



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental and Similar Fiduciary Fund Types	7
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental and Similar Fiduciary Fund Types	8
Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary and Similar Fiduciary Fund Types	11
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - All Proprietary and Similar Fiduciary Fund Types	12
Combined Statement of Cash Flows - All Proprietary and Similar Fiduciary Fund Types	14
Notes to the General-Purpose Financial Statements	15
Schedule of Federal Awards Expenditures	32
Notes to the Schedule of Federal Awards Expenditures	33
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	34
Report of Independent Accountants on Compliance with Requirements Applicable to Its Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	37
Schedule of Findings	38

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REPORT OF INDEPENDENT ACCOUNTANTS

City of Steubenville
Jefferson County
302 Market Street
Steubenville, Ohio 43952

To the City Council:

We have audited the accompanying general-purpose financial statements of the City of Steubenville, Jefferson County, (the City) as of and for the year ended December 31, 2000. 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.

Except as discussed in paragraph 4, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general-purpose financial statements referred to above do not include the General Fixed Asset Account Group, which should be included in order to conform with accounting principles generally accepted in the United States of America. Additionally, the City has not recorded property, buildings and equipment or related depreciation for its Proprietary Fund Types. Generally accepted accounting principles require that property, buildings and equipment be reported at cost or estimated cost, and that such proprietary fund type assets be reduced by depreciation. The amounts that should have been reported in order to comply with generally accepted accounting principles are not known.

Insurance claims reported in the City Health Care Fund (an internal service fund) are processed by a service organization that is independent of the City. We were unable to examine the design or proper operation of the service organization's internal control structure and were therefore unable to satisfy ourselves to the proper processing of health insurance claims. Those claims represent 100% of disbursements for the internal service fund type. As such, we are unable to express and do not express an opinion on the City's internal service fund type.

In our opinion, except for the effect on the financial statements of the omission described in the second preceding paragraph and except as we are unable to express, and do not express an opinion on the financial statements of the internal service fund type, described in the preceding paragraph, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Steubenville, Jefferson County, as of December 31, 2000, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Notes 2C and 10, the Refuse Fund has accumulated a deficit of \$4,850,667.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the City taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

November 13, 2001

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**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets:				
Equity in pooled cash and investments	\$3,023,625	\$2,039,527	\$952,627	
Non-pooled cash and investments		89,981		
Receivables (net of allowance for uncollectibles):				
Accounts and taxes	774,093	337,051		
Charges for services and other				
Prepaid insurance	5,428	168		
Inventory of supplies, at cost	60,000			
Amount available in Debt Service Fund				
Amount to be provided for retirement of general long term debt				
Total Assets	3,863,146	2,466,727	952,627	
Liabilities:				
Accounts payable	770,744	98,300		
Customer deposits				
Claims payable				
Accrued interest payable				
Accrued sick leave				
Accrued payroll	84,982	1,814		
Current maturity of general obligation notes payable				
General obligation notes payable				
General obligation bonds payable				
Accrued pension liability				
Landfill closure and postclosure liability				
Total Liabilities	855,726	100,114		
Fund Equity:				
Earned surplus (deficit)				
Fund balance (deficit):				
Unreserved	47,474	792,069	952,627	
Reserved for encumbrances	2,959,946	1,574,544		
Reserved for endowment				
Total Fund Equity	3,007,420	2,366,613	952,627	
Total Liabilities and Fund Equity	\$3,863,146	\$2,466,727	\$952,627	

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

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Long-Term Obligations</u>	
\$2,976,306	\$434,270 235,944	\$84,808 36,069		\$9,511,163 361,994
431,292 5,595				1,542,436 5,595 5,596 60,000
			\$952,627	952,627
			<u>5,500,150</u>	<u>5,500,150</u>
3,413,193	670,214	120,877	6,452,777	17,939,561
651,337		65		1,520,381 65
	154,000	35,425	65,000	254,425
11,550				11,550
248,439			1,039,400	1,287,839
28,570				115,366
166,574				166,574
3,382,349			2,905,667	6,288,016
			125,000	125,000
			2,317,710	2,317,710
<u>5,485,242</u>				<u>5,485,242</u>
9,974,061	154,000	35,490	6,452,777	17,572,168
(6,560,868)	516,214			(6,044,654)
		74,415		1,866,585
		10,972		4,534,490
				10,972
<u>(6,560,868)</u>	<u>516,214</u>	<u>85,387</u>		<u>367,393</u>
<u>\$3,413,193</u>	<u>\$670,214</u>	<u>\$120,877</u>	<u>\$6,452,777</u>	<u>\$17,939,561</u>

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CITY OF STEUBENVILLE
JEFFERSON COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL
AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Taxes	\$8,517,368	\$1,362,661	\$187,374			\$10,067,403
Intergovernmental	2,607,034	2,281,770		\$281,834	\$18,672	5,189,310
Special Assessments		13,810				13,810
Charges for Services	164,986	2,470				167,456
Fines, Licenses, and Permits	469,533	104,164				573,697
Miscellaneous	841,662	76,305	38,656		42,735	999,358
Total Revenues	12,600,583	3,841,180	226,030	281,834	61,407	17,011,034
Expenditures:						
General Government	3,080,946	38,555	3,985			3,123,486
Public Safety	5,452,849				22,997	5,475,846
Streets and Maintenance	1,287,290	404,354				1,691,644
Public Transit		170,249				170,249
Public Health	320,052	116,333				436,385
Culture and Recreation	892,273	2,470				894,743
Community Environment	42,738	1,614,285			39,085	1,696,108
Capital Outlay	397	3,040,519		281,834		3,322,750
Debt Service		230,896				230,896
Total Expenditures	11,076,545	5,617,661	3,985	281,834	62,082	17,042,107
Excess (deficiency) of revenues over expenditures	1,524,038	(1,776,481)	222,045		(675)	(31,073)
Other Financing Sources:						
Proceeds of Notes		2,000,142				2,000,142
Total Other Financing Sources		2,000,142				2,000,142
Excess (deficiency) of revenues over expenditures and other financing sources	1,524,038	223,661	222,045		(675)	1,969,069
Fund Balances at Beginning of Year (Restated)	1,483,382	2,142,952	730,582		60,354	4,417,270
Fund Balances at End of Year	\$3,007,420	\$2,366,613	\$952,627		\$59,679	\$6,386,339

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

CITY OF STEUBENVILLE
JEFFERSON COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) -
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
DECEMBER 31, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Taxes	\$7,857,047	\$8,458,666	\$601,619	\$1,306,541	\$1,320,978	\$14,437
Intergovernmental	2,531,780	2,583,016	51,236	2,679,437	2,342,416	(337,021)
Charges for services	175,992	164,986	(11,006)	1,104	1,254	150
Fines, licenses and permits	428,590	465,652	37,062	102,100	104,165	2,065
Special assessments				13,810	13,810	
Miscellaneous	1,005,701	841,499	(164,202)	45,934	77,523	31,589
Total Revenues	11,999,110	12,513,819	514,709	4,148,926	3,860,146	(288,780)
Expenditures:						
General government	3,703,279	5,979,878	(2,276,599)	54,991	38,556	16,435
Public safety	5,890,558	5,362,627	527,931	12,610	5,590	7,020
Streets and maintenance	1,399,285	1,243,975	155,310	526,122	421,055	105,067
Public health	348,473	303,679	44,794	132,583	119,905	12,678
Community environment	46,139	41,065	5,074	1,893,896	1,641,596	252,300
Culture and recreation	976,439	875,329	101,110	2,470	2,470	
Public transit				170,250	170,249	1
Debt service				232,000	230,896	1,104
Capital outlay	900,500	397	900,103	5,738,085	4,896,946	841,139
Total Expenditures	13,264,673	13,806,950	(542,277)	8,763,007	7,527,263	1,235,744
Excess of Revenues Over (Under) Expenditures	(1,265,563)	(1,293,131)	(27,568)	(4,614,081)	(3,667,117)	946,964
Other Financing Sources (Uses):						
Proceeds From Sale of Long-Term Notes				3,790,292	2,000,142	(1,790,150)
Total Other Financing Sources (Uses)				3,790,292	2,000,142	(1,790,150)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,265,563)	(1,293,131)	(27,568)	(823,789)	(1,666,975)	(843,186)
Fund Balances at Beginning of Year	1,336,664	1,336,664		2,005,171	2,005,171	
Fund Balances at End of Year	\$71,101	\$43,533	(\$27,568)	\$1,181,382	\$338,196	(\$843,186)

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

Debt Service Fund			Capital Projects Fund			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$207,811	\$210,152	\$2,341				\$30,000	\$32,790	\$2,790
			\$263,557	\$281,834	\$18,277	18,672	18,672	
15,947	18,029	2,082				48,784	42,735	(6,049)
223,758	228,181	4,423	263,557	281,834	18,277	97,456	94,197	(3,259)
						39,042	22,997	16,045
						30,000	22,872	7,128
						45,783	39,086	6,697
9,000	3,985	5,015	263,557	281,834	(18,277)			
9,000	3,985	5,015	263,557	281,834		114,825	84,955	29,870
214,758	224,196	9,438				(17,369)	9,242	26,611
214,758	224,196	9,438				(17,369)	9,242	26,611
889,667	889,667					85,861	85,861	
\$1,104,425	\$1,113,863	\$9,438				\$68,492	\$95,103	\$26,611

CITY OF STEUBENVILLE
JEFFERSON COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
DECEMBER 31, 2001
(Continued)**

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Taxes	\$9,371,399	\$9,989,796	\$618,397
Intergovernmental	5,504,774	5,240,056	(264,718)
Charges for services	195,768	184,912	(10,856)
Fines, licenses and permits	530,690	569,817	39,127
Special assessments	13,810	13,810	
Miscellaneous	1,116,366	979,786	(136,580)
Total Revenues	16,732,807	16,978,177	245,370
Expenditures:			
General government	3,758,270	6,018,434	(2,260,164)
Public safety	5,942,210	5,391,214	550,996
Streets and maintenance	1,925,407	1,665,030	260,377
Public health	481,056	423,584	57,472
Community environment	1,940,035	1,682,661	257,374
Culture and recreation	978,909	877,799	101,110
Public transit	170,250	170,249	1
Debt service	232,000	230,896	1,104
Capital outlay	6,911,142	5,183,162	1,727,980
Total Expenditures	22,415,062	21,704,987	728,352
Excess of Revenues Over (Under) Expenditures	(5,682,255)	(4,726,810)	955,445
Other Financing Sources (Uses):			
Proceeds From Sale of Long-Term Notes	3,790,292	2,000,142	(1,790,150)
Total Other Financing Sources (Uses)	3,790,292	2,000,142	(1,790,150)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,891,963)	(2,726,668)	(834,705)
Fund Balances at Beginning of Year	4,317,363	4,317,363	
Fund Balances at End of Year	\$2,425,400	\$1,590,695	(\$834,705)

CITY OF STEUBENVILLE
JEFFERSON COUNTY

**COMBINED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND EQUITY -
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non Expendable Trust Fund</u>	<u>(Memorandum Only)</u>
Operating Revenues:				
Charges for Services	\$5,205,728	\$1,230,237		\$6,435,965
Operating Expenses:				
Central Purchasing	450,154			450,154
Filtration, Treatment, and Disposal	3,064,389			3,064,389
Pumping	461,061			461,061
Distribution	277,178			277,178
Maintenance and Reading	962,590			962,590
Administration	117,488			117,488
Utility Billing	161,571			161,571
Capital Outlay	223,920			223,920
Debt Service	95,180			95,180
Health Care	610,697	1,394,351		2,005,048
Total Operating Expenses	6,424,228	1,394,351		7,818,579
Operating (Loss)	(1,218,500)	(164,114)		(1,382,614)
Non-Operating Revenues (Expenses) :				
Other Revenues	378,436	8,047	531	387,014
Other Expenses			(375)	(375)
Total Non-Operating Revenues	378,436	8,047	156	386,639
Net Income (Loss)	(840,064)	(156,067)	156	(995,975)
Fund Equity, beginning of period (Restated)	(5,720,804)	672,281	10,816	(5,037,707)
Fund Equity, end of period	<u>(\$6,560,868)</u>	<u>\$516,214</u>	<u>\$10,972</u>	<u>(\$6,033,682)</u>

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

CITY OF STEUBENVILLE
JEFFERSON COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS) -
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000**

	<u>Enterprise Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues:			
Charges for Services	\$5,748,000	\$5,575,717	(\$172,283)
Total Revenues	<u>5,748,000</u>	<u>5,575,717</u>	<u>(172,283)</u>
Operating Expenses:			
Central Purchasing	946,474	462,798	483,676
Filtration, Treatment, and Disposal	3,513,717	2,937,897	575,820
Pumping	501,867	814,325	(312,458)
Distribution	349,660	1,100,620	(750,960)
Maintenance and Reading	954,481	935,007	19,474
Administration	175,424	145,431	29,993
Utility Billing	275,707	242,691	33,016
Health Care	600,000	610,697	(10,697)
Debt Service	269,381	235,056	34,325
Capital Outlay	<u>3,363,148</u>	<u>994,281</u>	<u>2,368,867</u>
Total Expenses	<u>10,949,859</u>	<u>8,478,803</u>	<u>2,471,056</u>
Excess of Revenues Over Expenses	(5,201,859)	(2,903,086)	2,298,773
Nonoperating Revenues/(Expenditures) :			
Proceeds of Notes	1,500,000	1,500,000	
Other Revenues	163,437	378,436	214,999
Other Expenses			
Total Nonoperating Revenues/(Expenditures)	<u>1,663,437</u>	<u>1,878,436</u>	<u>214,999</u>
Net Income/(Loss)	(3,538,422)	(1,024,650)	2,513,772
Fund Equity at Beginning of Year	1,948,819	1,948,819	
Fund Equity at End of Year	<u>(\$1,589,603)</u>	<u>\$924,169</u>	<u>\$2,513,772</u>

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

Internal Service Fund			Nonexpendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,400,000	\$1,230,237	(\$169,763)				\$7,148,000	\$6,805,954	(\$342,046)
1,400,000	1,230,237	(169,763)				7,148,000	6,805,954	(342,046)
						946,474	462,798	483,676
						3,513,717	2,937,897	575,820
						501,867	814,325	(312,458)
						349,660	1,100,620	(750,960)
						954,481	935,007	19,474
						175,424	145,431	29,993
						275,707	242,691	33,016
1,400,000	1,358,762	41,238				2,000,000	1,969,459	30,541
						269,381	235,056	34,325
						3,363,148	994,281	2,368,867
1,400,000	1,358,762	41,238				12,349,859	9,837,565	2,512,294
	(128,525)	(211,001)				(5,201,859)	(3,031,611)	2,170,248
7,400	8,047	(647)	\$265	\$531	\$266	171,102	387,014	215,912
			(375)	(375)		(375)	(375)	
7,400	8,047	(647)	(110)	156	266	170,727	386,639	215,912
7,400	(120,478)	(211,648)	(110)	156	266	(5,031,132)	(2,644,972)	2,386,160
790,691	790,691		10,816	10,816		2,750,326	2,750,326	
\$798,091	\$670,213	(\$211,648)	\$10,706	\$10,972	\$266	(\$2,280,806)	\$105,354	\$2,386,160

CITY OF STEUBENVILLE
JEFFERSON COUNTY

**COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>NonExpendable Trust Fund</u>	
Cash Flows From Operating Activities:				
Cash Received from Customers	\$5,425,718	\$1,230,237		\$6,655,955
Cash Paid To Suppliers And Employees	<u>(6,129,490)</u>	<u>(\$1,358,761)</u>		<u>(7,488,251)</u>
Net Cash Provided (Used) by Operating Activities	<u>(703,772)</u>	<u>(128,524)</u>		<u>(832,296)</u>
Cash Flows From Capital And Related Financing Activities:				
Proceeds Derived From Issuance Of Notes	1,500,000			1,500,000
Principal Payments On General Obligation Note	(147,177)			(147,177)
Cash Received From Miscellaneous	378,436	8,047	531	387,014
Cash Paid to Miscellaneous			<u>(375)</u>	<u>(375)</u>
Net Cash Provided By Capital And Related Financing Activities	<u>1,731,259</u>	<u>8,047</u>	<u>156</u>	<u>1,739,462</u>
Net Increase in Cash and Cash Equivalents	1,027,487	(120,477)	156	907,166
Cash and Cash Equivalents at Beginning of Year	<u>1,948,819</u>	<u>790,691</u>	<u>10,816</u>	<u>2,750,326</u>
Cash and Cash Equivalents at End of Year	<u><u>\$2,976,306</u></u>	<u><u>\$670,214</u></u>	<u><u>\$10,972</u></u>	<u><u>\$3,657,492</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:				
Operating Loss	<u>(\$1,218,500)</u>	<u>(\$164,114)</u>		<u>(\$1,382,614)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:				
Changes in Assets and Liabilities:				
(Increase) Decrease In Accounts Receivable	219,990			219,990
(Increase) Decrease In Prepaid Assets	(141)			(141)
Increase (Decrease) In Claims Payable		35,590		35,590
Increase (Decrease) In Accounts Payable	281,816			281,816
Increase (Decrease) In Accrued And Other Liabilities	<u>13,063</u>			<u>13,063</u>
Net Cash Provided By Operating Activities	<u>(\$703,772)</u>	<u>(\$128,524)</u>		<u>(\$832,296)</u>

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

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The City of Steubenville is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

Beginning June 1, 1984, the City has operated under a council-manager form of government as provided by § 705.51 to 705.60 of the Ohio Revised Code, inclusive. The powers and functions of the municipal government are distributed among the municipality, its citizens, the various officers, boards, and commissions. The Mayor is the official head of the municipality for ceremonial purposes. Administration is not part of the duties of the mayor. The City Council is composed of seven members, six of whom are elected by their respective electors within their designated wards. The councilman at large, the seventh member of council, is elected by the voters of the City at large. The City Council, by a majority vote, appoints the administrative City Manager.

The charter created two administrative departments, the Department of Finance and the Department of Law. The Directors of these departments are appointed by the City Manager and approved by Council.

Several boards and commissions that serve the citizens of the City in various capacities are an integral part of the municipality's government. The boards and commissions include: Civil Service Commission, Planning and Zoning Commission, Board of Engineering and Building Appeals, Parks and Recreation Board and the Board of Health. All members of these boards and commissions are appointed by the Mayor and approved by Council.

The City provides the following services as authorized by its charter: police and fire protection, water, wastewater, sanitation, utilities, parks and recreation, health services, street maintenance and building inspection and development.

Management believes the financial statements included in this report represent all of the funds of the City over which the City has the ability to exercise direct operating control.

B. Basis of Accounting

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

As prescribed by generally accepted accounting principles, all governmental and expendable trust funds in the accompanying financial statements are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related Fund liability is incurred.

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All proprietary and nonexpendable trust funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses when incurred. Under this basis of accounting and measurement focus, The City applies all Governmental Accounting Standards Board (GASB) pronouncements and Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounts Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

C. Cash and Investments

The City maintains and controls two major cash and investment pools. Each fund's portion of a pool is displayed on its respective balance sheet as "pooled cash and investments". In addition, non-pooled cash and investments are separately held and reflected in their respective funds as "non-pooled cash and investments".

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount which reasonably estimates fair value.

D. Fund Accounting

The City maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific revenues and expenditures. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of fund are as follows:

1. 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 by law or contract to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to disbursements for specified purposes.

Debt Service Funds

These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. According to governmental accounting principles, the Debt Service Funds account for the payment of long-term debt for governmental funds only. Under Ohio law, the Debt Service fund might also be used to account for the payment of long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds.

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Funds

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

2. Proprietary Fund Types:

Enterprise Funds

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

Internal Service Fund

This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government unit, or to other governmental units, on a cost-reimbursement basis.

3. Fiduciary Funds:

Trust and Agency Funds

These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable Trust Funds, Non-expendable Trust Funds, and Agency Funds.

4. Account Groups:

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

General Fixed Asset Account Group

The municipality records the purchase of fixed assets used in governmental and proprietary fund type operations as expenditures in the various funds and does not account for such purchases as capital expenditures. Generally accepted accounting principles prescribe that all such expenditures be accounted for in the General Fixed Assets Account Group or in the Proprietary Funds, and accordingly, the failure to properly record such assets is not in accordance with generally accepted accounting principles.

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Long Term Debt Group

Long-term debt financed by general obligation bonds or notes is accounted for in the General Long-Term Debt group of accounts, or in the proprietary funds as prescribed by generally accepted accounting principles.

E. Budgetary Process

1. Budget

A budget of estimated cash receipts and disbursements 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. The City Council adopts annual fiscal year budgets for specified funds. These include General Fund Type, all Special Revenue Fund Type, Debt Service Fund Type, Capital Projects Fund Type, all Proprietary Fund Types and all Expendable and Nonexpendable Trust Funds.

2. Budgetary Control

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, maintenance and operations, other services and charges, capital outlay, debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget were made throughout the year.

3. Estimated Resources

The county budget commission certifies its actions to the City by September 1. As a part of this certification, the City receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 2000, unencumbered fund balances. However, those fund balances are available for appropriation.

4. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Encumbrances

The City is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

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

F. Property, Plant and Equipment

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

G. Inventories

Inventories are stated at cost.

H. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the Water and Sewer Fund are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

I. Allowance for Doubtful Accounts

As of December 31, 2000 \$110,000 has been recorded as an allowance for uncollectible accounts related to receivables in the water, sewer and refuse funds.

The breakdown is as follows:

Water Fund	\$ 19,800
Sewer Fund	35,200
Refuse Fund	<u>55,000</u>
Total	\$ 110,000

J. Total Columns on Financial Statements

Total Columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

2. ACCOUNTABILITY

A. Fund Reclassification

A fund reclassification is required to properly reflect the intended purpose of a special revenue fund. The fund had been previously reported as a debt service fund and should be reported as a special revenue fund. The effect of the fund reclassification on fund balances, as previously reported at December 31, 1999 is as follows:

	Special Revenue	Debt Service
Fund balances as previously reported	\$ 1,981,716	\$ 891,818
Fund reclassification	<u>161,236</u>	<u>(161,236)</u>
Restated fund balances as of January 1, 2000	<u>\$ 2,142,952</u>	<u>\$ 730,582</u>

B. Restatement of Beginning Retained Earnings

The City's Solid Waste Landfill accrued liability for closure and post closure care costs at December 31, 2000 is \$5,485,242.

The amount resulting from prior period operations is \$5,485,242 based on the entire capacity of the landfill being used before January 1, 2000. Because this is the first year that the City reports a liability for closure costs, this amount is reported as a change in accounting principles as an adjustment of beginning retained earnings for landfill operations. The effect of the adjustment is as follows:

Retained earnings as previously reported	\$ (235,562)
Restatement of closure cost liability	<u>5,485,242</u>
Restated retained earnings as of January 1, 2000	<u>\$ (5,720,804)</u>

C. Deficit Fund Balances/Retained Earnings

Fund balances at December 30, 2000 included the following fund deficits:

Special Revenue Fund

Community Development Block Grant Fund	\$ 20,260
--	-----------

Enterprise Funds

Water Fund	70,839
Sewer Fund	1,639,362
Refuse Fund	4,850,667

These funds complied with Ohio State law, which does not permit a cash basis deficit at year-end. The deficit balance in the Community Development Block Grant Fund is caused by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

2. ACCOUNTABILITY (Continued)

The deficit retained earnings in the Water Fund and the Sewer Fund are caused by the application of generally accepted accounting principles. The deficit retained earnings in the Refuse Fund is caused by a prior period adjustment for estimated closure and post closure care costs for the municipal landfill.

3. EQUITY IN POOLED CASH 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 deposits of that City Council has identified as not required for used within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificated 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 monies are deposits of those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures or any other obligations or securities issued by any federal government 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 for the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-loan money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreement secured by such obligations, provided that the investments in securities described in this division are made only through eligible institutions; or
6. The State Treasurer's Investment Pool (STAR Ohio).

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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 of coupons; or
3. Obligations of the City.

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

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

The following information classifies 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 December 31, 2000, the carrying amount of the City's deposits, which includes cash with fiscal and escrow agents was \$3,717,185 and the bank balance was \$4,233,161. Of the bank balance:

1. \$294,954 was covered by federal deposit insurance;
2. \$408,335 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name; and
3. \$3,529,872 was uninsured and uncollateralized. Although all state statutory requirement for the deposit of money had been followed, noncompliance with federal requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments: The City's investments are required to be categorized to give an indication of the level of risk assumed by the City's at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes insured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the City's name.

	Category 3	Fair Value
Repurchase Agreements	\$ <u>6,155,972</u>	\$ <u>6,155,972</u>

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classification of cash and cash equivalents and investments on the Combined Balance Sheet (per GASB Statement No. 9) and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 9,873,157	
Investments:		
Repurchase Agreements	(6,155,972)	\$ 6,155,972
GASB Statement No. 3	<u>\$ 3,717,185</u>	<u>\$ 6,155,972</u>

4. DEBT OBLIGATION

The following is a summary of the City's long-term debt transactions for the year ended, December 31, 2000:

	Balance at 1/1/00	Additions	Deletions	Balance at 12/31/00
General Long-Term Debt				
Legal claims		\$ 65,000		\$ 65,000
General obligation notes	\$ 999,400	2,000,142	\$ 93,875	2,905,667
General obligation bonds	250,000		125,000	125,000
Accrued sick leave	999,059	127,245	86,904	1,039,400
Accrued pension liability	<u>2,347,000</u>	<u> </u>	<u>29,290</u>	<u>2,317,710</u>
Total	<u>\$4,595,459</u>	<u>\$2,192,387</u>	<u>\$ 335,069</u>	<u>\$6,452,777</u>
Enterprise Funds				
General obligation notes	\$2,196,100	\$1,500,000	\$ 147,177	\$3,548,923
Accrued sick leave	254,245	14,209	20,015	248,439
Landfill closure/postclosure	<u>5,485,242</u>	<u> </u>	<u> </u>	<u>5,485,242</u>
Total	<u>\$7,935,587</u>	<u>\$1,514,209</u>	<u>\$ 167,192</u>	<u>\$9,282,604</u>

Debt outstanding at December 31, 2000, consisted of the following:

General Obligation Notes	
Principal outstanding	\$ 6,134,930
Interest rates	3.25% - 5.84%
General Obligation Bonds	
Principal outstanding	\$ 125,000
Interest rates	4.75%
O.W.D.A. Loans	
Principal outstanding	\$ 319,660
Interest rates	6.58% - 9.72%

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

4. DEBT OBLIGATION - (Continued)

Included in General Obligation Notes are ODOT Highway Construction Notes and Ohio Public Works Commission Notes bearing interest at 0% per annum. All outstanding notes except ODOT and Ohio Public Works Commission Notes at December 31, 2000, had been issued for one year or less. These notes were of the general obligation type and have been renewed. Proceeds from the notes were used to construct and improve streets, sidewalks, water, sewer, and refuse systems, and to purchase vehicles.

General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the City. Outstanding general obligation bonds consist of construction and improvement issues for utility systems and streets.

The Ohio Water Development authority (O.W.D.A.) loans are for utility construction projects. Property and revenue of the utility facilities have been pledged to repay these debts.

The annual requirements to amortize all outstanding general obligation notes, bonds and the OWDA loans as of December 31, 2000, not including interest payments of \$ 1,464,595, \$5,938 and \$39,035 respectively, are as follows:

Year Ending December 31,	General Obligation Notes	General Obligation Bonds	O.W.D.A. Loan
2001	\$ 138,288	\$ 125,000	\$ 122,177
2002	122,056		130,316
2003	1,392,314		67,167
2004	1,694,617		
2005	196,994		
Thereafter	<u>2,590,661</u>	_____	_____
Total	<u>\$6,134,930</u>	<u>\$ 125,000</u>	<u>\$ 319,660</u>

The City has utilized trustees to service the bonded debt. Payments to the trustees are recorded as expenditures in the year deposited with the trustee.

5. PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2000.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the tax (calendar) year ended December 31, 2000, was \$9.20 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property valued, the effective tax rate was \$5.9553 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$8.1819 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

5. PROPERTY TAX - (Continued)

Owners of tangible personal property are required to file a list of such property, including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 2000, was \$9.20 per \$1,000 of assessed valuation.

The Jefferson County Treasurer collects property tax on behalf of all taxing districts within the county. The Jefferson County Auditor periodically remits to the taxing districts their portion of the taxes collected.

6. LOCAL INCOME TAX

This locally levied tax of 2% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the City and to earnings of nonresidents (except certain transients) earned in the City. It also applies to net income of business organizations operating within Steubenville. Local income tax receipts are credited to the City and amounted to \$8,368,158 in 2000.

7. RISK MANAGEMENT

The City provides health care coverage through a self-insured program administered by Health Assurance. The City pays 100% of monthly medical claims for full-time and part-time employees. The City's insurance claims were transferred from various funds to the Health Care Fund. Monthly, the administrator bills the City for an administrative fee and the amount of claims paid. The City issues a check from the General, Water, Sewer, Refuse and Community Development Funds for the administrative fee and a check from the Health Care Fund for the amount of claims paid.

Reconciliation of changes in the aggregate liabilities for claims for the current and prior fiscal year are as follows:

Claims payable at December 31, 1999	\$ 118,410
Claims incurred for fiscal year ending December 31, 2000	1,400,634
Claims paid in fiscal year 2000	<u>(1,365,044)</u>
Claim payable at December 31, 2000	<u>\$ 154,000</u>

The City maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

8. EMPLOYEES' RETIREMENT SYSTEM

The employees of the City are covered by the Public Employees' Retirement System of Ohio. The Public Employees Retirement System of Ohio (PERS) is a cost-sharing multiple-employer defined benefit pension plan providing retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377). The Ohio Revised Code provides statutory authority for employees and employer contributions. City employees contribute 8.5% and the City contributes 10.84% of covered payroll.

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

8. EMPLOYEES' RETIREMENT SYSTEM (Continued)

For the fireman and policemen the City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, OH 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and fire fighters.

The following is a breakdown of employee and employer contributions for the year 2000 and the preceding two years.

	PERS	OP&F POLICE	OP&F FIRE
2000			
Employee	\$ 438,824	\$ 201,618	\$ 159,019
Employer	548,495	393,155	381,646
1999			
Employee	411,312	196,735	155,130
Employer	655,672	383,632	372,313
1998			
Employee	402,742	199,326	155,321
Employer	642,012	388,685	372,770

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The employees of the City are covered by the Public Employees' Retirement System of Ohio. Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and services retirees with 10 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 (OPEB) as described in GASB Statement No. 12. A portion of each employers' contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The employer contribution rate was rolled back for the year 2000. For state employers the rate was 10.65% of the covered payroll; 4.30% was the portion that was used to fund health care for the year. For local government employer units the rate was 10.84% of covered payroll; 4.30% was the portion that was used to fund health care for the year. The law enforcement employer rate was 15.70% and 4.30% was used to fund health care for the year.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Summary of Assumptions:

Actuarial Review The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 1999.

Funding Method An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investments assets.

Investment Return The investment assumption rate for 1999 was 7.75%.

Active Employee Total Payroll An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed range from 0.54% to 5.1%.

Health Care Health care costs were assumed to increase 4.75% annually.

OPEBS are advance-funded on an actuarially determined basis.

1. The number of active contributing participants was 401,339.
2. The rates stated above are the actuarially determined contribution requirements for PERS. Employer contributions made in the fiscal year 2000 to fund postemployment benefits was \$217,588.
3. \$10,805.5 million represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 1999.
4. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively.

The Retirement Board initiated significant policy changes during 2000.

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

The firemen and policemen of the City are covered by the Ohio Police and Fire Pension Fund (OP&F).

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

OP&F provides post-retirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll.

The Ohio Revised Code provides the statutory authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.0% and 7.25% of covered payroll in 1999 and 2000, respectively. The allocation is 7.50% in 2001. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1999, the date of the last actuarial valuation available, are 12, 467 for Police and 9,807 for Firefighters.

OP&F's total health care expense for the year ending December 31, 1999, the date of the last actuarial valuation available, was \$95,004,633, which was net of member contributions of \$5,518,098.

Employer contributions made in the fiscal year 2000 to fund postemployment benefits was \$115,257 for the firemen and \$146,254 for the policemen.

10. LANDFILL CLOSURE

State and federal laws and regulations require the City to place a final cover on its municipal landfill site and to perform certain maintenance and monitoring functions at the closed landfill site for thirty years after closure. The landfill was closed in 1983. The estimated liability for the landfill is \$2,792,750 for the closure costs and \$2,692,492 for post closure care costs for a total liability of \$5,485,242. The estimated cost of landfill closure and postclosure care expenses is based on the amount that would be paid if all materials and services required to monitor and maintain the closed landfill were acquired as of December 31, 2000. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

Management has not yet determined how the liability will be financed.

11. ACCUMULATED UNPAID SICK LEAVE

All vacations must be used by December 31 of each year. Accumulated unpaid sick pay is accrued and recorded in either the proprietary fund or the General Long Term Debt account group. The amount of sick leave (including related payroll taxes and workers' compensation) that has been accumulated by the employees of the City is estimated to be \$1,287,839 through December 31, 2000.

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

12. ACCRUED POLICE AND FIREMEN'S PENSION LIABILITY

In 1973 the City of Steubenville was required by the Police and Firemen's Disability and Pension Fund to pay a total of \$2,574,594 (Police - \$1,209,749 and Firemen - \$1,364,845) over the next 62 years at 4.25% interest into the pension fund. The requirement represented the City's share of the necessary funds needed to stabilize the pension fund. As of December 31, 2000 the outstanding balance for the Police was \$1,089,044 and for Firemen was \$1,228,666. The liability is recorded in the General Long Term Debt account group.

13. BUDGETARY /GAAP REPORTING RECONCILIATION

While the City is reporting financial position, results of operations, and changes in fund balances/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, and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) Proprietary Fund Type 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 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).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

13. BUDGETARY /GAAP REPORTING RECONCILIATION (Continued)

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

	Governmental Fund Types			Fiduciary Funds
	General	Special Revenue	Debt Service	Expendable Trust
Excess of revenue over/(under) expenditures on GAAP basis	\$ 1,524,038	\$ 223,661	\$ 222,045	\$ (675)
Current year revenue accruals	(774,939)	(337,049)		32,790
Prior year revenue accruals	688,220	356,015	2,151	
Current year expenditure accruals	(2,188,993)	(1,530,132)		(22,873)
Prior year expenditure accruals	<u>(541,457)</u>	<u>(379,470)</u>	_____	_____
Excess of revenues over/(under) expenditures on the cash basis	<u>\$ (1,293,131)</u>	<u>\$ (1,666,975)</u>	<u>\$ 224,196</u>	<u>\$ 9,242</u>

	Proprietary Fund Types		Fiduciary Funds
	Enterprise	Internal Service	Nonexpendable Trust
Net income (loss) on GAAP Basis	\$ (840,064)	\$ (156,067)	\$ 156
Current year revenue accruals	958,707		
Prior year revenue accruals	911,282		
Current year expenditure accruals	(1,155,012)	154,000	
Prior year expenditure accruals	<u>(899,563)</u>	<u>(118,411)</u>	_____
Net income (loss) on cash cash basis (budgetary)	<u>\$ (1,024,650)</u>	<u>\$ (120,478)</u>	<u>\$ 156</u>

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

14. WATER AND WASTEWATER COMPLIANCE

The City of Steubenville has been mandated by the Ohio Environmental Protection Agency to upgrade the water and wastewater system in the city. The City anticipates spending approximately \$54 million to upgrade these facilities over the next several years.

15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains three Enterprise Funds which provide water, sewer and refuse services. Segment information for the year ended December 31, 2000 was as follows:

	Water Fund	Sewer Fund	Refuse Fund	Total Enterprise Funds
Operating revenues	\$ 2,209,829	\$ 1,518,621	\$ 1,477,278	\$ 5,205,728
Operating income or (loss)	(424,673)	(825,984)	32,157	(1,218,500)
Non-operating revenues	338,047	13,342	27,047	378,436
Net income or (loss)	(86,626)	(812,642)	59,204	(840,064)
Net working capital	1,673,656	208,832	672,674	2,555,162
Total assets	2,158,023	475,247	779,923	3,413,193
Notes and other long-term liabilities	1,744,495	1,848,194	5,523,341	9,116,030
Total equity	(70,839)	(1,639,362)	(4,850,667)	(6,560,868)

CITY OF STEUBENVILLE
JEFFERSON COUNTY

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

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass Through Entity Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
<i>Direct Program</i>			
Community Development Block Grant Entitlement	14.218	B98-MC-39-0020 B97-MC-39-0020	\$759,222 <u>767,585</u> 1,526,807
<i>Passed through Ohio Department of Development</i>			
HOME Investment Partnership Program	14.239	M97-SG-39-0151	<u>26,203</u>
Total U.S. Department of Housing and Urban Development			1,553,010
U.S. Department of Justice			
<i>Direct Program</i>			
Local Law Enforcement Block Grant	16.592	99LBVX0359 98LBVX7142	18,672 <u>2,167</u> 20,839
Public Safety Partnership and Community Policing Grant	16.710	98UMWX2282	<u>74,268</u>
Total U.S. Department of Justice			95,107
U.S. Department of Agriculture			
<i>Passed Through Ohio Department of Education</i>			
Summer Food Service Program for Children	10.559	N/A	48,507
U.S. Department of Transportation			
<i>Direct Program</i>			
Federal Transit Capital and Operating Assistance Formula	20.507	N/A	6,710
<i>Passed Through Ohio Department of Transportation</i>			
Federal Transit Capital and Operating Assistance Formula	20.507	B00-MC-39-0020	<u>33,054</u>
Total U.S. Department of Transportation			39,764
U.S. Department of Health			
<i>Passed Through Ohio Department of Health</i>			
Preventive Health & Health Services Block Grant	93.991	N/A	9,221
Childhood Lead Poisoning Prevention Project	93.197	N/A	<u>17,027</u>
Total U.S. Department of Health			<u>26,248</u>
Total Federal Awards Expenditures			<u><u>\$1,762,636</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2000**

A. SIGNIFICANT ACCOUNTING POLICIES

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

B. MATCHING REQUIREMENTS

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

C. FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair value of the commodities received and consumed. At December 31, 2000, the City had no significant food commodities in inventory.



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

City of Steubenville
Jefferson County
300 Market Street
Steubenville, Ohio 43952

To the City Council:

We have audited the financial statements of the City of Steubenville, Jefferson County, as of and for the year ended December 31, 2000, and have issued our report thereon dated November 13, 2001, except for the financial statements of the internal service fund type, which we were unable to audit and on which we expressed no opinion. Our report dated November 13, 2001 was also qualified due to the omission of amounts representing property, buildings and equipment and related depreciation, and also noted the Refuse Enterprise Fund had accumulated a significant deficit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Steubenville'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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-21241-001 and 2000-21241-002. We also noted certain immaterial instances of noncompliance which we have reported to management of the City of Steubenville in a separate letter dated November 13, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Steubenville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-21241-003 and 2000-21241-004.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider both of the conditions described above, items 2000-21241-003 and 2000-21241-004, to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the City in a separate letter dated November 13, 2001.

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

Jim Petro
Auditor of State

November 13, 2001



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

City of Steubenville
Jefferson County
300 Market Street
Steubenville, Ohio 43952

To the City Council:

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

November 13, 2001

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion.	QUALIFIED
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level. (GAGAS)?	YES
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level. (GAGAS)?	NO
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	YES
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	NO
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	NO
(d)(1)(v)	Type of Major Programs' Compliance Opinion.	UNQUALIFIED
(d)(1)(vi)	Are there any reportable findings under § .510?	NO
(d)(1)(vii)	Major Programs (list): Community Development Block Grant Entitlement	CFDA# 14.218
(d)(1)(viii)	Dollar Threshold: Type A/B Programs:	A>\$300,000 B-ALL REMAINING PROGRAMS
(d)(1)(ix)	Low Risk Auditee?	NO

**CITY OF STEUBENVILLE
JEFFERSON COUNTY**

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

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

FINDING NUMBER	2000-21241-001
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Ohio Revised Code § 5705.41 (D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars the fiscal officer issues a certificate, but may authorize it to be paid without the affirmation of the Council.

The City did not properly certify and encumber 72% of tested expenditures of the general fund, 58% of tested expenditures of the special revenue funds and 79% of tested expenditures of the enterprise funds. The City did not implement either of the abovementioned exceptions.

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. The City should obtain approved purchase orders which include the fiscal officer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making a commitment.

FINDING NUMBER	2000-21241-002
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Ohio Revised Code § 5705.41 (B) states that no subdivision or taxing unit is to expend money unless is has been appropriated.

In the General Fund, expenditures plus encumbrances in one department and class of expenditures, which is the City's legal level of control, exceeded appropriations by 38%.

Failure to limit expenditures plus encumbrances to the amounts appropriated by the City Council could result in overspending and negative cash balances. The City Finance Director should compare expenditures to appropriations and if appropriations are not sufficient, the Finance Director should request that the Council pass an amendment to the appropriation resolution.

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

FINDING NUMBER	2000-21241-003
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The City has delegated employees' health insurance claims processing and data processing services, which are significant accounting functions, to third party administrators. The City has not established procedures to reasonably determine that health insurance claims and data processing services have been completely and accurately administered in accordance with the contracts.

The City should implement procedures to reasonably assure the completeness and accuracy of health insurance and data processing services handled by the third party administrators. Statement on Auditing Standards No. 70 (SAS 70) prescribes testing and reporting standards which should satisfy this requirement. As described in the Statement, the City should obtain a "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" from a third party administrator. Such a report, if unqualified, would provide evidence to the City's management that health insurance claims processing and data processing are in conformance with the contract.

FINDING NUMBER	2000-21241-004
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The City has not maintained documentation to support the valuation of fixed assets that should have been recorded in the General Fixed Asset Account Group and the Proprietary Fund Type.

Also, the City has not determined the estimated historical or actual cost of its land and buildings. Accordingly, the City's financial statements omit the General Fixed Asset Account Group and the Proprietary Fund fixed assets. Generally Accepted Accounting Principles require the presentation of General Fixed Asset Account Group and the Proprietary Fund fixed assets.

The City should create and approved a written policy to govern the accounting of its property, plant and equipment. This policy would then provide a consistent approach needed by management to exercise proper control over the acquisition, disposal and maintenance of the City's property, plant, and equipment.

The City should also determine the estimated costs of their fixed assets and adhere to the procedures and guideline as established by their written policy.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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NONE	
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CITY OF STEUBENVILLE

JEFFERSON 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
MARCH 5, 2002**