

**CITY OF NEW CARLISLE, OHIO  
CLARK COUNTY**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

for the year ended December 31, 2000





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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Mr. Robert Horrocks, Jr., Mayor  
Council Members  
City of New Carlisle  
P.O. Box 419  
331 S. Church Street  
New Carlisle, Ohio 45344

We have reviewed the Independent Auditor's Report of the City of New Carlisle, Clark County, prepared by Steen & Co. LLC, for the audit period January 1, 2000 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of New Carlisle is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

January 7, 2002

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*City of New Carlisle, Ohio*  
General Purpose Financial Statements  
For The Year Ended December 31, 2000

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**REPORT OF INDEPENDENT ACCOUNTANTS**

City Council  
City of New Carlisle  
PO Box 419  
331 S. Church Street  
New Carlisle, Ohio 45344

We have audited the accompanying general purpose financial statements of the City of New Carlisle, Clark County, Ohio (the City) as of and for the year ended December 31, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of New Carlisle, Clark County, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 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.

*Steen & Co. LLC*

Steen & Co. LLC  
September 26, 2001

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits:</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$187,352	\$255,235	\$5,853	\$0
Cash and Cash Equivalents with Fiscal Agents	0	1,934	0	0
Investments	0	0	0	0
Receivables:				
Taxes	242,222	232,478	6,633	0
Accounts	20,022	43,595	0	0
Interfund	217,136	0	0	0
Special Assessments	0	92,855	0	0
Accrued Interest	0	1,511	0	0
Due from Other Funds	0	0	0	0
Due from Other Governments	36,727	14,795	44	0
Materials and Supplies Inventory	7,833	8,200	0	0
Prepaid Items	30,253	17,341	0	0
Fixed Assets (Net, Where Applicable, of Accumulated Depreciation)	0	0	0	0
<b>Other Debits:</b>				
Amount to be Provided From General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	\$741,545	\$667,944	\$12,530	\$0

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Nonexpendable Trust			
\$548,563	\$59	\$0	\$0	\$997,062
0	0	0	0	1,934
0	66,604	0	0	66,604
0	0	0	0	481,333
92,144	0	0	0	155,761
21,261	0	0	0	238,397
0	0	0	0	92,855
0	0	0	0	1,511
109	0	0	0	109
0	0	0	0	51,566
9,459	0	0	0	25,492
5,762	0	0	0	53,356
5,624,704	0	2,932,813	0	8,557,517
0	0	0	279,046	279,046
<u>\$6,302,002</u>	<u>\$66,663</u>	<u>\$2,932,813</u>	<u>\$279,046</u>	<u>\$11,002,543</u>

See Accompanying Notes to the General Purpose Financial Statements  
(Continued)

**CITY OF NEW CARLISLE, OHIO**  
 Combined Balance Sheet - All Fund Types and Account Groups  
 December 31, 2000  
 (Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Liabilities, Fund Equity and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$40,508	\$43,824	\$0	\$0
Contracts Payable	64,501	0	0	0
Retainage Payable	23,444	0	0	0
Due to Other Funds	109	0	0	0
Accrued Wages	8,793	15,703	0	0
Compensated Absences Payable	308	548	0	0
Interfund Payable	0	96,096	17,769	5,601
Due to Other Governments	9,544	10,492	0	0
Deferred Revenue	180,663	364,642	6,633	0
Accrued Interest Payable	1,429	0	0	0
Notes Payable	155,000	0	0	0
Loans Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
WPCLF Loans Payable	0	0	0	0
OPWC Loans Payable	0	0	0	0
	-----	-----	-----	-----
<b>Total Liabilities</b>	<b>484,299</b>	<b>531,305</b>	<b>24,402</b>	<b>5,601</b>
	-----	-----	-----	-----
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	20,194	1,449	0	0
Reserved for Materials and Supplies Inventory	7,833	8,200	0	0
Reserved for Perpetual Care	0	0	0	0
Unreserved (Deficit)	229,219	126,990	-11,872	-5,601
	-----	-----	-----	-----
<b>Total Fund Equity (Deficit) and Other Credits</b>	<b>257,246</b>	<b>136,639</b>	<b>-11,872</b>	<b>-5,601</b>
	-----	-----	-----	-----
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$741,545</b>	<b>\$667,944</b>	<b>\$12,530</b>	<b>\$0</b>
	=====	=====	=====	=====

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Nonexpendable Trust			
\$34,345	\$0	\$0	\$0	\$118,677
0	0	0	0	64,501
0	0	0	0	23,444
0	0	0	0	109
15,859	0	0	0	40,355
34,284	0	0	34,063	69,203
118,931	0	0	0	238,397
13,903	0	0	21,695	55,634
4,384	0	0	0	556,322
0	0	0	0	1,429
0	0	0	0	155,000
0	0	0	104,229	104,229
31,357	0	0	119,059	150,416
1,953,700	0	0	0	1,953,700
398,588	0	0	0	398,588
-----	-----	-----	-----	-----
2,605,351	0	0	279,046	3,930,004
-----	-----	-----	-----	-----
0	0	2,932,813	0	2,932,813
2,893,219	0	0	0	2,893,219
803,432	0	0	0	803,432
0	0	0	0	21,643
0	0	0	0	16,033
0	66,663	0	0	66,663
0	0	0	0	338,736
-----	-----	-----	-----	-----
3,696,651	66,663	2,932,813	0	7,072,539
-----	-----	-----	-----	-----
=====	=====	=====	=====	=====
\$6,302,002	\$66,663	\$2,932,813	\$279,046	\$11,002,543

See Accompanying Notes to the General Purpose Financial Statements

**CITY OF NEW CARLISLE, OHIO**  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balances - All Governmental Fund Types  
 For the Year Ended December 31, 2000

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Revenues:</b>					
Property Taxes	\$125,815	\$189,813	\$5,243	\$0	\$320,871
Municipal Income Taxes	800,472	0	0	0	800,472
Other Local Taxes	0	43,957	0	0	43,957
Intergovernmental	138,247	236,530	753	38,000	413,530
Charges for Services	0	180,799	0	0	180,799
Licenses and Permits	22,762	6,450	0	0	29,212
Fines and Forfeitures	11,020	0	0	0	11,020
Special Assessments	280	157,518	0	0	157,798
Interest	61,181	1,949	0	0	63,130
Rent	12,842	0	0	0	12,842
Miscellaneous	15,160	9,546	0	0	24,706
<b>Total Revenues</b>	<b>1,187,779</b>	<b>826,562</b>	<b>5,996</b>	<b>38,000</b>	<b>2,058,337</b>
<b>Expenditures:</b>					
Current Operations and Maintenance:					
Security of Persons and Property	418,101	246,601	0	0	664,702
Public Health	36	413,464	0	0	413,500
Leisure Time Activities	36,650	0	0	0	36,650
Community Environment	42,057	0	0	0	42,057
Transportation	0	195,521	0	0	195,521
General Government	324,718	0	99	0	324,817
Other	0	0	0	0	0
Capital Outlay	625,600	33,896	0	38,000	697,496
Debt Service:					
Principal Retirement	19,693	22,604	0	0	42,297
Interest and Fiscal Charges	3,840	7,116	0	0	10,956
<b>Total Expenditures</b>	<b>1,470,695</b>	<b>919,202</b>	<b>99</b>	<b>38,000</b>	<b>2,427,996</b>
Excess of Revenues Over (Under) Expenditures	-282,916	-92,640	5,897	0	-369,659
<b>Other Financing Sources (Uses):</b>					
Inception of Capital Lease	47,386	51,342	0	0	98,728
Operating Transfers - In	0	21,297	0	0	21,297
Operating Transfers - Out	-43,364	-150	0	0	-43,514
<b>Total Other Financing Sources (Uses)</b>	<b>4,022</b>	<b>72,489</b>	<b>0</b>	<b>0</b>	<b>76,511</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-278,894	-20,151	5,897	0	-293,148
Fund Balances (Deficit) at Beginning of Year -					
Restated (Note 20)	536,140	156,790	-17,769	-5,601	669,560
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$257,246</b>	<b>\$136,639</b>	<b>-\$11,872</b>	<b>-\$5,601</b>	<b>\$376,412</b>

See Accompanying Notes to the General Purpose Financial Statements

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

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$142,154	\$125,815	-\$16,339	\$202,757	\$189,813	-\$12,944
Municipal Income Taxes	830,000	799,428	-30,572	0	0	0
Other Local Taxes	0	0	0	40,000	44,212	4,212
Intergovernmental	183,427	162,519	-20,908	192,621	186,714	-5,907
Charges for Services	0	0	0	183,100	175,759	-7,341
Licenses and Permits	33,100	22,447	-10,653	6,000	6,450	450
Fines and Forfeitures	15,000	12,535	-2,465	0	0	0
Special Assessments	1,000	280	-720	150,000	157,518	7,518
Interest	65,000	61,337	-3,663	6,200	3,653	-2,547
Rent	20,500	12,842	-7,658	0	0	0
Miscellaneous	47,475	21,508	-25,967	2,260	8,005	5,745
<b>Total Revenues</b>	<b>1,337,656</b>	<b>1,218,711</b>	<b>-118,945</b>	<b>782,938</b>	<b>772,124</b>	<b>-10,814</b>
<b>Expenditures:</b>						
Current Operations and Maintenance:						
Security of Persons and Property	429,423	420,855	8,568	204,667	195,358	9,309
Public Health	0	0	0	319,530	262,530	57,000
Leisure Time Activities	68,847	51,778	17,069	0	0	0
Community Environment	51,769	40,475	11,294	0	0	0
Transportation	0	0	0	185,956	184,193	1,763
General Government	449,595	408,558	41,037	0	0	0
Capital Outlay	2,056,891	592,214	1,464,677	163,351	136,287	27,064
Debt Service:						
Principal Retirement	19,486	19,486	0	6,864	6,864	0
Interest and Fiscal Charges	2,161	2,161	0	5,410	5,410	0
Other	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>3,078,172</b>	<b>1,535,527</b>	<b>1,542,645</b>	<b>885,778</b>	<b>790,642</b>	<b>95,136</b>
Excess of Revenues Over (Under) Expenditures	-1,740,516	-316,816	1,423,700	-102,840	-18,518	84,322
<b>Other Financing Sources (Uses):</b>						
Proceeds From Sale of Bonds	1,500,000	0	-1,500,000	0	0	0
Proceeds of Notes	155,000	155,000	0	0	0	0
Proceeds of Loan	0	0	0	0	0	0
Proceeds From Sale of Fixed Assets	10,000	0	-10,000	0	0	0
Advances - In	0	0	0	0	93,251	93,251
Advances - Out	0	-204,518	-204,518	-82,078	0	82,078
Operating Transfers - In	0	0	0	0	21,297	21,297
Operating Transfers - Out	0	-43,364	-43,364	0	-150	-150
<b>Total Other Financing Sources (Uses)</b>	<b>1,665,000</b>	<b>-92,882</b>	<b>-1,757,882</b>	<b>-82,078</b>	<b>114,398</b>	<b>196,476</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-75,516	-409,698	-334,182	-184,918	95,880	280,798
Fund Balances (Deficit) at Beginning of Year	509,337	509,337	0	133,943	133,943	0
Prior Year Encumbrances Appropriated	67,905	67,905	0	18,503	18,503	0
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$501,726</b>	<b>\$167,544</b>	<b>-\$334,182</b>	<b>-\$32,472</b>	<b>\$248,326</b>	<b>\$280,798</b>

See Accompanying Notes to the General Purpose Financial Statements

Debt Service Fund			Capital Projects Fund			Total (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$5,923	\$5,243	-\$680	\$0	\$0	\$0	\$350,834	\$320,871	-\$29,963
0	0	0	0	0	0	830,000	799,428	-30,572
0	0	0	0	0	0	40,000	44,212	4,212
700	709	9	72,000	0	-72,000	448,748	349,942	-98,806
0	0	0	0	0	0	183,100	175,759	-7,341
0	0	0	0	0	0	39,100	28,897	-10,203
0	0	0	0	0	0	15,000	12,535	-2,465
0	0	0	0	0	0	151,000	157,798	6,798
0	0	0	0	0	0	71,200	64,990	-6,210
0	0	0	0	0	0	20,500	12,842	-7,658
0	0	0	0	0	0	49,735	29,513	-20,222
6,623	5,952	-671	72,000	0	-72,000	2,199,217	1,996,787	-202,430
0	0	0	0	0	0	634,090	616,213	17,877
0	0	0	0	0	0	319,530	262,530	57,000
0	0	0	0	0	0	68,847	51,778	17,069
0	0	0	0	0	0	51,769	40,475	11,294
0	0	0	0	0	0	185,956	184,193	1,763
200	99	101	0	0	0	449,795	408,657	41,138
0	0	0	0	0	0	2,220,242	728,501	1,491,741
0	0	0	0	0	0	26,350	26,350	0
0	0	0	0	0	0	7,571	7,571	0
0	0	0	0	0	0	0	0	0
200	99	101	0	0	0	3,964,150	2,326,268	1,637,882
6,423	5,853	-570	72,000	0	-72,000	-1,764,933	-329,481	1,435,452
0	0	0	0	0	0	1,500,000	0	-1,500,000
0	0	0	0	0	0	155,000	155,000	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	10,000	0	-10,000
0	17,769	17,769	0	5,601	5,601	0	116,621	116,621
0	0	0	0	0	0	-82,078	-204,518	-122,440
0	0	0	0	0	0	0	21,297	21,297
0	0	0	0	0	0	0	-43,514	-43,514
0	17,769	17,769	0	5,601	5,601	1,582,922	44,886	-1,538,036
6,423	23,622	17,199	72,000	5,601	-66,399	-182,011	-284,595	-102,584
-17,769	-17,769	0	-5,601	-5,601	0	619,910	619,910	0
0	0	0	0	0	0	86,408	86,408	0
-\$11,346	\$5,853	\$17,199	\$66,399	\$0	-\$66,399	\$524,307	\$421,723	-\$102,584

See Accompanying Notes to the General Purpose Financial Statements

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<b>Operating Revenues:</b>			
Charges for Services	\$1,036,599	\$0	\$1,036,599
Tap-In Fees	1,800	0	1,800
Miscellaneous	17,807	0	17,807
<i>Total Operating Revenues</i>	1,056,206	0	1,056,206
<b>Operating Expenses:</b>			
Personal Services	539,345	0	539,345
Contractual Services	316,277	0	316,277
Materials and Supplies	47,217	0	47,217
Miscellaneous	1,311	0	1,311
Depreciation	502,452	0	502,452
<i>Total Operating Expenses</i>	1,406,602	0	1,406,602
Operating Income (Loss)	-350,396	0	-350,396
<b>Non-Operating Revenues (Expenses):</b>			
Interest	5,284	0	5,284
Interest and Fiscal Charges	-97,019	0	-97,019
<i>Total Non-Operating Revenues (Expenses)</i>	-91,735	0	-91,735
Net Income (Loss) Before Operating Transfers	-442,131	0	-442,131
Operating Transfer - In	22,217	0	22,217
Net Income (Loss)	-419,914	0	-419,914
Retained Earnings/Fund Balance at Beginning of Year	1,223,346	66,663	1,290,009
Retained Earnings/Fund Balance at End of Year	803,432	66,663	870,095
Contributed Capital at Beginning of Year	2,867,322	0	2,867,322
Contributions from Other Funds, Net			
Governmental Contribution	0		
Governmental Contributions	25,897	0	25,897
Contributed Capital at End of Year	2,893,219	0	2,893,219
Fund Equity at End of Year	\$3,696,651	\$66,663	\$3,763,314

See Accompanying Notes to the General Purpose Financial Statements

**CITY OF NEW CARLISLE, OHIO**  
 Combined Statement of Revenues, Expenses and  
 Changes in Fund Equity - Budget and Actual (Budget Basis)  
 All Enterprise Funds and Nonexpendable Trust Fund  
 For the Year Ended December 31, 2000

	Enterprise Funds			Nonexpendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Charges for Services	\$1,130,041	\$1,096,941	-\$33,100	\$0	\$0	\$0
Tap-In Fees	2,000	1,800	-200	0	0	0
Interest	8,500	5,284	-3,216	0	0	0
Miscellaneous	5,689	17,994	12,305	0	0	0
<i>Total Revenues</i>	<i>1,146,230</i>	<i>1,122,019</i>	<i>-24,211</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Expenses:</b>						
Personal Services	618,618	522,281	96,337	0	0	0
Travel and Education	0	0	0	0	0	0
Contractual Services	383,042	318,356	64,686	0	0	0
Materials and Supplies	104,049	84,182	19,867	0	0	0
Miscellaneous	1,562	1,498	64	0	0	0
Capital Outlay	117,610	119,282	-1,672	0	0	0
Debt Service:						
Principal Retirement	242,161	116,191	125,970	0	0	0
Interest and Fiscal Charges	0	96,957	-96,957	0	0	0
<i>Total Expenses</i>	<i>1,467,042</i>	<i>1,258,747</i>	<i>208,295</i>	<i>0</i>	<i>0</i>	<i>0</i>
Excess of Revenues Over (Under) Expenses Before Advances and Operating Transfers	-320,812	-136,728	184,084	0	0	0
Advances - In	0	87,897	87,897	0	0	0
Advances - Out	0	0	0	0	0	0
Operating Transfers - In	0	22,217	22,217	0	0	0
Operating Transfers - Out	-8,000	0	8,000	0	0	0
Excess of Revenues Over (Under) Expenses, Advances, and Operating Transfers	-328,812	-26,614	302,198	0	0	0
Fund Equity at Beginning of Year	421,094	421,094	0	66,663	66,663	0
Prior Year Encumbrances Appropriated	95,805	95,805	0	0	0	0
Fund Equity at End of Year	\$188,087	\$490,285	\$302,198	\$66,663	\$66,663	\$0

See Accompanying Notes to the General Purpose Financial Statements

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Nonexpendable Trust	(Memorandum Only)
<b><i>Increases (Decreases) In Cash And Cash Equivalents:</i></b>			
<b><i>Cash Flows From Operating Activities:</i></b>			
Cash Received From Customers	\$1,098,741	\$0	\$1,098,741
Cash Payments For Personal Services	-522,281	0	-522,281
Cash Payments For Contractual Services and Material and Supplies	-367,275	0	-367,275
Other Operating Revenues	17,994	0	17,994
Other Operating Expenses	-1,498	0	-1,498
<i>Net Cash Provided By Operating Activities</i>	225,681	0	225,681
<b><i>Cash Flows From Noncapital Financing Activities:</i></b>			
Operating Transfers - In	22,217	0	22,217
Advance From General Fund	69,993	0	69,993
Advances - Out	-5,601	0	-5,601
<i>Net Cash Provided By Noncapital Financing Activities</i>	86,609	0	86,609
<b><i>Cash Flows From Capital And Related Financing Activities:</i></b>			
Acquisition Of Capital Assets	-96,155	0	-96,155
Principal Paid On Water Pollution Control Loan Fund	-87,531	0	-87,531
Interest Paid On Water Pollution Control Loan Fund	-96,957	0	-96,957
Principal Paid On Ohio Public Works Commission Loan	-28,660	0	-28,660
Principal Paid on Capital Leases	-51	0	-51
Interest And Fiscal Charges on Capital Leases	-62	0	-62
<i>Net Cash Used For Capital And Related Financing Activities</i>	-309,416	0	-309,416
<b><i>Cash Flows From Investing Activities:</i></b>			
Interest	5,284	0	5,284
<i>Net Increase In Cash And Cash Equivalents</i>	8,158	0	8,158
Cash And Cash Equivalents At Beginning Of Year	540,405	59	540,464
Cash And Cash Equivalents At End Of Year	\$548,563	\$59	\$548,622

See Accompanying Notes to the General Purpose Financial Statements

(Continued)

**CITY OF NEW CARLISLE, OHIO**  
 Combined Statement of Cash Flows  
 All Enterprise Funds and Nonexpendable Trust Fund  
 For the Year Ended December 31, 2000  
 (Continued)

			Proprietary Fund Type	Fiduciary Fund Type	
			Enterprise	Nonexpendable Trust	Totals (Memorandum Only)
<b><i>Reconciliation Of Operating Income (Loss) To Net Cash Provided By Operating Activities:</i></b>					
Operating Income (Loss)	-336,061	21,686	-\$350,396	\$0	-\$350,396
<b><i>Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities:</i></b>					
Depreciation	413,846	76,309	502,452	0	502,452
Changes In Assets And Liabilities:					
Decrease In Accounts Receivable	66,046	399	66,632	0	66,632
Decrease In Due from Other Funds	290	-63	227	0	227
Increase In Prepaid Items	327	-2,980	-3,275	0	-3,275
Increase In Accounts Payable	7,626	-588	7,610	0	7,610
Decrease In Due to Other Funds	0	-6,616	-6,616	0	-6,616
Increase In Accrued Wages	1,536	3,033	4,569	0	4,569
Increase In Compensated Absences Payable	1,107	-430	677	0	677
Increase In Due to Other Governments	5,020	3,883	10,131	0	10,131
Decrease In Deferred Revenue	-4,552	-1,778	-6,330	0	-6,330
Net Cash Provided By Operating Activities	\$155,185	\$92,855	\$225,681	\$0	\$225,681

**Non-Cash Transactions:**

During 2000, the governmental funds purchased fixed assets with a fair market value of \$23,212 for the Swimming Pool Enterprise Fund and \$2,685 for the Water Enterprise Fund.

See Accompanying Notes to the General Purpose Financial Statements

**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION**

The City of New Carlisle is a charter municipal corporation operating under the laws of the State of Ohio. The City was established as a statutory municipal corporation on February 13, 1971, and adopted its charter on November 4, 1980.

The City operates under a Council - Manager form of government. Legislative power is vested in a seven member council. Each member is elected to a four year term. The Mayor is elected to a two year term from among the council's own membership. The Mayor is the ceremonial and representative head of the City, but does not exercise administrative authority. The Mayor also serves as presiding officer of the council. The council appoints a Municipal Manager for an indefinite term who acts as the chief administrative officer of the City. All department heads are appointed by the Municipal Manager.

**REPORTING ENTITY**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading.

The primary government consists of all funds and departments which comprise the City's legal entity, which provides various services including emergency ambulance service, fire protection, health services, street maintenance and repairs, parks and recreation, water and sewer services and contracted police protection with the Clark County Sheriff's Department. Council and the Municipal Manager have direct responsibility for these activities.

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

The City is associated with two jointly governed organizations, the Miami Valley Regional Planning Commission (the Commission) and the Miami Valley Fire/EMS Alliance (the Alliance). A jointly governed organization is governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility on the part of the participating governments. These organizations are presented in Note 18 to the general purpose financial statements.

The City is a member of the Ohio Government Risk Management Plan (the "Pool"), an insurance purchasing pool which shops for insurance as a group with the intention of securing better rates than if each participant purchased insurance separately. The Pool, which commenced business on June 1, 1988, has 564 members consisting of various cities, villages and townships. The pool is governed by a Board of Directors consisting of nine directors. Directors of the Board assume the positions on a volunteer basis for a two year period. After two years, a Director can remain as a Director or choose to resign. The Board elects a chairman, a vice chairman and a secretary. The Board is responsible for its own financial matters, and the Pool maintains its own books of account. Budgeting and financing of the Pool is subject to the approval of the Board. The City has no explicit and measurable equity interest in the Pool.

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

**BASIS OF PRESENTATION - FUND ACCOUNTING**

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

A fund is a separate 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 typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the enterprise funds and the nonexpendable trust fund) are accounted for through governmental funds. The following are the City's governmental fund types.

**General Fund**

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

**Special Revenue Funds**

The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditure for specific purposes.

**Debt Service Fund**

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs.

**Capital Projects Fund**

The capital projects fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise funds and the nonexpendable trust fund).

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

**PROPRIETARY FUND TYPE**

The proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The following is the City's only proprietary fund type:

**Enterprise Funds**

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

**FIDUCIARY FUND TYPE**

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 fund is a nonexpendable trust fund. The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds.

**ACCOUNT GROUPS**

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

**General Fixed Assets Account Group**

The General Fixed Assets Account Group is used to account for fixed assets other than those accounted for in the enterprise funds. These assets do not represent financial resources available for expenditure.

**General Long-Term Obligations Account Group**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of New Carlisle have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City applies Financial Accounting Standards Board Statements and Interpretations issued before November 30, 1989, to its enterprise activities unless they conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

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

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

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

Basis of accounting refers to the time 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 are accounted for using the modified accrual basis of accounting. Under this basis of accounting, the City recognizes revenue when it becomes both measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is thirty-one 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; income taxes withheld by employers, interest on investments, intergovernmental revenues (including motor vehicle license fees, gasoline tax, and local government assistance), fines and forfeitures and amounts due from other funds for goods, services, or prior advances.

Other revenues, including licenses and permits, certain charges for services, income taxes other than those withheld by employers, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The City reports deferred revenue 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 subsequent periods when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Accounts receivable, in some instances, are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of December 31, 2000, and delinquent property taxes, whose availability is indeterminate and which are not intended to finance the current year, have been recorded as deferred revenue. Levied special assessments are measurable, and have been recorded as a receivable. Since all special assessments are due outside the available period, the entire amount has been deferred.

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

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

The accrual basis of accounting is utilized for reporting purposes by the enterprise and nonexpendable trust funds. Revenues are recognized when they are earned, and expenses are recognized when they are incurred if measurable. Unbilled service charges receivable are recognized as revenue at year end.

**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 are legally required to be budgeted and appropriated. COPS Fast and CDBG Special Revenue Funds grant activity that is administered by a fiscal agent is not budgeted by the City. The legal level of budgetary control is at the object level (personal services, materials and supplies, contractual services, capital outlay, principal retirement, interest and fiscal charges, operating transfers) within each department. All budgetary modifications at this level may only be made by resolution of the City Council. The allocation of appropriations between line items within an object may be modified with the approval of the city manager.

Advances - in and advances - out are not budgeted since they represent a temporary cash flow resource and are intended to be repaid.

**Tax Budget**

A tax budget of estimated revenues and outstanding and projected debt for all budgeted funds 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. Budgetary modifications may only be made by ordinance of City Council.

**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 revenues of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources requested during 2000.

**Appropriations**

A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The 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. During the year, the original appropriation measure was not changed. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

**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 funds and reported in the notes to the financial statements for the enterprise 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 calendar year and need not be reappropriated.

**CASH AND CASH EQUIVALENTS**

Cash balances of the City's funds are pooled and invested in short-term investments in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet. In addition, the balance of the grant monies administered by the fiscal agent is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agent." This represents deposits held with the Clark County Auditor.

During 2000, the Cemetery Special Revenue Fund expended more than its share of pooled cash and cash equivalents. This fund had a negative cash balance at year-end that was eliminated by a short-term loan from the General Fund. This loan is classified as "Interfund Receivable" and "Interfund Payable" on the combined financial statements.

During 2000, investments were limited to STAR Ohio, certificates of deposit and repurchase agreements. Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements which are reported at cost.

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

Following Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue of \$61,181 was credited to the General Fund during 2000, which includes \$51,576 assigned from other City funds. Interest revenue of \$1,949 and \$5,284 was also credited to the special revenue funds and the enterprise funds, respectively.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, funds included within the City's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

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

**INVENTORY OF SUPPLIES**

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

**PREPAID ITEMS**

Payments made to vendors for services that will benefit periods beyond December 31, 2000, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**FIXED ASSETS**

The fixed asset values were initially determined at December 31, 1992, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at fair market value on the date donated. The City maintains a capitalization threshold of five hundred dollars.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency are capitalized at cost.

**General Fixed Assets**

General fixed assets (fixed assets used in governmental fund type operations) 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. Assets in the General Fixed Assets Account Group are not depreciated.

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

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

Proprietary Fund Fixed Assets

Fixed assets associated with the enterprise funds are accounted for in those funds. Depreciation is calculated using the straight line method over the estimated useful life of each asset. The assets of the enterprise funds are depreciated on the following basis:

	<u>YEARS</u>
Buildings	20
Improvements Other Than Buildings	5
Machinery and Equipment	20
Furniture and Fixtures	20
Computer Equipment	5
Vehicles	10
Sewer and Water Lines	50

Capitalization of Interest

Interest is capitalized on enterprise fund assets acquired with tax-exempt debt. The City's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2000, no material interest expense was incurred on enterprise fund construction projects.

COMPENSATED ABSENCES

The City accrues a liability for compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits and compensatory time are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time and compensatory time when earned for all employees. Accumulated unused sick leave is accrued as a liability for all employees. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy.

For governmental funds, the current portion of unpaid compensated absences is the amount to be paid using available expendable resources and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. The balance of the liability is reported in the General Long-Term Obligations Account Group. In enterprise funds, the entire amount of unpaid compensated absences is reported as a fund liability.

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

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required contributions are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current expendable available financial resources. Payments made more than thirty-one days after year end are generally considered not to have been paid with current available financial resources. Capital leases are recognized as a liability of the General Long-Term Obligations Account Group until due.

Long-term obligations financed by enterprise funds are reported as liabilities in the appropriate enterprise funds.

**CONTRIBUTED CAPITAL**

Contributed capital represents donations by developers, other governments, contributions made by the City, tap-in fees which exceed the cost of physical connections to the system or are not remitted to another government, and assets whose construction was financed by special assessments. Donated assets are recorded at their fair market value on the date contributed and are not subject to repayment. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

Because the City, prior to 1992, had not prepared its financial statements in accordance with generally accepted accounting principles, the exact amount of contributed capital pertaining to years prior to 1992 cannot be determined. In general, it has been the policy of the City to construct and acquire capital assets used in operations of the enterprise funds with revenue bonds and/or enterprise fund resources. These assets are recorded as retained earnings in the accompanying combined financial statements. All other fund equity amounts pertaining to the enterprise funds are classified as contributed capital.

**RESERVES OF FUND BALANCE**

The City records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available expendable financial resources and, therefore, are not available for expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and materials and supplies inventory in the governmental funds and for perpetual care of cemeteries in the nonexpendable trust fund.

**INTERFUND TRANSACTIONS**

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

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

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

**INTERGOVERNMENTAL REVENUES**

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements and shared revenues, 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 and entitlements received for enterprise 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.

**ESTIMATES**

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

**INTERFUND ASSETS AND LIABILITIES**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “Due from Other Funds” or “Due to Other Funds” on the balance sheet. Short-term interfund loans are classified as “Interfund Receivable” and “Interfund Payable”.

**MEMORANDUM ONLY - TOTAL COLUMNS ON COMBINED FINANCIAL STATEMENTS**

Total columns on the general purpose financial statements are captioned “Totals (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

**COMPLIANCE**

Various funds had appropriations in excess of estimated resources plus available balances for the year ended December 31, 2000. The funds are as follows:

	<u>Appropriations</u>	<u>Resources</u>	<u>Excess</u>
General Fund	\$3,125,267	\$3,117,656	\$7,611
Special Revenue:			
Street Maintenance	\$147,609	\$147,500	\$109
State Highway	\$15,000	\$12,000	\$3,000
Emergency Ambulance	\$294,600	\$166,257	\$128,343
Health Levy	\$70,953	\$60,936	\$10,017

**CITY OF NEW CARLISLE, OHIO**  
Notes to The General Purpose Financial Statements  
(Continued)

Fire Operating	\$139,436	\$110,945	\$28,491
Enterprise Fund:			
Sewer	\$685,300	\$611,100	\$74,200
Water	\$638,041	\$479,700	\$158,341
Swimming Pool	\$55,895	\$55,430	\$465

Various funds had excesses of expenditures plus encumbrances over appropriations at the fund, program, and object level, which is the legal level of budgetary control adopted by the City Council. The funds are as follows:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Fund:			
Street Maintenance	\$163,740	\$156,501	\$7,239
Enterprise Fund:			
Swimming Pool	\$76,764	\$56,333	\$20,731

Various funds had excesses of estimated receipts over actual receipts at the fund, program, and object level, which is the legal level of budgetary control adopted by the City Council. The funds are as follows:

	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Excess</u>
General Fund	\$3,117,565	\$1,497,534	\$1,620,122
Special Revenue Fund:			
Street Maintenance	\$147,500	\$146,814	\$686
State Highway	\$12,000	\$11,765	\$235
Health Levy	\$60,936	\$56,103	\$4,833
Fire Operating	\$110,945		\$103,401
Cemetery Fund	\$95,300	\$70,887	\$24,413
Debt Service:			
General Bond Retirement	\$6,623	\$5,951	\$672
Capital Project Funds:			
CDBG Project	\$72,000	\$0	\$72,000
Enterprise Fund:			
Sewer	\$611,100	\$599,327	\$11,773
Water	\$479,700	\$469,472	\$10,228

**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY (Continued)**

**ACCOUNTABILITY**

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

Fund	Deficit
Special Revenue Funds:	
Federal COPS Program	\$9,058
Fire Levy	91,552
Cemetery	6,354
<b>Street Permissive Tax</b>	<b>345</b>
Debt Service Fund:	
General Bond Retirement	11,872
Capital Projects Fund:	
CDBG Project	5,601
Enterprise Fund:	
Swimming Pool	12,810

The deficit in the Fire Levy Special Revenue Fund was caused by the application of generally accepted accounting principles. The loan payable is a fund liability. The fund deficit will be eliminated when the fire truck loan is paid off. The deficit in the Cemetery Special Revenue Fund was the result of a negative cash balance. An interfund receivable/payable was established to cover the negative balance. The deficit will be eliminated from transfers from the General Fund. The deficits in the other governmental funds were the result of the application of generally accepted accounting principals. The General Fund provides transfers to cover deficit balances; however this is done when cash is needed rather than when accruals occur.

The deficits in the Swimming Pool Enterprise Fund is the result of operating revenues not supporting operating expenses. In the past, the City has transferred money from the General Fund to help cover the cost of operations. The City continues to monitor the situation and make transfers if necessary.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book 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 finance director 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.

State statute permits inactive monies to 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 (STAR Ohio).

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.

Investments in stripped principal or interest obligation, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchase with the expectation that it will be held to maturity.

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

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 finance director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

*Cash on Hand:* At year end, the City had \$250 in undeposited cash which is included on the balance sheet of the City as part of "Equity in Pooled Cash and Cash Equivalents."

The following information classified deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements."

*Deposits:* At year-end, the carrying amount of the City's deposits was \$193,647 and the bank balance was \$433,362. Of the bank balance:

1. \$258,775 was covered by federal depository insurance and savings and loan federal depository insurance company.
2. The remaining amounts were uninsured and uncollateralized. Although the balance was collateralized by securities held by the financial institutions' trust department in the City's name and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

*Investments:* GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements," requires that local governments disclose the carrying amounts and market value of investments, classified by risk. The City's investments are categorized as either (1) insured or registered, or securities held by the City or its agent in the City's name, (2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name or (3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name. STAR Ohio, an investment pool operated by the Ohio State Treasurer is unclassified since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying/Fair Value
Repurchase Agreement	\$52,081	\$52,081
STAR Ohio		819,622
Total		\$871,703

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:

**CITY OF NEW CARLISLE, OHIO**  
Notes to The General Purpose Financial Statements  
(Continued)

	Cash and Cash	
	Equivalents/Deposits	Investments
GASB Statement No. 9	\$998,996	\$66,604
Cash on Hand	(250)	0
Investments:		
STAR Ohio	(819,622)	819,622
Repurchase Agreements	(52,081)	52,081
Cemetery Certificate of Deposit	66,604	(66,604)
GASB Statement No. 3	\$193,647	\$871,703

**NOTE 5 - MUNICIPAL INCOME TAX**

The City levies and collects a one percent income tax on all income earned within the City as well as on incomes of residents earned outside the City.

Prior to January 1, 1999, the income tax rate was one half of one percent. The City passed an additional income tax levy of one half of one percent effective January 1, 1999.

Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. During 2000, income tax revenue of \$800,472 was allocated entirely to the General Fund.

**NOTE 6 - PROPERTY TAX**

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

**NOTE 6 - PROPERTY TAX (Continued)**

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

Public utility 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.

The 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 assessed valuations.

Real property taxes are payable annually or 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 by September 20.

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

The full tax rate for all City operations for the year ended December 31, 2000, was \$8.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which the 2000 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$54,216,110
Public Utility Property	1,662,850
Tangible Personal	<u>3,643,230</u>
Total Property Taxes	<u><u>\$59,522,190</u></u>

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2000, consisted of property and municipal and other local income taxes, intergovernmental receivables, special assessments, charges for services, interfund, amounts due from other funds, and interest. All receivables are considered fully collectible.

*CITY OF NEW CARLISLE, OHIO*  
Notes to The General Purpose Financial Statements  
(Continued)

**NOTE 7 - RECEIVABLES (Continued)**

A summary of the principal items included in “Due from Other Governments” follows:

Fund Type / Fund	Amount
General Fund:	
Local Government	\$3,870
Personal Property Exemption	1,047
Local Government Revenue Assistance	649
Fines and Forfeitures	125
Estate Tax Available for Advance	<u>31,036</u>
Total General Fund	<u>36,727</u>
Special Revenue Funds:	
Street Construction and Repair Fund	
Gasoline Tax	8,854
Motor Vehicle License Tax	<u>2,208</u>
Total Street Maintenance Fund	<u>11,062</u>
State Highway Fund	
Gasoline Tax	718
Motor Vehicle License Tax	<u>179</u>
Total State Highway Fund	<u>897</u>
Ambulance Fund	
Personal Property Exemption	<u>873</u>
Health Fund	
Personal Property Exemption	<u>436</u>
Fire Fund	
Personal Property Exemption	<u>1,527</u>
Total Special Revenue Funds	<u>14,795</u>
Bond Retirement Debt Service Fund	
Personal Property Exemption	<u>44</u>
Total Due from Other Governments	<u><u>\$51,566</u></u>

**CITY OF NEW CARLISLE, OHIO**  
Notes to The General Purpose Financial Statements  
(Continued)

**NOTE 8 - FIXED ASSETS**

**GENERAL FIXED ASSETS**

Changes in general fixed assets during the year ended December 31, 2000 were as follows:

	Balance			Balance
	December 31, 1999	Additions	Deletions	December 31, 2000
Land	\$198,707	\$0	\$0	\$198,707
Buildings	661,698	133,194	0	794,892
Improvements Other Than Buildings	111,419	23,135	0	134,554
Machinery And Equipment	645,621	82,114	5,550	722,185
Furniture And Fixtures	62,497	13,301	0	75,798
Computer Equipment	57,324	5,870	0	63,194
Vehicles	752,763	190,720	0	943,483
Total General Fixed Assets	<u>\$2,490,029</u>	<u>\$448,334</u>	<u>\$5,550</u>	<u>\$2,932,813</u>

**FUND FIXED ASSETS**

All fund fixed assets relate to the Swimming Pool, Sewer, and Water enterprise funds. A summary of the enterprise funds' fixed assets at December 31, 2000, follows:

	Swimming			Balance at
	Pool	Sewer	Water	December 31, 2000
Land	\$36,327	\$209,195	\$7,073	\$252,595
Buildings	16,605	1,459,521	554,365	2,030,491
Improvements Other Than Buildings	220,523	228,370	480,714	929,607
Machinery and Equipment	70,083	4,928,756	642,344	5,641,183
Furniture and Fixtures	20,299	18,195	2,656	41,150
Computer Equipment	0	1,269	2,488	3,757
Vehicles	0	177,175	87,208	264,383
Sewer and Water Lines	0	3,850,171	1,466,073	5,316,244
Total Fund Fixed Assets	363,837	10,872,652	3,242,921	14,479,410
Less: Accumulated Depreciation	<u>(235,353)</u>	<u>(6,341,341)</u>	<u>(2,278,012)</u>	<u>(8,854,706)</u>
Total Fund Fixed Assets (net of accumulated depreciation)	<u>\$128,484</u>	<u>\$4,531,311</u>	<u>\$964,909</u>	<u>\$5,624,704</u>

**NOTE 9 - DEFINED BENEFIT PENSION PLANS**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM**

All full-time 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.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the City was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$69,147, \$50,772, and \$60,630, respectively. The full amount has been contributed for 1999 and 1998. 81.07 percent has been contributed for 2000 with the remainder being reported as a liability in the general long-term obligation account group.

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

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

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

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

The number of active contributing participants was 401,339. The City's actual contributions for 2000 which were used to fund postemployment benefits were \$36,858. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

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

**NOTE 11 - OTHER EMPLOYEE BENEFITS**

**DEFERRED COMPENSATION PLAN**

Employees of the City may elect to participate in the Aetna deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under this program, employees elect to defer a portion of their pay. The deferred pay and any income earned on it is not subject to federal and state income taxation until actually received by the employee. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

**COMPENSATED ABSENCES**

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy credits vacation leave on the first pay of the year (or their anniversary for first year employees) and allows the unused balance to be accumulated at levels which depend upon years of service. City employees are paid for earned, unused vacation leave at the time of termination of employment.

Sick leave is earned at the rate of one and one-fourth days per month and can be accumulated without limit for each employee.

Upon termination, 25 percent of accrued sick leave will be paid at the current rate of pay. In the event that an employee dies as the result of injuries sustained on the job, his or her beneficiary will receive all accrued sick leave at 50 percent of current rate of pay.

Compensatory time is earned at the rate of one and one-half hours for each hour of overtime worked, and may be accumulated to a maximum of 240 hours of compensatory time. City employees are paid for earned, unused compensatory time at the time of termination of employment.

Unpaid compensated absences of \$34,063 at December 31, 2000, were reported as a liability in the General Long-Term Obligations Account Group. The liability for compensated absences in the General, Special Revenue, and Enterprise Funds at December 31, 2000, was \$308, \$548, and \$34,284 respectively.

**NOTE 12 - SHORT-TERM AND LONG-TERM OBLIGATIONS**

**SHORT-TERM OBLIGATIONS**

The City issues bond anticipation notes to provide funds for the acquisition and construction of capital facilities and purchase of vehicles. By Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. Limitations also exist on the number of times notes may be renewed. The liability for the bond anticipation notes issued by the City is recorded in the funds that received the note proceeds.

**CITY OF NEW CARLISLE, OHIO**  
Notes to The General Purpose Financial Statements  
(Continued)

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

The activity for the bond anticipation notes and the short-term loan for the year ended December 31, 2000, was as follows:

<u>Issue</u>	<u>Balance at 12/31/99</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at 12/31/00</u>
<b><u>Bond Anticipation Notes:</u></b>				
Municipal Building - 8.21%	\$0	\$155,000	\$0	\$155,000
<b><u>Loan:</u></b>				
Fire Truck Loan - 4.79%	111,093	0	6,864	104,229
<b>Total Short-Term Obligations</b>	<b><u>\$111,093</u></b>	<b><u>\$155,000</u></b>	<b><u>\$6,864</u></b>	<b><u>\$259,229</u></b>

During 1999, the City issued a 4.79 percent short-term loan for a fire truck. The loan matured on May 7, 2000. When the loan matured, the City reduced the principal balance by \$6,864 and received an extension on the loan for the new balance. The new maturity on the loan is May 7, 2001. The loan will be repaid from the Fire Operating Levy Special Revenue Fund, the fund that received the proceeds. The loan is backed by the full faith and credit of the City.

**LONG-TERM OBLIGATIONS**

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

<u>Type</u>	<u>Balance at 12/31/99</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 12/31/00</u>
<b><u>Other Long-Term Obligations:</u></b>				
Capital Leases Payable	\$55,764	\$98,728	\$35,433	\$119,059
Due to Other Governments	0	21,695	0	21,695
Compensated Absences	38,094	0	4,031	34,063
<b>Total Other Long-Term Obligations</b>	<b><u>\$93,858</u></b>	<b><u>\$120,423</u></b>	<b><u>\$39,464</u></b>	<b><u>\$174,817</u></b>

Capital leases payable will be paid from the General and special revenue funds. Compensated absences and due to other governments, which represents contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid. Additions and deletions of accrued vacation and sick leave are shown net since it is impractical for the City to determine these amounts separately.

**CITY OF NEW CARLISLE, OHIO**  
Notes to The General Purpose Financial Statements  
(Continued)

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

Changes in long-term obligations payable from enterprise funds for the year ended December 31, 2000, were as follows:

Issue	Balance at 12/31/99	Issued	Retired	Balance at 12/31/00
<b><u>Loans:</u></b>				
0.00% - 1994				
Ohio Public Works Commission Loan	\$219,248	\$0	\$15,660	\$203,588
0.00% - 1996				
Ohio Public Works Commission Loan	208,000	0	13,000	195,000
7.38 % - 1995				
Water Pollution Control Loan Fund	172,464	0	5,992	166,472
4.56 % - 1995				
Water Pollution Control Loan Fund	1,853,401	0	80,844	1,772,557
4.12% - 1997				
Water Pollution Control Loan Fund	15,366	0	695	14,671
Total Enterprise Fund Loans	<u>2,468,479</u>	<u>0</u>	<u>116,191</u>	<u>2,352,288</u>
<b><u>Other Long-Term Obligations:</u></b>				
Capital Leases Payable	0	31,408	51	31,357
Compensated Absences	33,607	677	0	34,284
Total Other Long-Term Obligations	<u>33,607</u>	<u>32,085</u>	<u>51</u>	<u>65,641</u>
Total Enterprise Fund Long-Term Obligations	<u><u>\$2,502,086</u></u>	<u><u>\$32,085</u></u>	<u><u>\$116,242</u></u>	<u><u>\$2,417,929</u></u>

The Water Pollution Control Loan Fund (WPCLF) loans consists of money owed to the WPCLF for construction improvements at the wastewater treatment plant and the planning of the Sewer Line North project. WPCLF loans are payable solely from the operating revenues of the Sewer enterprise fund.

The Ohio Public Works Commission (OPWC) loans consists of money owed to the Ohio Public Works Commission for construction of a 16-inch water main from Smith Park to White Pine Street and the addition of a filter building at the wastewater treatment plant. The OPWC loans are payable solely from the operating revenues of the Sewer and Water enterprise funds.

Capital leases payable will be paid from the enterprise funds. The compensated absences liability will be paid from the fund from which the employees' salaries are paid. Additions and deletions of accrued vacation and sick leave are shown net since it is impractical for the City to determine these amounts separately.

**CITY OF NEW CARLISLE, OHIO**  
Notes to The General Purpose Financial Statements  
(Continued)

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

Annual debt service requirements to maturity for the WPCLF and OPWC loans, for the enterprise funds, including interest are:

<u>Year</u>	<u>OPWC Loans</u>	<u>WPCLF Loans</u>	<u>Total</u>
2001	\$14,330	\$92,244	\$106,574
2002	28,661	184,488	213,149
2003	28,660	184,488	213,148
2004	28,661	184,488	213,149
2005	28,661	184,488	213,149
2006 - 2010	143,303	922,440	1,065,743
2011 - 2015	119,812	922,440	1,042,252
2016	6,500	92,243	98,743
Total	<u>\$398,588</u>	<u>\$2,767,319</u>	<u>\$3,165,907</u>

The City's overall legal debt margin (the ability to issue additional amounts of general obligation debt) was \$5,990,601 and the unvoted debt margin was \$3,014,491 at December 31, 2000.

**DEFEASED DEBT**

In 1988, the City defeased the 1979 Waterworks System First Mortgage Wastewater System Revenue Bonds by placing monies in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2000, \$45,000 of bonds outstanding are considered defeased by assets of \$45,908 held in the irrevocable trust.

**NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

During 2000, the City entered into capitalized leases for a copier and vehicles. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The new capital leases are reflected in the accounts, "capital outlay" and "inception of capital lease" in the fund making the lease payment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements in the General Fund and the Street Construction and Cemetery Special Revenue Funds for those leases payments that were not already classified as debt service expenditures. The expenditures other than debt service are reported as function expenditures on the budgetary statements.

A liability was recorded in the General Long-Term Debt Obligation Group and the enterprise funds. These amounts represent the present value of the minimum lease payments at the time the lease was entered into. Principal payments in 2000 totaled \$19,693 in the General Fund and \$15,740 in the Street Construction Special Revenue Fund, for a total of \$35,433. For the enterprise funds, the Sewer Fund made principal payments of \$25, while the Water Fund made principal payments of \$26, for a total of \$51.

**CITY OF NEW CARLISLE, OHIO**  
Notes to The General Purpose Financial Statements  
(Continued)

**NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE (Continued)**

The following is an analysis of assets leased under capital leases as of December 31, 2000:

	General Fixed Asset Account Group	Water Fund	Sewer Fund
	<hr/>	<hr/>	<hr/>
Motorized Vehicles	\$154,149	\$0	\$30,627
Equipment	7,812	781	781
Accumulated Depreciation	0	(39)	(3,102)
Carrying Value	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$161,961	\$742	\$28,306

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2000.

Year Ending December 31,	Enterprise	GLTOAG
<hr/>	<hr/>	<hr/>
2001	\$11,667	\$58,211
2002	11,667	36,564
2003	11,667	36,564
2004	458	1,832
2005	344	1,374
Total	<hr/>	<hr/>
	35,803	134,545
Less: Amount Representing Interest	<hr/>	<hr/>
	(4,446)	(15,486)
Present Value of Net Minimum Lease Payments	<hr/> <hr/>	<hr/> <hr/>
	\$31,357	\$119,059

**NOTE 14 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2000, the City was a member of the Ohio Government Risk Management Plan, an insurance purchasing pool. The Pool shops for insurance as a group with the intention of securing better rates than if each participant purchased insurance separately.

**CITY OF NEW CARLISLE, OHIO**  
Notes to The General Purpose Financial Statements  
(Continued)

**NOTE 14 - RISK MANAGEMENT (Continued)**

The type of coverage, deductible and limit for each is as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Limit</u>
Public Officials Errors and Omissions		
Per Occurrence	\$2,500	\$1,000,000
Total Per Year	0	2,000,000
Automobile	500	1,000,000
Property	500	16,421,179
Crime	0	5,000
Earthquake	25,000	1,000,000
Boiler and Machinery	1,000	2,500,000
Inland Marine	100	1,224,789
General Liability		
Per Occurrence	1,000	1,000,000
Total Per Year	0	3,000,000

The City also maintains separate coverage for the City's public health agency. This coverage includes liability for bodily injury, property damage, clinic professional, and errors and omissions. The deductible is \$1,000 for each claim, with a limit of \$1,000,000 for each type of coverage.

Settlements have not exceeded coverage in any of the last three fiscal years. There has been no significant reduction in coverage from the prior year.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**CITY OF NEW CARLISLE, OHIO**  
Notes to The General Purpose Financial Statements  
(Continued)

**NOTE 15 - INTERFUND ASSETS AND LIABILITIES**

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Due from Other</u>	<u>Due to Other</u>
General Fund	<u>\$217,136</u>	<u>\$0</u>	<u>\$0</u>	<u>\$109</u>
Special Revenue Funds:				
Federal COPS Program	0	11,172	0	0
Fire Levy	0	9,154	0	0
Street Light Assessment	0	60,483	0	0
Cemetery	0	2,845	0	0
Street Maintenance	0	0	0	0
Street Permissive Tax	<u>0</u>	<u>12,442</u>	<u>0</u>	<u>0</u>
Total Special Revenue Funds	<u>0</u>	<u>96,096</u>	<u>0</u>	<u>0</u>
Bond Retirement Debt Service Fund	<u>0</u>	<u>17,769</u>	<u>0</u>	<u>0</u>
CDBG Project Capital Projects Fund	<u>0</u>	<u>5,601</u>	<u>0</u>	<u>0</u>
Enterprise Funds:				
Swimming Pool	0	23,647	0	0
Sewer	15,660	74,738	46	0
Water	<u>5,601</u>	<u>20,546</u>	<u>63</u>	<u>0</u>
Total Enterprise Funds	<u>21,261</u>	<u>118,931</u>	<u>109</u>	<u>0</u>
Total All Funds	<u><u>\$238,397</u></u>	<u><u>\$238,397</u></u>	<u><u>\$109</u></u>	<u><u>\$109</u></u>

**CITY OF NEW CARLISLE, OHIO**  
Notes to The General Purpose Financial Statements  
(Continued)

**NOTE 16 - SEGMENT INFORMATION**

The City maintains three enterprise funds which are intended to be self-supporting through user fees charged for services to the public. The City's enterprise funds consist of the Swimming Pool, Sewer and Water funds. The Swimming Pool Fund accounts for the activity of the City's swimming pool. The Sewer and Water funds account for sewer and water services provided to City residents. Financial segment information as of and for the year ended December 31, 2000, is as follows:

	Swimming			
	Pool	Sewer	Water	Total
Operating Revenues	\$53,174	\$534,761	\$468,271	\$1,056,206
Depreciation Expense	12,297	413,846	76,309	502,452
Operating Income (Loss)	(36,021)	(336,061)	21,686	(350,396)
Net Non-Operating Revenues (Expenses)	0	(94,346)	2,611	(91,735)
Operating Transfers - In	22,217	0	0	22,217
Net Income (Loss)	(36,021)	(430,407)	24,297	(442,131)
Net Working Capital (Deficit)	(24,549)	346,996	110,630	433,077
Property, Plant and				
Equipment Additions	0	6,488	89,667	96,155
Total Assets	129,598	5,046,126	1,126,278	6,302,002
<b>Loans and Other Long-Term Liabilities</b>				
<b>Payable From Revenues</b>	<b>0</b>	<b>2,154,508</b>	<b>206,622</b>	<b>2,361,130</b>
Current Capital Contributions	23,212	0	2,685	25,897
Total Fund Equity	103,935	2,723,800	868,916	3,696,651
Encumbrances Outstanding at December 31, 2000	\$167	\$53,442	\$4,669	\$58,278

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

**CITY OF NEW CARLISLE, OHIO**  
Notes to The General Purpose Financial Statements  
(Continued)

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

3. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds and note disclosure for proprietary funds (GAAP basis).
4. Proceeds from and principal payments on short-term note and loan obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP Basis).
5. For enterprise funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. The City does not budget for the activity of the various grants administered by the fiscal agent who collects and holds the assets. However, the activities of the fiscal agent that pertain to the City are included in the Special Revenue and Capital Project Funds for GAAP reporting purposes.

The adjustments necessary to convert the results of operations for the year ended December 31, 2000, on the GAAP basis to the budget basis are as follows:

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$278,894)	(\$13,072)	\$5,897	\$0
Revenue Accruals	30,932	5,575	(44)	0
Prepaid Items	27,005	16,580	0	0
Note Proceeds	155,000	0	0	0
Advances	(204,518)	93,251	17,769	5,601
Expenditure Accruals	(161,876)	(1,720)	0	(167)
Principal Retirement	0	(6,864)	0	0
Activity of Non-Budgeted Funds	0	(1,934)	0	0
Encumbrances	22,653	4,064	0	167
Budget Basis	(\$409,698)	\$95,880	\$23,622	\$5,601

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

Net Loss/Excess of Revenues Under Expenses,  
Advances, and Operating Transfers

	<u>Enterprise</u>
GAAP Basis	(\$419,914)
Revenue Accruals	60,529
Expense Accruals	(106,785)
Prepaid Items	3,275
Principal Payment	(116,191)
Depreciation Expense	502,452
Advances	87,897
Capital Outlay	(96,155)
Encumbrances	58,278
Budget Basis	(\$26,614)

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS**

The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami, and Montgomery Counties, the City of Dayton, the City of Huber Heights, the City of Riverside, and the City of New Carlisle. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers, and other public improvements and land uses which affect the development of the region. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member, and two at-large representatives. Payments to the Commission are made from the General Fund. The City contributed \$1,008 for the operation of the Commission during 2000. Financial information can be obtained from Nora Lake, Executive Director, at 40 West Fourth Street, Dayton, Ohio 45402.

The Miami Valley Fire/EMS Alliance (the Alliance) is a jointly governed organization between municipal corporations and townships in Montgomery, Greene and Warren Counties. The purpose of the Alliance is to foster cooperation among the political subdivisions by promoting programs and recommending matters which will result in more efficient methods of delivering fire and emergency medical services in the region. The Board of the Alliance is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS Services by volunteers, two representatives appointed by the members who are provided Fire/EMS Services by a combination of full time employees and volunteers, and a representative appointed by the members who are provided Fire/EMS Services by full time employees. Payments to the Alliance are made from the Fire Special Revenue Fund. The City contributed \$1,443 for the operation of the Alliance during 2000. Financial information can be obtained from Mike Haverland, Director, at 444 West Third Street, Suite 13-204, Dayton, Ohio 45402.

**NOTE 19 - CONTINGENT LIABILITIES**

**LITIGATION**

The City of New Carlisle is party to various legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The ultimate disposition of such proceedings is not presently determinable, but will not, in the opinion of the City Law Director, have a material adverse effect on the financial condition of the City.

**FEDERAL AND STATE GRANTS**

For the period January 1, 2000, to December 31, 2000, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

**NOTE 20 - CONTRIBUTED CAPITAL**

During the following year, contributed capital increased by the following amounts:

Source	Swimming Pool	Sewer	Water	Total
Intergovernmental	\$23,212	\$0	\$2,685	\$25,897
Contributed Capital at December 31, 1999	93,533	2,649,135	124,654	2,867,322
Contributed Capital at December 31, 2000	<u>\$116,745</u>	<u>\$2,649,135</u>	<u>\$127,339</u>	<u>\$2,893,219</u>

**NOTE 21 - SUBSEQUENT EVENTS**

On May , 2001, the City amended the fire truck note to extend the maturity date from May 7, 2001, to May 7, 2002. The interest rate decreased from a fixed rate of 5.05% to a fixed rate of 4.86% beginning May 7, 2001.

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**REPORT ON COMPLIANCE AND ON INTERNAL OVER FINANCIAL REPORTING BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

City Council  
City of New Carlisle  
PO Box 419  
331 S. Church Street  
New Carlisle, Ohio 45344

We have audited the general purpose financial statements of the City of New Carlisle, Clark County, Ohio, (the City) as of and for the year ended December 31, 2000, and have issued our report thereon dated September 26, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as 2000-001. We also noted certain immaterial instances of non-compliance that we have reported to the City in a separate letter dated September 26, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We did note certain matters involving internal control over financial reporting that do not require inclusion in this report that we have reported to the City in a separate letter dated September 26, 2001.

City Council

City of New Carlisle

Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Audit of Financial Statements Performed  
In Accordance with Government Auditing Standards

Page 2

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26, of the Ohio Revised Code, and is not intended to be and should not be used by anyone other than those specified parties.

*Steen & Co. LLC*

Steen & Co. LLC

September 26, 2001

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CITY OF NEW CARLISLE  
CLARK COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2000

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

**Finding number 2000-001      Report Level Citation**

*Negative Cash Balances*

Ohio Rev. Code Section 5705.10 requires that money that is paid into a fund must be used only for the purpose for which such fund has been established. A negative cash balance indicates that money from one fund was used to cover the expenses of another fund.

The City had negative cash balances in the following funds at December 31, 2000:

Federal COPS Program	(\$9,058)	Special Revenue Fund
Cemetery	(\$6,354)	Special Revenue Fund
Street Permissive Tax	(\$345)	Special Revenue Fund
General Bond Retirement	(\$11,872)	Debt Service Fund
CDBG Projects	(\$5,601)	Capital Project Fund
Swimming Pool	(\$12,810)	Enterprise Fund

CITY OF NEW CARLISLE  
CLARK COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2000

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected</u></b>	<b><u>Discussion</u></b>
1999-20312-001	Not properly encumbering	Yes	
1999-20312-002	Negative cash balances	No	Still working on this.
1999-20312-003	Not performing cash reconciliations	Yes	
1999-20312-004	Policy for fixed assets	Yes	
1999-20312-005	Leave forms being accurately done	Yes	
1999-20312-006	Purchasing requisitions being approved by supervisor	Yes	



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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 NEW CARLISLE**

**CLARK 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  
JANUARY 22, 2002**