$67,368 which is the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Governmental fund principal payments during 2000 totaled \$9,937. Future minimum lease payments through 2005 are as follows:

| <u>Year</u> | <u>General Long-Term Obligations Account Group</u> |
|--|--|
| 2001 | \$6,946 |
| 2002 | 6,949 |
| 2003 | 6,949 |
| 2004 | 5,569 |
| 2005 | <u>2,809</u> |
| Total | 29,222 |
| Less Amount Representing Interest | (7,291) |
| Present Value of Net Minimum Lease Payments | \$21,931 |

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 16 - CONTRACTUAL COMMITMENTS

As of December 31, 2000 the City had contractual purchase commitments for projects in the State & Federal Infrastructure Fund, a Capital Projects Fund. Purchase commitments existed for equipment purchases and capital improvements in the General Fund. Jail Operating Special Revenue Fund and Auto Gas Special Revenue Fund had purchase commitments for software and operating equipment. Airport Enterprise Fund, Sewer Enterprise Fund, and Water Enterprise Fund, all had commitments for capital improvements and operating equipment purchases. The amount for each project is as follows:

| <u>Projects</u> | <u>Purchase Commitments</u> | <u>Amount Expended</u> | <u>Amount Remaining on Contracts</u> |
|--|---------------------------------|----------------------------|--|
| <u>General Fund:</u> | | | |
| Main Resurfacing | \$130,628 | \$0 | \$130,628 |
| Main Curb, Side, Light | 731,883 | 637,525 | 94,358 |
| Light Fixtures | 32,881 | 0 | 32,881 |
| Roof Replace at Safety Center | 71,614 | 0 | 71,614 |
| Traffic Signal Heads | 53,464 | 0 | 53,464 |
| Leaf Collection Machine | 14,800 | 0 | 14,800 |
| <u>CDBG Special Revenue Fund:</u> | | | |
| Jordan Ave Curb & Sidewalk | 43,461 | 0 | 43,461 |
| <u>State & Federal Infrastructure:</u> | | | |
| Brick Streets | 483,300 | 0 | 483,300 |
| <u>Sewer Enterprise Fund:</u> | | | |
| Musk River Sanitary Sewer | 86,835 | 0 | 86,835 |
| McWherter SS "G" Line | 155,735 | 93,975 | 61,760 |
| Bio Filter Construction | 399,000 | 0 | 399,000 |
| <u>Water Enterprise Fund:</u> | | | |
| ½ Ton Pick Up | 18,296 | 0 | 18,296 |
| ½ Ton Pick-Up | 15,710 | 0 | 15,710 |
| ½ Ton Pick-Up | 19,796 | 0 | 19,796 |
| 1 Ton C & C w/ Dump | 27,644 | 0 | 27,644 |
| Cargo Van | 15,824 | 0 | 15,824 |
| <u>Sanitation</u> | | | |
| C & C Packer | 60,659 | 0 | 60,659 |
| <u>Auditorium</u> | | | |
| Sound System at Secrest | 51,439 | 0 | 51,439 |

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 17 - LONG-TERM OBLIGATIONS

A. Primary Government

Changes in long-term obligations of the City for the year ending December 31, 2000 were as follows:

| <u>ENTERPRISE FUND OBLIGATIONS</u> | <u>Outstanding</u> <u>12-31-99</u> | <u>Additions</u> | <u>Reductions</u> | <u>Outstanding</u> <u>12/31/00</u> |
|---|---------------------------------------|------------------|--------------------|---------------------------------------|
| REVENUE BONDS: | | | | |
| Water Improvements - 1989 Series A, Variable Interest | \$495,000 | \$0 | \$36,250 | \$458,750 |
| Water System Improvements - 1993, Variable | 1,155,000 | 0 | 35,000 | 1,120,000 |
| Sewer - 1989 Series A, Variable Interest | 534,600 | 0 | 39,150 | 495,450 |
| Storm Sewer - 1989 Series A, Variable Interest | <u>950,400</u> | <u>0</u> | <u>69,600</u> | <u>880,800</u> |
| TOTAL REVENUE BONDS | <u>3,135,000</u> | <u>0</u> | <u>180,000</u> | <u>2,955,000</u> |
| OWDA LOANS: | | | | |
| OWDA Water - Variable Interest | 2,248,473 | 0 | 151,998 | 2,096,475 |
| OWDA Sewer - Variable Interest | <u>5,040,476</u> | <u>0</u> | <u>353,466</u> | <u>4,687,010</u> |
| TOTAL OWDA LOANS | <u>7,288,949</u> | <u>0</u> | <u>505,464</u> | <u>6,783,485</u> |
| <u>TOTAL ENTERPRISE FUND OBLIGATIONS</u> | <u>\$10,423,949</u> | <u>\$0</u> | <u>\$685,464</u> | <u>\$9,738,485</u> |
| | | | | |
| <u>GENERAL LONG-TERM OBLIGATIONS</u> | <u>Outstanding</u> <u>12-31-99</u> | <u>Additions</u> | <u>Reductions</u> | <u>Outstanding</u> <u>12/31/00</u> |
| GENERAL OBLIGATION BONDS: | | | | |
| Capital Improvements - 1989, Variable Interest | \$920,000 | \$0 | \$65,000 | \$855,000 |
| Fire Truck Acquisition - 1991, 6.5% | 80,000 | 0 | 25,000 | 55,000 |
| Ohio Government Building - 1986, 7.38% | 520,000 | 0 | 40,000 | 480,000 |
| Jail Facility - 1993, 5.61% | <u>2,710,000</u> | <u>0</u> | <u>85,000</u> | <u>2,625,000</u> |
| TOTAL GENERAL OBLIGATION BONDS | <u>4,230,000</u> | <u>0</u> | <u>215,000</u> | <u>4,015,000</u> |
| SPECIAL ASSESSMENT BONDS: | | | | |
| Brandywine - 1981, 12.0% | <u>170,000</u> | <u>0</u> | <u>85,000</u> | <u>85,000</u> |
| OTHER LONG-TERM OBLIGATIONS: | | | | |
| Compensated Absences | 879,686 | 0 | 8,980 | 870,706 |
| Capital Leases | <u>22,278</u> | <u>9,590</u> | <u>9,937</u> | <u>21,931</u> |
| TOTAL OTHER LONG-TERM DEBT | <u>901,964</u> | <u>9,590</u> | <u>18,917</u> | <u>892,637</u> |
| <u>TOTAL GENERAL LONG-TERM OBLIGATIONS</u> | <u>5,301,964</u> | <u>9,590</u> | <u>318,917</u> | <u>4,992,637</u> |
| GRAND TOTAL | <u>\$15,725,913</u> | <u>\$9,590</u> | <u>\$1,004,381</u> | <u>\$14,731,122</u> |

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 17 - LONG-TERM OBLIGATIONS (Continued)

Water and Sewer System revenue bonds will be paid from revenue derived from charges for services in the enterprise funds. The Water and Sewer OWDA loans will be paid from revenue derived from charges for services in the water and sewer enterprise funds. The Capital Improvements, Fire Truck Acquisition, Ohio Government Building and Jail Facility general obligation bonds are paid from property tax receipts of the debt service fund. Special assessment bonds will be repaid from the proceeds of special assessments levied against benefitted property owners. In the event the property owners do not pay their assessments, the City would be responsible for the debt service payment. Compensated absences reported in the "Compensated Absences Payable" account will be paid from the fund which the employee's salaries are paid. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2000, including interest of \$6,919,086, are as follows:

| <u>Year</u> | <u>General Obligation</u> | <u>Enterprise Revenue Bonds</u> | <u>Special Assessments</u> | <u>OWDA Loans</u> | <u>Total</u> |
|-------------|-------------------------------|-------------------------------------|--------------------------------|---------------------|---------------------|
| 2001 | \$472,708 | \$384,643 | \$95,838 | \$1,053,091 | \$2,006,280 |
| 2002 | 469,943 | 382,068 | 0 | 1,053,090 | 1,905,101 |
| 2003 | 437,390 | 378,743 | 0 | 1,053,091 | 1,869,224 |
| 2004 | 428,920 | 384,668 | 0 | 944,771 | 1,758,359 |
| 2005 | 435,005 | 379,263 | 0 | 807,750 | 1,622,018 |
| 2006-20035 | <u>4,020,371</u> | <u>2,434,998</u> | <u>0</u> | <u>5,141,223</u> | <u>11,596,592</u> |
| Totals | <u>\$6,264,337</u> | <u>\$4,344,383</u> | <u>\$95,838</u> | <u>\$10,053,016</u> | <u>\$20,757,574</u> |

As of December 31, 2000, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$26,493,883.

NOTE 18 - NOTE DEBT

The City's note activity, including the amount outstanding, interest rate, and the purpose for which the note was issued is as follows:

| | <u>Outstanding 12-31-99</u> | <u>Additions</u> | <u>Reductions</u> | <u>Outstanding 12-31-00</u> |
|-------------------------------|---------------------------------|------------------|-------------------|---------------------------------|
| <u>Special Revenue Funds:</u> | | | | |
| Ohio Public Works | | | | |
| Commission 1996- 0% | \$6,291 | \$0 | \$3,146 | \$3,145 |

The Ohio Public Works Commission Note is backed by the full faith and credit of the City of Zanesville. The note will be repaid from license fees and will be reflected as a liability of the State and Federal Infrastructure Capital Projects Fund, the fund that received the note proceeds. The Ohio Public Works Commission Note will be repaid over a five year period. Annual debt service requirements to maturity for the Ohio Public Works Commission revenue anticipation notes are as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|---------------|
| 2001 | \$3,145 |

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 19 - INTERFUND TRANSACTIONS

| Interfund Receivable/Payable | <u>Receivable</u> | <u>Payable</u> |
|--|-------------------|------------------|
| General Fund | \$165,000 | \$0 |
| State and Federal Infrastructure Capital | | |
| Total Interfund Receivable/Payable | <u>\$165,000</u> | <u>\$165,000</u> |
| Due From/To Other Funds | | |
| General | \$7,355 | \$21,016 |
| <u>Special Revenue Funds:</u> | | |
| Police Expenditure | 0 | 30,378 |
| Auto Gas | 0 | 10,087 |
| Jail Operating | 0 | 130 |
| Jail Reduction | 0 | 303 |
| Community Development | 0 | 1,886 |
| Litter | <u>0</u> | <u>279</u> |
| Total Special Revenue Funds | <u>0</u> | <u>43,063</u> |
| <u>Enterprise Funds:</u> | | |
| Airport | 0 | 1,088 |
| Auditorium | 0 | 321 |
| Cemetery | 0 | 618 |
| Sanitation | 0 | 36,815 |
| Sewer | 0 | 14,817 |
| Water | <u>0</u> | <u>32,940</u> |
| Total Enterprise Funds | <u>0</u> | <u>86,599</u> |
| <u>Internal Service Funds:</u> | | |
| Vehicle Equipment Maintenance | 37,000 | 12,161 |
| Health Self-Insurance | <u>118,484</u> | <u>0</u> |
| Total Internal Service Funds | <u>155,484</u> | <u>12,161</u> |
| Total Due to/Due From Other Funds | <u>162,839</u> | <u>162,839</u> |
| Total Interfund Activity | <u>\$327,839</u> | <u>\$327,839</u> |

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 20 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

| | <u>Airport</u> | <u>Water</u> | <u>Sewer</u> |
|---|----------------|--------------|--------------|
| Operating Revenues | \$8,833 | \$3,318,455 | \$4,244,872 |
| Depreciation | 60,128 | 436,625 | 810,228 |
| Operating Expenses (excluding Depreciation) | 320,663 | 2,297,732 | 2,827,976 |
| Operating Income (Loss) | (371,958) | 584,098 | 606,668 |
| Net Non-Operating Revenue (Expenses) | 6,178 | (249,420) | (459,002) |
| Operating Transfers In | 119,958 | 0 | 0 |
| Net Income (Loss) | (245,822) | 334,678 | 147,666 |
| Additions to Fixed Assets | 11,753 | 204,006 | 563,827 |
| Net Working Capital | 223,800 | 3,042,992 | 4,091,506 |
| Total Assets | 1,830,548 | 11,774,898 | 24,609,269 |
| Long-Term Liabilities to be paid from fund revenues (including current portion) | 0 | 3,675,225 | 6,063,260 |
| Total Equity | 1,808,944 | 7,589,082 | 18,119,792 |
| Encumbrances Outstanding at December 31, 2000 | 46,602 | 334,120 | 994,530 |

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 20 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

| Segment Information Continued: | <u>Sanitation</u> | <u>Cemetery</u> | <u>Auditorium</u> | <u>Total</u> |
|---|-------------------|-----------------|-------------------|--------------|
| Operating Revenues | \$657,328 | \$103,343 | \$142,868 | \$8,475,699 |
| Depreciation | 58,696 | 73,805 | 32,323 | 1,471,805 |
| Operating Expenses (excluding Depreciation) | 1,022,846 | 243,746 | 263,043 | 6,976,006 |
| Operating Income (Loss) | (424,214) | (214,208) | (152,498) | 27,888 |
| Net Non-Operating Revenue (Expenses) | 2,163 | 46,946 | 0 | (653,135) |
| Operating Transfers In | 374,673 | 174,162 | 114,848 | 783,641 |
| Net Income (Loss) | (47,378) | 6,900 | (37,650) | 158,394 |
| Additions to Fixed Assets | 0 | 42,987 | 16,691 | 839,264 |
| Net Working Capital | 462,065 | 634,699 | 188,283 | 8,643,345 |
| Total Assets | 726,221 | 770,512 | 1,091,903 | 40,803,351 |
| Long-Term Liabilities to be paid from fund revenues (including current portion) | 0 | 0 | 0 | 9,738,485 |
| Total Equity | 549,337 | 734,117 | 1,072,105 | 29,873,377 |
| Encumbrances Outstanding at December 31, 2000 | 156,730 | 19,792 | 76,924 | 1,395,043 |

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 21 - CONTRIBUTED CAPITAL

A: Primary Government

There were the following changes in contributed capital for the year ended December 31, 2000:

| | <u>Airport</u> | <u>Sewer</u> | <u>Water</u> | <u>Auditorium</u> | <u>Total Enterprise</u> | <u>Internal Service</u> |
|--|----------------|--------------|--------------|-------------------|-----------------------------|-----------------------------|
| Contributed Capital at 12/31/99 | \$2,871,140 | \$7,206,606 | \$1,387,409 | \$910,226 | \$12,375,381 | \$953,364 |
| Additions to Contributed Capital | \$160,000 | \$4,000 | \$8,500 | \$150,000 | \$322,500 | \$0 |
| Contributed Capital at 12/31/00 | \$3,031,140 | \$7,210,606 | \$1,395,909 | \$1,060,226 | \$12,697,881 | \$953,364 |

B: Component Unit

Changes in the Component Unit's contributed capital for the year ended December 31, 2000:

| | |
|--|--------------------|
| Contributed Capital December 31, 1999 | \$646,893 |
| Current Contributions: | |
| Intergovernmental | 1,121,472 |
| Depreciation of Assets Acquired with Capital Grants | <u>(194,278)</u> |
| Contributed Capital December 31, 2000 | <u>\$1,574,087</u> |

NOTE 22 - JOINTLY GOVERNED ORGANIZATIONS

- A. The Ohio Mid-Eastern Governments Association (OMEGA) is a ten-county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum, and Tuscarawas Counties. OMEGA was formed to aid and assist the participating counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a sixteen member executive board comprised of members appointed from each participating county and cities within each county. City membership is voluntary. The mayor of the City of Zanesville serves as the City's representative on the board. The board has total control over budgeting, personnel, and financial matters. Each member currently pays an eight cent per capita membership fee based upon the most recent U.S. census. During 2000, OMEGA received \$2,410 from the City of Zanesville. The continued existence of OMEGA is not dependent on the City's continued participation and no equity interest exists. OMEGA has no outstanding debt. Financial information can be obtained from the Ohio Mid-Eastern Governments Association, Cambridge.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 22 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

- B. The Zanesville/Muskingum County Port Authority is a separate legal entity. The Authority is governed by a five member board and was created by a resolution of the City of Zanesville and Muskingum County. The Authority is incorporated as a non-profit corporation under the laws of the State of Ohio. The City appoints two members to the Authority board and Muskingum County appoints two members. The fifth member is appointed jointly by the City and the County. The Authority board adopts its own budget, is its own contracting authority, hires and fires its own staff, authorizes all expenditures and does not rely on the City or the County to finance deficits. The Authority derives its revenues from lease/rental income, interest income, contributions from the City and County, and other miscellaneous revenue sources. The City and County currently lease the Anchor Glass Facilities from the Authority, and sublet the facilities to the Anchor Glass Corporation. The lease is a twenty year lease which is in effect until 2008. The City and the County, by the terms of the lease agreement, make lease payments directly to National City Bank in conjunction with Anchor Glass which is used for the payment of Authority debt. The City and the County also provide operating subsidies to the Authority. During 2000, the City provided \$120,000 and the County provided \$570,000 in operating subsidies to the Authority. Financial information is available from the Zanesville/Muskingum County Port Authority, Zanesville, Ohio.
- C. The Zanesville/Muskingum Conventions Facility Authority was created pursuant to State Statutes for the purpose of acquiring, constructing, equipping, and operating a convention facility in Muskingum County. The Authority operates under the direction of an eleven member appointed board of directors. The board consists of three members appointed by the Mayor of the City of Zanesville, six members appointed by Muskingum County, and two members appointed by remaining municipal corporations located in the County. The board exercises total control over the operation of the Authority including budgeting, appropriating, contracting, and designating management. The Authority receives funding in the form of a four percent hotel and motel excise tax for each transaction occurring in the boundaries of Muskingum County. The tax is levied and collected by the Authority directly. The City is prohibited from contributing to the operations of the Authority by State Law. During 2000 the Authority received \$402,897 from excise taxes and rental income. The Authority has no outstanding debt. Complete financial information can be obtained from the Zanesville/Muskingum Conventions Facility Authority, Zanesville, Ohio.
- D. The Zanesville Metropolitan Housing Authority was created in 1938, and currently operates pursuant to Revised Code Section 3735.27. The Authority is operated by a five member board. The City appoints two members and the County appoints three members. The board adopts their own appropriations, is their own contracting authority, hires and fires their own staff, authorizes all expenditures, and does not rely on the City or the County to finance deficits. The Authority receives funding from the federal government in the form of grants. All monies are received directly by the Authority in the Authority's name. Although the City appoints members to the board, the City is not financially accountable for the Authority, nor is the Authority fiscally dependent on the City. The Authority has no outstanding debt. Complete financial information can be obtained from the Zanesville Metropolitan Housing Authority, Zanesville, Ohio.

City of Zanesville, Ohio
Notes to the General Purpose Financial Statements
December 31, 2000

NOTE 23 - INSURANCE PURCHASING POOL

Ohio Rural Water Association Workers' Compensation Group Rating Plan - The City participates in the Ohio Rural Water Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Board of directors. The board is a self-appointing board that coordinates the program. Each year, the participating members pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 24 - RELATED PARTY TRANSACTIONS

The South East Area Transit Authority, a discretely presented component unit of the City of Zanesville, received contributions from the City for facilities, certain equipment, transportation and salaries for administrative implementation and supervision of its programs. These contributions are reflected as "Contributions from Local Governments" and "Operating Expenses" in the general purpose financial statements. In 2000, these contributions were \$155,000, and \$103,500 was contributed by Muskingum County, the Village of South Zanesville and the City of Cambridge.

NOTE 25 - CONTINGENCIES

A. Grants

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

B. Litigation

The City of Zanesville is currently not party to any pending litigation proceedings seeking damages or injunctive relief.

C. Component Unit - Contingencies

The South East Area Transit Authority receives a substantial amount of support from federal, state, and local governments. A significant reduction in the level of this support, if such were to occur, would have a material effect on the Authority's programs and activities.

**CITY OF ZANESVILLE
MUSKINGUM COUNTY**

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

| FEDERAL GRANTOR <i>Pass-Through Grantor</i> <u>Program Title</u> | Federal CFDA Number | Pass Through Entity Number | Receipts | Disbursements |
|---|---------------------------|----------------------------------|-------------------------|---------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| <i>Passed through the Ohio Department of Education</i> | | | | |
| Summer Food Service Programs for Children | 10.559 | | <u>\$58,242</u> | <u>\$42,490</u> |
| <i>Total U.S. Department of Agriculture</i> | | | 58,242 | 42,490 |
| U.S. DEPARTMENT OF JUSTICE | | | | |
| <i>Passed through the Ohio Department of Rehabilitation and Correction:</i> | | | | |
| Local Law Enforcement Block Grant | 16.592 | 98-LB-VX-2617 | | 27,288 |
| | | 99-LB-VX-2617 | 48,973 | |
| | | 00-LB-VX-0806 | <u>29,327</u> | <u>292</u> |
| Total Local Law Enforcement Block Grant Program | | | 78,300 | 27,580 |
| Office of Community Oriented Policing Services (COPS Fast) | 16.710 | 95-CF-WX-2981 | <u>7,436</u> | <u>7,222</u> |
| <i>Total U.S. Department of Justice</i> | | | 85,736 | 34,802 |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | |
| <i>Passed through the Ohio Department of Development:</i> | | | | |
| Community Development Block Grant | 14.228 | A-T-97-204-1 | 48,865 | 52,100 |
| | | A-F-97-204-1 | 0 | 25,139 |
| | | A-F-98-204-1 | 202,000 | 219,300 |
| | | A-F-99-204-1 | 113,849 | 78,861 |
| | | A-C-97-204-1 | 0 | 50,339 |
| | | A-L-99-204-1 | 28,850 | 28,850 |
| | | A-L-00-204-1 | <u>29,600</u> | <u>29,600</u> |
| Total Community Development Block Grant | | | <u>423,164</u> | <u>484,189</u> |
| <i>Total U.S. Department of Housing and Urban Development</i> | | | <u>846,328</u> | <u>968,378</u> |
| Total Federal Awards Receipts and Expenditures | | | <u>\$990,306</u> | <u>\$1,045,670</u> |

The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.

**CITY OF ZANESVILLE
MUSKINGUM COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

Certain federal programs require the City to contribute non-federal funds (matching funds) to support the federally-funded programs. The City has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

City of Zanesville
Muskingum County
401 Market Street
Zanesville, Ohio 43701

To the City Council:

We have audited the accompanying general purpose financial statements of the City of Zanesville, Muskingum County, Ohio (the City), as of and for the year ended December 31, 2000, and have issued our report thereon dated September 27, 2001, wherein we noted we were unable to satisfy ourselves as to the existence of certain fixed assets as reported in the general fixed asset account group, the enterprise fund type and the internal service fund type. We did not audit the financial statements of the South East Area Transit Authority which represents all assets and revenues of the component unit column. Those financial statements were audited by other auditors, following *Government Auditing Standards*, and their report thereon has been furnished to us. Our opinion, insofar as it relates to the amounts included for the component unit, is based on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated September 27, 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 general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2000-21060-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated September 27, 2001.

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

Jim Petro
Auditor of State

September 27, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

City of Zanesville
Muskingum County
401 Market Street
Zanesville, Ohio 43701

To the City Council:

Compliance

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

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

As described in item 2000-21060-002 in the accompanying Schedule of Findings, the City did not comply with requirements regarding Cash Management that are applicable to its Community Development Block Grant program. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000.

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

September 27, 2001

**CITY OF ZANESVILLE
MUSKINGUM COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|--|--|
| (d)(1)(i) | Type of Financial Statement Opinion | Qualified |
| (d)(1)(ii) | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | Yes |
| (d)(1)(ii) | Were there any other reportable conditions reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material internal control weakness conditions reported for major federal programs? | No |
| (d)(1)(iv) | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Program's Compliance Opinion | Qualified |
| (d)(1)(vi) | Are there any reportable findings under §.510? | Yes |
| (d)(1)(vii) | Major Programs (list): | Community Development Block Grant - CFDA #14.228 |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | No |

**CITY OF ZANESVILLE
MUSKINGUM COUNTY**

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

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

| | |
|-----------------------|-----------------------|
| Finding Number | 2000-21060-001 |
|-----------------------|-----------------------|

Material Weakness - Fixed Assets

During our physical observation of the City's fixed assets, we noted 25% of the vehicles, machinery, furniture, fixture and equipment selected for testing from the City's fixed asset listing could not be located and an additional 20% could not be specifically matched to the fixed asset listing because tags did not appear on the assets. As a result, we were unable to satisfy ourselves as to the existence of these assets.

Our testing revealed the following weaknesses in the fixed assets system:

- The City had not adopted a fixed asset policy to provide department heads and other City personnel with sufficient detail to enable them to adequately account for fixed assets.

We recommend a detailed policy or fixed asset handbook be established and distributed to all departments. The policy should include a specific definition of what constitutes a fixed asset, when improvements should be capitalized, and how to properly fill out the fixed asset addition and deletion forms. The policy should also assign responsibility of assets to department heads and outline the actions to be taken should the assets become missing.

- City personnel indicated during our observation testing that certain items on the fixed asset listing had been disposed of many years ago while for other assets, they had no knowledge of them ever existing. In addition, personnel indicated certain assets had been transferred to other departments although the fixed asset listing was never updated to reflect the transfer.

We recommend personnel periodically perform fixed asset observations to gain assurances that all fixed assets are accounted for. An individual not associated with the department should perform the observation with the assistance of the department head. The observation should also include procedures to record fixed assets found on site which may not be on the fixed asset listing. Once the observation is performed, the personnel should sign a certification to indicate the department's fixed asset listing as correct.

- Tags identifying fixed assets as City property were not always assigned and distributed in a timely manner and, as a result, tags were not placed on the correct asset in certain instances. In addition, there was no policy addressing the procedure to follow when tags were issued for items which were difficult or impractical to tag.

We recommend tags be distributed immediately upon receipt of a fixed asset addition form. We also recommend the fixed asset policy address procedures to follow for those assets which are difficult to tag.

CITY OF ZANESVILLE
MUSKINGUM COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
DECEMBER 31, 2000
(Continued)

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
(Continued)

| | |
|----------------|----------------------------|
| Finding Number | 2000-21060-001 (Continued) |
|----------------|----------------------------|

Material Weakness - Fixed Assets(Continued)

- Fixed asset deletion forms were only posted to the fixed asset system on an annual basis and fixed asset addition forms were not always posted in a timely manner. As a result, the monitoring controls of the fixed asset system could not be performed on a monthly basis.

We recommend the responsibility of updating of the fixed asset system be assigned to personnel with the ability to process the required forms in a timely manner. Updates should be processed on a monthly basis where reviews could be performed to compare expenditures to fixed asset additions.

- Several fixed assets had been sold in the annual City auction but were still included on the fixed asset listing. A detailed record of the items sold was not available to review.

We recommend that when a City auction is held, a detailed listing, including a description of the item and corresponding tag number, should be made of all equipment or vehicles with a value of over one thousand dollars that were sold. This list should be maintained by the City Auditor and fixed asset deletion sheets should be completed and kept on file for each item.

We recommend the City consider the use of a consultant to develop and implement an updated capital asset management system. The City's policy should set a capitalization threshold based exclusively on the City's financial reporting needs. The City can set different capitalization threshold amounts for different capital asset classes. However, we encourage threshold amounts be set at \$5,000 or greater. Although the City must maintain control over lower-cost capital assets, we recommend lower-cost capital assets not overburden the capital asset management system. Once an updated policy is adopted, steps should be taken to observe the City's fixed assets. This will enable the City to make a smooth transition when reporting its fixed assets in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

**CITY OF ZANESVILLE
MUSKINGUM COUNTY**

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

| |
|---------------------------------------|
| 3. FINDINGS FOR FEDERAL AWARDS |
|---------------------------------------|

| | |
|---------------------------|--|
| Finding Number | 2000-21060-002 |
| CFDA Title and Number | Community Development Block Grant - CFDA #14.228 |
| Federal Award Number/Year | A-F-97-204-1, A-F-98-204-1, A-F-99-204-1, A-C-97-204-1, A-T-97-204-1 |
| Federal Agency | U.S. Department of Housing and Urban Development |
| Pass-Through Agency | Ohio Department of Development |

Noncompliance Citation - Cash Management

24 C.F.R. Section 85.21, b, requires that methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee. The Ohio Office of Housing and Community Partnerships' Management Rules and Regulations Handbook, Section (A) (3) (k), states in part that grantees must develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds.

During 2000, the Small Cities Community Development Block Grants A-F-97-204-1, A-F-98-204-1, A-F-99-204-1, A-C-97-204-1 and A-T-97-204-1 had funds on hand which were drawn down and not expended within fifteen days to a balance of less than \$5,000. We recommend the City implement procedures to assure funds are expended within fifteen days of receipt.

**CITY OF ZANESVILLE
MUSKINGUM COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2000**

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|-----------------------|---|------------------------------------|--|
| 2000-21060-001 | The City has adopted a new ordinance to set the new fixed asset policy. Discussions with the department heads have already been held. Audits will be performed on the assets periodically. A City auction was held for unwanted assets. | December 31, 2001 | Margo Moyer, City Auditor |
| 2000-21060-002 | The City has adopted an Ordinance directing the City's General Fund to advance monies to the Community Development Funds on an as-needed basis while the City is waiting for drawdowns of federal funds. | Already Completed | Margaret Deedrick, Deputy Community Development Director |

**CITY OF ZANESVILLE
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2000**

| <u>Finding Number</u> | <u>Finding Summary</u> | <u>Fully Corrected?</u> | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; |
|------------------------------|---|--------------------------------|--|
| 1999-21060-001 | Payroll charges were not allocable to CDBG grants. Allowability of those charges was not able to be determined. | Yes | The City's time sheets now reflect the hours worked and to which grants payroll costs should be charged. This finding was corrected beginning September of 2000. The questioned costs have been resolved and the Ohio Department of Development has closed the 1999 audit. |



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

CITY OF ZANESVILLE

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 9, 2001**