

***CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 1999

***Charles E. Harris and Associates, Inc.
Certified Public Accountants***



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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To the Honorable Mayor and Members of City Council
City of Bellefontaine
Bellefontaine, Ohio

We have reviewed the Independent Auditor's Report of the City of Bellefontaine, Logan County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 1999 to December 31, 1999. 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 Bellefontaine is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

December 7, 2000

**CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY
Audit Report
For the Year Ended December 31, 1999**

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CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY
Audit Report
For the Years Ended December 31, 1999

ELECTED OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>SURETY PERIOD</u>
Robert C. Lentz	Mayor	1/1/00 – 12/31/03		
William R. Patterson	President of Council	1/1/00 – 12/31/01		
K. Dale King	Auditor	1/1/00 – 12/31/03	\$50,000 A	4/98-4/01
Joe L. Yoakam	Treasurer	1/1/00 – 12/31/01	\$55,000 A	1/98-1/02
David D. Haw	1 st Ward	1/1/00 – 12/31/01		
Linda Erwin-Hutchins	2 nd Ward	1/1/00 – 12/31/01		
Eric Whiting	3 rd Ward	1/1/00 – 12/31/01		
Kerri Sullivan	4 th Ward	1/1/00 – 12/31/01		
Rick Gildow	Council	1/1/00 – 12/31/01		
Don Horn	Council	1/1/00 – 12/31/01		
David Henery	Council	1/6/00 – 12/31/01		
John Ross	Judge	1/1/00 – 12/31/05		

Statutory Legal Council

Howard Traul II
Director of Law
1111 Rush Ave.
Bellefontaine, Ohio 43311

A – Cincinnati Insurance Company

CITY OF BELLEFONTAINE, OHIO
LOGAN COUNTY
Audit Report
For the Years Ended December 31, 1999

APPOINTED OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>SURETY PERIOD</u>
Garon Carmean	Safety/Service Director	Continuous		
Tim Notestine	City Engineer	Continuous		
Brad Kunze	Chief of Police	Continuous		
Jeff Holycross	Fire Chief	Continuous		

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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REPORT OF INDEPENDENT ACCOUNTANTS

**The Honorable Mayor and City Council
City of Bellefontaine
Bellefontaine, Ohio**

We have audited the accompanying general purpose financial statements of City of Bellefontaine (the City), as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 8, 2000 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.

Charles E. Harris & Associates, Inc.
September 8, 2000

**CITY OF BELLEFONTAINE
LOGAN COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS**

December 31, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 1,373,914	\$ 1,170,589	\$ 56,919	\$ 5,992,196
Cash & Cash Equivalents				
In Segregated Account	1,345	100		
Receivables:				
Taxes	1,065,014	130,013		213,333
Accounts	160,792	23,396		7,367
Special Assessments			429,735	
Interest	30,188	15,405		67,716
Due From Other Funds	5,006			
Due From Other Governments		4,932		82,530
Materials and Supplies Inventory		33,959		
Notes Receivable		50,094		
Prepaid Items	13,933	1,739		
Restricted Assets:				
Cash & Cash Equivalents with Fiscal & Escrow Agents				
Deferred Bond Costs				
Advances to Other Funds	629,000			
Fixed Assets				
Accumulated Depreciation				
OTHER DEBITS				
Amount Available for Retirement of Special Assessment Bonds				
To be Provided from General Govt. Resources				
To be Provided from Special Assessments				
TOTAL ASSETS AND OTHER DEBITS	\$ 3,279,192	\$ 1,430,227	\$ 486,654	\$ 6,363,142

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 5,432,230	\$ 3	\$ 136,746			\$ 14,162,597
1,000		29,352			31,797
					1,408,360
666,473	12,937				870,965
67,361					429,735
					180,670
					5,006
78,970					87,462
					112,929
1,543					50,094
					17,215
781,093					781,093
129,860					129,860
					629,000
16,817,357			\$ 11,340,912		28,158,269
(3,153,437)			(3,312,288)		(6,465,725)
				\$ 56,919	56,919
				3,072,933	3,072,933
				429,735	429,735
<u>\$ 20,822,450</u>	<u>\$ 12,940</u>	<u>\$ 166,098</u>	<u>\$ 8,028,624</u>	<u>\$ 3,559,587</u>	<u>\$ 44,148,914</u>

Continued

CITY OF BELLEFONTAINE
LOGAN COUNTY
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 (CONTINUED)
 December 31, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES, EQUITY, AND OTHER CREDITS				
LIABILITIES				
Accounts Payable	\$ 73,230	\$ 54,139		\$ 189,596
Accrued Wages	111,026	25,182		
Compensated Absences Payable				
Due to Other Funds		5,006		
Due to Other Governments	7,154	1,502		
Deferred Revenue	450,000	120,000	\$ 429,735	
Deposits Held and Due to Others				
Accrued Interest Payable	19,125			13,252
Claims Payable				
Police and Fire Accrued Pension				
Pension Obligations Payable	42,340	25,232		
Refundable Deposits				
Notes Payable				230,468
Revenue Bonds Payable				
Advances From Other Funds				500,000
Undistributed Assets				
General Obligation Bonds Payable				
Special Assessment Debt with a Government Commitment				
TOTAL LIABILITIES	<u>702,875</u>	<u>231,061</u>	<u>429,735</u>	<u>933,316</u>
FUND EQUITY AND OTHER CREDITS				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Reserved for Debt Service				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	153,799	38,684		508,465
Reserved for Inventory		33,959		
Reserved for Prepaid Items	13,933	1,739		
Reserved for Debt Principal			56,919	
Reserved for Notes Receivable		50,094		
Reserved for Advances	629,000			
Unreserved Undesignated	1,779,585	1,074,690		4,921,361
TOTAL FUND EQUITY AND OTHER CREDITS	<u>2,576,317</u>	<u>1,199,166</u>	<u>56,919</u>	<u>5,429,826</u>
TOTAL LIABILITIES, FUND EQUITY, AND OTHER CREDITS	<u>\$ 3,279,192</u>	<u>\$ 1,430,227</u>	<u>\$ 486,654</u>	<u>\$ 6,363,142</u>

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 84,158	\$ 25,904				\$ 427,027
77,422					213,630
138,896				\$ 777,479	916,375
					5,006
					8,656
					999,735
26,238		\$ 2,071			2,071
	42,382				58,615
					42,382
				358,808	358,808
32,574				103,300	203,446
124,072					124,072
					230,468
7,460,000					7,460,000
	129,000				629,000
		29,352			29,352
				2,025,000	2,025,000
				295,000	295,000
<u>7,943,360</u>	<u>197,286</u>	<u>31,423</u>	<u>-</u>	<u>3,559,587</u>	<u>\$ 14,028,643</u>
			\$ 8,028,624		8,028,624
2,224,366					2,224,366
1,050,098					1,050,098
9,604,626	(184,346)				9,420,280
					700,948
					33,959
					15,672
					56,919
					50,094
					629,000
		134,675			7,910,311
<u>12,879,090</u>	<u>(184,346)</u>	<u>134,675</u>	<u>8,028,624</u>	<u>-</u>	<u>30,120,271</u>
<u>\$ 20,822,450</u>	<u>\$ 12,940</u>	<u>\$ 166,098</u>	<u>\$ 8,028,624</u>	<u>\$ 3,559,587</u>	<u>\$ 44,148,914</u>

**CITY OF BELLEFONTAINE
LOGAN COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types				Fiduciary Fund	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
Revenues:						
Property Taxes	\$ 414,783	\$ 106,407				\$ 521,190
Income Tax	5,134,320			\$ 1,575,342		6,709,662
Other Local Taxes	6,213	20,544				26,757
Charges for Services	29,138	123,634		186,352		339,124
Licenses and Permits	23,335	8,008				31,343
Fines and Forfeitures	561,740	23,455		4,002		589,197
Intergovernmental	1,252,225	694,920		212,205		2,159,350
Special Assessments			\$ 32,178			32,178
Interest	253,810	28,358		383,892		666,060
Rent	550	3		28,578		29,131
Donations and Contributions	2,075	1,975		87,577		91,627
All Other Revenue	79,678	77,758		83,802	\$ 3,000	244,238
Total Revenues	7,757,867	1,085,062	32,178	2,561,750	3,000	11,439,857
Expenditures:						
General Government						
Legislative and Executive	1,599,205		1,204			1,600,409
Judicial	594,149	12,258				606,407
Public Safety	2,820,624	18,313				2,838,937
Public Works	410,616					410,616
Health	23,032	187,194				210,226
Conservation and Recreation		477,036				477,036
Economic Development and Assistance	36,171	318,915				355,086
Transportation	468,878	768,203				1,237,081
Capital Outlay				2,645,538		2,645,538
Debt Service:						
Principal Retirement			215,000			215,000
Interest and Fiscal Charges	19,125		20,385	134,308		173,818
Total Expenditures	5,971,800	1,781,919	236,589	2,779,846	-	10,770,154
Excess of Revenues Over (Under) Expenditures	1,786,067	(696,857)	(204,411)	(218,096)	3,000	669,703
Other Financing Sources and Uses						
Operating Transfers-In	197,934	927,054	1,021,710	890,000	1,000	3,037,698
Other Financing Sources	57,499	129,278				186,777
Payment to Refunded Bond Escrow Agent			(826,710)			(826,710)
Proceeds from Bonds				530,000		530,000
Proceeds from Refunded Bonds				870,000		870,000
Operating Transfers-Out	(1,991,613)	(197,934)		(1,026,148)		(3,215,695)
Total Other Financing Sources (Uses)	(1,736,180)	858,398	195,000	1,263,852	1,000	582,070
Excess of Revenues and Other Sources Over/ (Under) Expenditures and Other Uses	49,887	161,541	(9,411)	1,045,756	4,000	1,251,773
Fund Balance at Beginning of Year - (As Restated - See Note 20)	2,526,430	1,029,309	66,330	4,384,070	4,596	8,010,735
Increase in Inventory		8,316				8,316
Fund Balance at End of Year	\$ 2,576,317	\$ 1,199,166	\$ 56,919	\$ 5,429,826	\$ 8,596	\$ 9,270,824

See Accompanying Notes to the General Purpose Financial Statements

CITY OF BELLEFONTAINE
 Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types and Expendable Trust Fund
 For the Fiscal Year Ended December 31, 1999

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property taxes	\$432,250	\$414,783	(\$17,467)	\$107,313	\$106,407	(\$906)
Income tax	5,149,198	5,147,841	(1,357)	0	0	0
Other local taxes	0	0	0	0	20,346	20,346
Charges for Services	27,000	28,000	1,000	121,242	118,702	(2,540)
Licenses and Permits	17,950	23,335	5,385	0	8,008	8,008
Fines and Forfeitures	590,000	565,231	(24,769)	25,700	23,521	(2,179)
Intergovernmental	1,121,400	1,147,171	25,771	725,202	678,475	(46,727)
Special Assessments	0	0	0	0	0	0
Investment income	261,000	284,922	23,922	18,500	19,944	1,444
Rent	4,000	550	(3,450)	0	0	0
Donations and contributions	2,000	2,075	75	3,550	1,975	(1,575)
Other	78,650	79,685	1,035	68,120	77,758	9,638
Total Revenues	<u>7,683,448</u>	<u>7,693,593</u>	<u>10,145</u>	<u>1,069,627</u>	<u>1,055,136</u>	<u>(14,491)</u>
<u>Expenditures:</u>						
General Government:						
Legislative and Executive	1,833,724	1,734,897	98,827	0	0	0
Judicial	649,620	591,598	58,022	9,607	5,948	3,659
Public Safety	3,300,792	2,985,034	315,758	25,661	18,352	7,309
Public Works	373,321	370,521	2,800	0	0	0
Health	24,420	23,656	764	209,803	187,406	22,397
Conservation and recreation	0	0	0	548,802	508,387	40,415
Economic Development	34,984	34,050	934	471,471	335,935	135,536
Transportation	525,902	481,710	44,192	900,062	853,998	46,064
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>6,742,763</u>	<u>6,221,466</u>	<u>521,297</u>	<u>2,165,406</u>	<u>1,910,026</u>	<u>255,380</u>
Excess of Revenues Over/ (Under) Expenditures	<u>940,685</u>	<u>1,472,127</u>	<u>531,442</u>	<u>(1,095,779)</u>	<u>(854,890)</u>	<u>240,889</u>
<u>Other Financing Sources (Uses):</u>						
Proceeds from sales of fixed assets	500	0	(500)	0	0	0
Proceeds from bonds	0	0	0	0	0	0
Advances in	200,000	200,000	0	0	0	0
Advances out	(600,000)	(579,000)	21,000	0	0	0
Operating Transfers In	197,934	197,934	0	927,054	927,054	0
Operating Transfers Out	(1,991,613)	(1,991,613)	0	(197,934)	(197,934)	0
Other financing sources	58,118	56,273	(1,845)	125,449	123,512	(1,937)
Total Other Financing Sources (Uses)	<u>(2,135,061)</u>	<u>(2,116,406)</u>	<u>18,655</u>	<u>854,569</u>	<u>852,632</u>	<u>(1,937)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,194,376)</u>	<u>(644,279)</u>	<u>550,097</u>	<u>(241,210)</u>	<u>(2,258)</u>	<u>238,952</u>
Fund Balances at Beginning of Year	<u>1,610,731</u>	<u>1,610,731</u>	<u>0</u>	<u>958,969</u>	<u>958,969</u>	<u>0</u>
Fund Balances at End of Year	<u>\$416,355</u>	<u>\$966,452</u>	<u>\$550,097</u>	<u>\$717,759</u>	<u>\$956,711</u>	<u>\$238,952</u>

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

Continued on next page

CITY OF BELLEFONTAINE
 Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types and Expendable Trust Fund (Continued)
 For the Fiscal Year Ended December 31, 1999

	Debt Service Fund			Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property taxes	\$0	\$0	\$0	\$0	\$0	\$0
Income tax	0	0	0	1,623,000	1,362,009	(260,991)
Other local taxes	0	0	0	0	0	0
Charges for Services	0	0	0	200,000	204,437	4,437
Licenses and Permits	0	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0	0
Intergovernmental	0	0	0	485,000	129,675	(355,325)
Special Assessments	48,700	32,178	(16,522)	1,500	0	(1,500)
Investment income	0	0	0	301,034	318,996	17,962
Rent	0	0	0	25,000	28,578	3,578
Donations and contributions	0	0	0	34,750	87,577	52,827
Other	1,000	0	(1,000)	71,104	83,702	12,598
Total Revenues	49,700	32,178	(17,522)	2,741,388	2,214,974	(526,414)
<u>Expenditures:</u>						
General Government:						
Legislative and Executive	8,000	1,204	6,796	0	0	0
Judicial	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0
Public Works	0	0	0	0	0	0
Health	0	0	0	0	0	0
Conservation and recreation	0	0	0	0	0	0
Economic Development	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
Capital Outlay	0	0	0	4,124,321	3,171,123	953,198
Debt Service:						
Principal Retirement	1,000,000	1,000,000	0	12,317	12,317	0
Interest and Fiscal Charges	62,095	62,095	0	121,056	121,056	0
Total Expenditures	1,070,095	1,063,299	6,796	4,257,694	3,304,496	953,198
Excess of Revenues Over/ (Under) Expenditures	(1,020,395)	(1,031,121)	(10,726)	(1,516,306)	(1,089,522)	426,784
<u>Other Financing Sources (Uses):</u>						
Proceeds from sales of fixed assets	0	0	0	0	0	0
Proceeds from bonds	0	0	0	1,411,407	1,400,000	(11,407)
Advances in	0	0	0	0	500,000	500,000
Advances out	0	0	0	0	(110,000)	(110,000)
Operating Transfers In	1,021,710	1,021,710	0	890,000	890,000	0
Operating Transfers Out	0	0	0	(1,234,098)	(1,026,148)	207,950
Other financing sources	0	0	0	9,000	0	(9,000)
Total Other Financing Sources (Uses)	1,021,710	1,021,710	0	1,076,309	1,653,852	577,543
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,315	(9,411)	(10,726)	(439,997)	564,330	1,004,327
Fund Balances at Beginning of Year	66,329	66,329	0	3,740,266	3,740,266	0
Fund Balances at End of Year	\$67,644	\$56,918	(\$10,726)	\$3,300,269	\$4,304,596	\$1,004,327

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

Continued on next page

CITY OF BELLEFONTAINE
 Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types and Expendable Trust Fund (Continued)
 For the Fiscal Year Ended December 31, 1999

	Expendable Trust Fund			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property taxes	\$0	\$0	\$0	\$539,563	\$521,190	(\$18,373)
Income tax	0	0	0	6,772,198	6,509,850	(262,348)
Other local taxes	0	0	0	0	20,346	20,346
Charges for Services	0	0	0	348,242	351,139	2,897
Licenses and Permits	0	0	0	17,950	31,343	13,393
Fines and Forfeitures	0	0	0	615,700	588,752	(26,948)
Intergovernmental	0	0	0	2,331,602	1,955,321	(376,281)
Special Assessments	0	0	0	50,200	32,178	(18,022)
Investment income	0	0	0	580,534	623,862	43,328
Rent	0	0	0	29,000	29,128	128
Donations and contributions	0	0	0	40,300	91,627	51,327
Other	0	3,000	3,000	218,874	244,145	25,271
Total Revenues	<u>0</u>	<u>3,000</u>	<u>3,000</u>	<u>11,544,163</u>	<u>10,998,881</u>	<u>(545,282)</u>
<u>Expenditures:</u>						
General Government:						
Legislative and Executive	0	0	0	1,841,724	1,736,101	105,623
Judicial	0	0	0	659,227	597,546	61,681
Public Safety	0	0	0	3,326,453	3,003,386	323,067
Public Works	0	0	0	373,321	370,521	2,800
Health	0	0	0	234,223	211,062	23,161
Conservation and recreation	0	0	0	548,802	508,387	40,415
Economic Development	0	0	0	506,455	369,985	136,470
Transportation	0	0	0	1,425,964	1,335,708	90,256
Capital Outlay	0	0	0	4,124,321	3,171,123	953,198
Debt Service:						
Principal Retirement	0	0	0	1,012,317	1,012,317	0
Interest and Fiscal Charges	0	0	0	183,151	183,151	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,235,958</u>	<u>12,499,287</u>	<u>1,736,671</u>
Excess of Revenues Over/ (Under) Expenditures	<u>0</u>	<u>3,000</u>	<u>3,000</u>	<u>(2,691,795)</u>	<u>(1,500,406)</u>	<u>1,191,389</u>
<u>Other Financing Sources (Uses):</u>						
Proceeds from sales of fixed assets	0	0	0	500	0	(500)
Proceeds from notes	0	0	0	1,411,407	1,400,000	(11,407)
Advances in	0	0	0	200,000	700,000	500,000
Advances out	0	0	0	(600,000)	(689,000)	(89,000)
Operating Transfers In	4,000	1,000	(3,000)	3,040,698	3,037,698	(3,000)
Operating Transfers Out	0	0	0	(3,423,645)	(3,215,695)	207,950
Other financing sources	0	0	0	192,567	179,785	(12,782)
Total Other Financing Sources (Uses)	<u>4,000</u>	<u>1,000</u>	<u>(3,000)</u>	<u>821,527</u>	<u>1,412,788</u>	<u>591,261</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	4,000	4,000	0	(1,870,268)	(87,618)	1,782,650
Fund Balances at Beginning of Year	<u>4,596</u>	<u>4,596</u>	<u>0</u>	<u>6,380,891</u>	<u>6,380,891</u>	<u>0</u>
Fund Balances at End of Year	<u>\$8,596</u>	<u>\$8,596</u>	<u>\$0</u>	<u>\$4,510,623</u>	<u>\$6,293,273</u>	<u>\$1,782,650</u>

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

CITY OF BELLEFONTAINE
LOGAN COUNTY
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	PROPRIETARY FUND TYPES		FIDUCIARY FUND	Totals
	Enterprise	Internal Service	Non-Expendable Trust	(Memorandum Only)
Operating Revenues:				
Charges for services	\$ 4,464,632	\$ 515,016		\$ 4,979,648
Tap-In Fees	15,800			15,800
Interest			\$ 573	573
Other operating revenue	802,811	4,379	965	808,155
Total operating revenues	5,283,243	519,395	1,538	5,804,176
Operating Expenses:				
Personal services	654,063			654,063
Fringe Benefits	196,808			196,808
Contractual Services	1,823,374	101,821		1,925,195
Materials and supplies	215,157			215,157
Claims and Judgements		540,214		540,214
Depreciation	310,164			310,164
Other operating expenses	889,054		2,762	891,816
Total operating expenses	4,088,620	642,035	2,762	4,733,417
Operating Income (Loss)	1,194,623	(122,640)	(1,224)	1,070,759
Non-Operating Revenues and Expenses				
Interest	146,289			146,289
Federal and State Grants	2,349			2,349
Interest & Fiscal Charges	(70,018)			(70,018)
Intergovernmental	20,330			20,330
Net Bond Payments	(358,529)			(358,529)
Total Non-Operating Revenues & Expenses	(259,579)		-	(259,579)
Income (Loss) Before Operating Transfers	935,044	(122,640)	(1,224)	811,180
Operating Transfers - In	562,992			562,992
Operating Transfers - Out	(384,995)			(384,995)
Net Income (Loss)	1,113,041	(122,640)	(1,224)	989,177
Retained Earnings at Beginning of Year	9,541,683	(61,706)	127,303	9,607,280
Retained Earnings at End of Year	10,654,724	(184,346)	126,079	10,596,457
Contributed Capital	2,224,366			2,224,366
Total Fund Equity at End of Year	\$ 12,879,090	\$ (184,346)	\$ 126,079	\$ 12,820,823

See Accompanying Notes to the General Purpose Financial Statements

**CITY OF BELLEFONTAINE
LOGAN COUNTY**
COMBINED STATEMENT OF CHANGES IN CHANGES IN CASH FLOW
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND

FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non-Expendable Trust</u>	<u>(Memorandum Only)</u>
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 5,225,997	\$ 506,458	\$ 965	\$ 5,733,420
Cash Payments to Employees	(1,789,865)	-	-	(1,789,865)
Cash Payments to Suppliers	(2,002,167)	(608,054)	(2,762)	(2,612,983)
Net Cash Provided by (Used in) Operating Activities	<u>1,433,965</u>	<u>(101,596)</u>	<u>(1,797)</u>	<u>1,330,572</u>
Cash Flows from Noncapital Financing Activities:				
Transfers/Advances In	562,992	79,000	-	641,992
Transfers/Advances Out	(474,995)	-	-	(474,995)
Net Cash Provided by Noncapital Financing Activities	<u>87,997</u>	<u>79,000</u>	<u>-</u>	<u>166,997</u>
Cash Flows Used In Capital & Related Financing Activities:				
Debt Service Payments	(475,018)	-	-	(475,018)
Purchase of Fixed Assets	(965,883)	-	-	(965,883)
Capital Grants	22,679	-	-	22,679
Net Cash Used In Capital & Related Financing Activities	<u>(1,418,222)</u>	<u>-</u>	<u>-</u>	<u>(1,418,222)</u>
Cash Flow from Investing Activities:				
Cash received from Interest	<u>78,043</u>	<u>-</u>	<u>3,115</u>	<u>81,158</u>
Net Increase (Decrease) in Cash & Cash Equivalents	<u>181,783</u>	<u>(22,596)</u>	<u>1,318</u>	<u>160,505</u>
Cash & Cash Equivalents at Beginning of Year	6,032,540	22,599	124,761	6,179,900
Cash & Cash Equivalents at End of Year	<u>\$ 6,214,323</u>	<u>\$ 3</u>	<u>\$ 126,079</u>	<u>\$ 6,340,405</u>

**CITY OF BELLEFONTAINE
LOGAN COUNTY**
COMBINED STATEMENT OF CHANGES IN CASH FLOW - (Continued)
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND

FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Non-Expendable Trust	
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating Income (Loss)	\$ 1,194,623	\$ (122,640)	\$ (1,797)	\$ 1,070,186
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:				
Depreciation	310,164	-	-	310,164
(Increase) in Accounts Receivable	(61,540)	(12,937)	-	(74,477)
Decrease in Prepaid Items	484	-	-	484
(Increase) in Materials and Supplies Inventory	(2,878)	-	-	(2,878)
Increase (Decrease) in Accounts Payable	(134,847)	25,904	-	(108,943)
Increase in Accrued Wages	57,316	-	-	57,316
Increase in Compensated Absences	33,775	-	-	33,775
Increase in Refundable Deposits	4,294	-	-	4,294
Increase in Pension Obligations Payable	32,574	-	-	32,574
Increase in Claims Payable	-	8,077	-	8,077
Total Adjustments	239,342	21,044	-	260,386
Net Cash Provided by (Used in) Operating Activities	\$ 1,433,965	\$ (101,596)	\$ (1,797)	\$ 1,330,572

Reconciliation of Non-Expendable Trust Fund Cash and Cash Equivalents to Balance Sheet:

All Fiduciary Fund Types	\$ 166,098
Less Agency Funds	(29,352)
Less Deposits Due to Others	(2,071)
Less Expendable Trust Fund	(8,596)
Cash and Cash Equivalents - Non-Expendable Trust Fund	\$ 126,079

See accompanying notes to the general purpose financial statements

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

The City of Bellefontaine (the City) is a body politic and Corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The City was formed as a village in 1820 and incorporated in 1835. In 1900 it became a City and is presently a home rule municipal corporation under the laws of the State of Ohio.

The City operates under a council-mayor form of government and provides the following services: public safety; public services; recreation and development. Education services are provided by Bellefontaine City School District. The City is a separate governmental entity and its financial statements are not included in these financial statements.

This report includes all activities considered by management to be part of the City by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for legally separate organizations that make up its legal entity. It is also financial accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support, the organization; or (c) is obligated in some manner for the debt of the entity. The financial statements of the reporting entity allow the users to distinguish between the primary government and its component units.

Most component units are included in the financial reporting entity by discrete presentation (one or more columns separate from the financial data of the primary government). Some component units are so intertwined with the primary government that they are reported in a manner similar to the balances and transactions of the primary government itself (this method is known as blending).

Utilizing this criteria, the City included on its financial statements the operations and balances of the Municipal Court and the Park Commission. The City has not included the Bellefontaine City School District, as it has no control over operations and elects its own officials.

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.

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 functions or activities.

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

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

Governmental Fund Types

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

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

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

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds - Capital Projects 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 or trust funds).

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting (continued)

Proprietary Fund Types

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

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that 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 periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund - Internal Service funds are used to account for the financing services provided by one department or agency to another department or agency on a cost reimbursement basis.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City's fiduciary funds include expendable trust funds, non-expendable trust funds, and agency funds. The expendable trust funds are accounted for in essentially the same manner as governmental funds. The non-expendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

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

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

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the City, except those accounted for in proprietary funds or trust funds.

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. 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 and expendable trust funds 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.

The proprietary fund types and non-expendable trust funds are accounted for using 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. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

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

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available:

City income tax estimated by individuals and withheld by employers, utility billings unpaid and billed, and interest earnings. Property taxes are levied on January 1 of each year upon the assessed value at the preceding January 1, the lien date. Property taxes are due in the calendar year levied and are intended to finance the operations of the City in the year levied. Property taxes are payable to the County Treasurer in two equal installments in January and July of the year levied and, if not paid, become delinquent after December 31 of the year levied. Accordingly, at December 31, 1999, delinquent property taxes and City income tax collected meet the susceptible sixty-day accrual criteria. Other revenues are recorded as revenue when received, as they are generally measurable until actually received.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type and non-expendable trust funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

C. 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 resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the City.

Tax Budget

Prior to July 20, the City submits a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

By no later than July 20, the Council-adopted budget is filed with the Logan County Budget Commission for rate determination.

Estimated Resources

Prior to September 1, City Council, by formal resolution, approves the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. The revised budget then serves as the basis for the appropriation measure. On or about January 1, the certificate is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate may be further amended during the year if projected increases or the City Auditor identifies decreases in revenue. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations

A temporary appropriation ordinance to control expenditures or expenses, as appropriate, may be passed on or about January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance may be amended during the year as new information becomes available provided that the total appropriations do not exceed estimated resources, as certified. Amendments to the original appropriation ordinance were not material in relation to the original appropriation. At the end of the year, all unexpended and unencumbered balances of operating appropriations revert to the fund from which the appropriation was initially made, where they became subject to future appropriation. The Governmental Fund Types for which annual appropriation ordinances are adopted are the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The City's budgetary process is based upon accounting for transactions on the non-GAAP basis.

The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

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. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for the governmental fund types and expendable trust funds and reported in the notes to the financial statements for the proprietary fund type and non-expendable trust funds.

D. Cash and Investments

To improve cash management, cash received by the City is pooled, except as specifically stipulated by ordinance. Monies for all funds, including proprietary funds, are maintained in this pool. 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. Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government and consist of certificates of deposits.

State statutes authorize the City to invest in obligations of the U.S. Treasury, repurchase agreements, bonds of the State of Ohio and the State Treasurer's Investment Pool. Except for nonparticipating investments contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

F. Inventory

Inventories are stated at cost, which approximates market, using the first-in, first-out basis (FIFO) method. Inventory in the governmental funds consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds, which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

G. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet as "Equity in Pooled Cash" because its use is limited by applicable bond covenants.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The City maintains a capitalization threshold of one thousand dollars.

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

Public domain ("infrastructure") general fixed assets consisting of streets, sidewalks and storm sewers are not capitalized by the City since they are immovable and of value only to the City.

The City has elected to record depreciation in the General Fixed Asset Account Group and in the proprietary fund types in accordance with generally accepted accounting principles for governmental entities. Depreciation is recorded using the straight-line basis over the estimated useful lives of the related assets.

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

Interest expense associated with the financing of fixed assets has not been recorded by the City as a component of the cost of these fixed assets for assets constructed prior to 1988. In accordance with the Financial Accounting Standards Board Statement No. 62 (Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants), the City intends to capitalize the interest earned on interest-bearing investments, acquired with the proceeds of the borrowing.

I. Interfund Assets/Liabilities

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

J. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts vested or accumulated sick leave that are not expected to be liquidated with available financial resources are reported in the general long-term account group. No expenditure is reported for these amounts. Vested or accumulated sick and vacation leave of proprietary funds are recorded as an expense and a liability of those funds as the benefits accrue to employees. In accordance with the provisions of the Governmental Accounting Standards Board Statement No.16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement

K. Long-Term Obligations

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

L. Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources, and therefore are not available for appropriation.

**CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following advances are shown on the balance sheet:

Fund Type	Advances to other funds	Advances from other funds
General Fund	\$629,000	
Capital Projects		\$500,000
Internal Service		129,000

M. Fund Equity

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

N. Bond Discounts Issuance Costs

In governmental fund types, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance cost for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges.

O. Interfund Transactions

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

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

P. 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.

Q. Statement of Cash Flows

In September 1989, the Governmental Accounting Standards Board issued Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." For purposes of GASB Statement No. 9 "Cash and Cash Equivalents" refers to cash only. The City has presented a statement of cash flows for its proprietary funds.

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Financial Reporting for Proprietary and Similar Fund Types

The City's financial statements have been prepared in accordance with GASB No.20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting". The City accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

S. Total Columns on General Purpose 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 - BUDGETARY BASIS OF ACCOUNTING

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and 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) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP basis).
4. Short-term note proceeds and note principal retirement for governmental funds are operating transactions (budget) as opposed to balance sheet transactions (GAAP basis).

It is the City's policy to formally budget and appropriate those funds which derive their primary revenues from levied taxes, other governments or user charges.

Budgeted control is exercised at the object level. Reported budgeted amounts are as originally adopted and amended by appropriation resolutions of the Council. Department budgets are represented by appropriations and can only be modified by Council resolution. Unencumbered appropriations lapse at year-end.

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

	Governmental Fund Types				
	Excess of Revenues and Other Sources Over/(Under)				
	Expenditures and Other Uses				
	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>Capital</u>	<u>Expendable</u>
		<u>Revenue</u>	<u>Service</u>	<u>Project</u>	<u>Trust</u>
Budget Basis	(644,279)	(2,258)	(9,411)	564,330	4,000
Increase (decrease) due to:					
Revenue Accruals	64,274	29,926	0	329,561	0
Expenditure Accruals	23,637	35,284	0	(156,196)	0
Encumbrances	226,029	92,823	0	698,061	0
Advances	379,000	0	0	(390,000)	0
Other financing sources	<u>5,766</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
GAAP Basis	<u>49,887</u>	<u>161,541</u>	<u>(9,411)</u>	<u>1,045,756</u>	<u>4,000</u>

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

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

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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

1. United States Treasury bills, bonds, notes, 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 obligation or security 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 2 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) 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).

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 only upon delivery of the securities representing the investment 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.

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

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."

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Deposits - At fiscal year end, the carrying amount of the City's deposits was \$8,963,628 and the bank balance was \$ 7,743,931. Of the bank balance, \$400,000 was covered by federal depository insurance and \$7,343,931 was covered by collateral held by third party trustees pursuant to Section 135.181 Revised Code, in collateralized pools securing all public funds on deposit with the specific depository institutions. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

The City's deposits are categorized in the following table to give an indication of the level of credit risk assumed by the City at year-end. Category 1 includes deposits that are insured or collateralized with securities held by the City or its safekeeping agent in the City's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the City's name. Category 3 includes uninsured and uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the City's name.

	Category 1	Category 2	Bank Balance
Certificates of Deposit	0	6,149,800	6,149,800
Savings/Checking Accounts	1,564,779	0	1,564,779
Court Accounts	<u>29,352</u>	<u>0</u>	<u>29,352</u>
Totals	<u>1,594,131</u>	<u>6,149,800</u>	<u>7,743,931</u>

Collateral is required for demand deposits and certificate of deposits at 110 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, school districts, and district corporations.

Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

Investments - Statutes authorize the City of Bellefontaine to invest in obligations of U.S. Treasury, agencies and instrumentalities, bonds and other obligations of this State, repurchase agreements and the state treasurer's investment pool.

The City's investments are categorized to give an indication of the level of risk assumed by the City at year-end. Category A 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 B 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 C includes uninsured and unregistered investments for which securities are held by the counterparty or its Trust department but not in the City's name.

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

		<u>Cost</u>	<u>Market Value</u>
U.S. Treasury Notes	Category C	4,697,793	4,697,793
U.S. Government Securities	Category C	781,093	781,093
Repurchase Agreement	Category C	<u>530,528</u>	<u>530,528</u>
Total Investments		<u>\$6,009,414</u>	<u>\$6,009,414</u>

Reconciliation to Balance Sheet

City's Deposits	\$8,963,628
Petty Cash and Drawer Change	2,445
Investments	6,009,414
Total	<u>\$14,975,487</u>
Per Balance Sheet	
Equity in Pooled Cash	\$14,943,690
Cash and Cash Equivalents in Segregated Account	<u>31,797</u>
Total	<u>\$14,975,487</u>

NOTE 5 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the City. All property is required to be revalued every six years. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Public utility property taxes, attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes.

Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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 alternate 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 City receives property taxes from Logan County. The County Auditor periodically advances to the City its portion of the taxes collected.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which became measurable as of December 31, 1999.

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 5 - PROPERTY TAXES (Continued)

The assessed values upon which the fiscal year 1999 taxes were collected are:

	1999 Collections	
	Amount	Percent
Agricultural/Residential	\$94,912,860	49%
Industrial/Commercial	45,973,620	24%
Public Utility	14,399,140	7 %
Tangible Personal	<u>39,553,063</u>	<u>20 %</u>
Total Assessed Value	<u>194,838,683</u>	<u>100%</u>
Voted tax rate per \$1,000 of assessed valuation	\$65.03	
Effective tax rate per \$1,000 of assessed valuation	\$42.10	

NOTE 6 - CITY INCOME TAX

The City levies an income tax of 1.8% on the gross salaries, wages and other personal services compensation earned by residents of the City and to the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City. Residents of the City are granted a full credit for taxes paid, up to the percentage which would be due the City, to other Ohio municipalities.

The receipts of the City income tax and the administrative costs associated with their collection are accounted for in the General Fund and Capital Projects Fund. Income tax receipts, net of related administrative costs, are disbursed, appropriated and allocated in accordance with ordinance No. 3565 as amended.

NOTE 7 - RECEIVABLES

The City's receivables at December 31, 1999 by fund type consist of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>
Income Tax	615,014	-	-	213,333	-	-
Property Tax & Assessments	<u>450,000</u>	<u>130,013</u>	<u>429,735</u>	-	-	-
Total Tax & Assessments	1,065,014	130,013	429,735	213,333	-	-
Accounts Receivable	160,792	23,396	-	7,367	666,473	12,937
Notes	-	50,094	-	-	-	-
Interest	<u>30,188</u>	<u>15,405</u>	-	<u>67,716</u>	<u>67,361</u>	-
Total Receivables	<u>1,255,994</u>	<u>218,908</u>	<u>429,735</u>	<u>288,416</u>	<u>733,834</u>	<u>12,937</u>

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 8 - FIXED ASSETS

Fixed assets with an original cost of \$1,000 or more and used in governmental fund type operations are accounted for in the General Fixed Asset Account Group. Fixed assets with an original cost of \$1,000 or more and used in proprietary fund type operations are recorded in the Enterprise Type Funds.

All costs associated with the construction and acquisition of general fixed assets are included in the Capital Outlay line within the accompanying financial statements. Costs associated with the construction of infrastructure fixed assets are not capitalized in the General Fixed Assets Account Group in accordance with the City's accounting policy and, accordingly, are not reflected as additions in the General Fixed Assets Account Group.

A summary of the general fixed assets at December 31, 1999, by class and the changes therein during 1999, is as follow:

<u>Asset Category</u>	<u>Balance at</u> <u>1/1/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>12/31/99</u>
Land	\$1,027,090			\$1,027,090
Land Improvements	66,564	\$25,383		91,947
Buildings	3,659,996	19,844		3,679,840
Equipment	1,759,926	256,663	\$138,090	1,878,499
Furniture	120,509	8,965		129,474
Vehicles	1,928,885	88,712	96,245	1,921,352
Construction-In-Progress	20,735	2,266,063	9,500	2,277,298
Infrastructure	<u>202,365</u>	<u>133,047</u>		<u>335,412</u>
Sub-Total	8,786,070	2,798,677	243,835	11,340,912
Accumulated Depreciation	<u>(2,967,288)</u>	<u>(345,000)</u>		<u>(3,312,288)</u>
Totals	<u>\$5,818,782</u>	<u>\$2,453,677</u>	<u>\$243,835</u>	<u>\$8,028,624</u>

Depreciation is provided using the straight-line basis over the estimated useful lives of the assets. Depreciation lives used for property items within each property classification are as follows:

Classification	Life
Buildings	40 years
Utility Plant in Service	40-80 years
Improvements other than Buildings	20-50 years
Machinery & Equipment	5-20 years

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 8 - FIXED ASSETS (Continued)

A summary of proprietary fund property, plant and equipment at December 31, 1999 by class and by individual fund is as follows:

	Water	Sewer	Refuse	Parking Meter	Ambu- lance	Airport	Property Rental	Total
Land	\$708,027	\$103,820	-	\$216,620	-	\$891,805	-	\$1,920,272
Land Improvements	124,820	399,473	-	24,240	-	261,660	-	810,193
Building	3,997,565	2,838,260	\$7,724	-	\$10,822	130,592	\$58,098	7,043,061
Equipment & Furniture	725,916	1,574,612	-	-	1,697	122,561	-	2,424,786
Vehicles	167,147	210,770	-	13,539	127,235	12,792	-	531,483
Infrastructure	<u>1,712,159</u>	<u>2,375,403</u>	-	-	-	-	-	<u>4,087,562</u>
Sub-Total	7,435,634	7,502,338	7,724	254,399	139,754	1,419,410	139,754	16,817,357
Less-Accumulated Depreciation	<u>(998,393)</u>	<u>(1,825,388)</u>	<u>(4,858)</u>	<u>(23,208)</u>	<u>(48,094)</u>	<u>(224,319)</u>	<u>(29,177)</u>	<u>(3,153,437)</u>
Net Property, Plant & Equipment	<u>\$6,437,241</u>	<u>\$5,676,950</u>	<u>\$2,866</u>	<u>\$231,191</u>	<u>\$91,660</u>	<u>\$1,195,091</u>	<u>\$28,921</u>	<u>\$13,663,920</u>

NOTE 9 - SEGMENT INFORMATION

The City operates Enterprise Funds, which provide water, disposal and treatment of sewage, waste disposal, off-street parking, airport, ambulance and property management services. The key financial information for the year ended December 31, 1999 for these enterprise funds is as follows:

	Water	Sanitary Sewer	Refuse	Parking Meter	Ambulance	Airport	Utility & Property Rental
Operating Revenue	1,866,056	2,293,919	822,759	15,138	142,859	114,506	28,006
Operating Expenses							
less depreciation	1,484,012	1,356,046	762,532	20,478	86,076	45,321	23,991
Depreciation	130,000	155,000	74	3,500	8,280	12,500	810
Operating Income (loss)	252,044	782,873	60,153	(8,840)	48,503	56,685	3,205
Non-Operating Rev. & Exp.	64,315	(334,952)	0	0	11,058	0	0
Transfers-In	248,949	254,995	0	10,000	0	49,048	0
Transfers-Out	(130,000)	(254,995)	0	0	0	0	0
Net Income (loss)	435,308	447,921	60,153	1,160	59,561	105,733	3,205
Total Assets	9,407,677	9,124,383	223,515	239,057	335,493	1,335,317	157,008
Bonds Payable	2,995,000	4,465,000	0	0	0	0	0
Contributed Capital	1,759,548	456,365	0	0	8,453	0	0
Total Equity	6,173,337	4,569,369	200,863	237,649	331,923	1,333,013	32,936

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 10 - DEBT OBLIGATIONS

A listing of the changes in the debt of the City for the year ended December 31, 1999 follows:

	<u>Balance</u> <u>1/1/99</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/99</u>
GENERAL DEBT OBLIGATION				
4.9% Storm Water Bonds, due 2011	\$ 825,000		\$825,000	
4.9 % to 6.85 % S. Main Street Improvement Bonds, due 2005	705,000		80,000	\$625,000
3.85% Storm Water Bonds, due 2014		<u>\$1,400,000</u>		<u>1,400,000</u>
TOTAL GENERAL OBLIGATION DEBT	<u>\$1,530,000</u>	<u>\$1,400,000</u>	<u>\$905,000</u>	<u>\$2,025,000</u>
SPECIAL ASSESSMENT DEBT				
6.25% to 7.0 % Special Assessment Bonds, due 2009	\$140,000		\$10,000	\$130,000
4.29 % Special Assessment, due 1999	75,000		75,000	
3.6 % to 6.4 % Special Assessment Bonds, due 2012	<u>175,000</u>		<u>10,000</u>	<u>165,000</u>
TOTAL SPECIAL ASSESSMENT DEBT	<u>\$390,000</u>	<u>\$</u>	<u>\$95,000</u>	<u>\$ 295,000</u>
ENTERPRISE DEBT				
3.5 % to 6.9 % Sewer First Mortgage Refunding Bonds, due 2010	\$4,585,000		\$270,000	\$4,315,000
0 % Ohio Public Works Rehabilitation Bonds, Due 2014	160,000		10,000	150,000
3.75 % to 5 % Water System Mortgage Revenue Bonds, due 2015	<u>3,120,000</u>		<u>125,000</u>	<u>2,995,000</u>
TOTAL ENTERPRISE DEBT	<u>\$7,865,000</u>	<u>\$</u>	<u>\$405,000</u>	<u>\$7,460,000</u>
BOND ANTICIPATION NOTES				
5.75% Stormwater Utility		<u>260,000</u>	<u>\$29,532</u>	<u>230,468</u>
TOTAL BOND ANTICIPATION NOTES	<u>\$</u>	<u>\$ 260,000</u>	<u>\$29,532</u>	<u>\$ 230,468</u>
OTHER				
Accrued vacation/sick leave benefits	\$493,133	\$284,346		\$777,479
Pension Obligation Payable		\$103,300		\$103,300
Police/Fire pension (Unfunded past service costs)	<u>\$361,181</u>		<u>\$2,373</u>	<u>358,808</u>
TOTAL OTHER	<u>\$854,314</u>	<u>\$387,646</u>	<u>\$2,373</u>	<u>\$1,239,587</u>
TOTAL DEBT OBLIGATION	<u>\$10,639,314</u>	<u>\$2,047,646</u>	<u>\$1,436,905</u>	<u>\$11,250,055</u>

Outstanding general obligation bonds consist of off-street parking and South Main Street improvement issues. The Special Assessment Bonds are payable from the collections of special assessments and are general obligations of the City. 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.

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 10 – DEBT OBLIGATIONS (Continued)

Waterworks Improvement Notes are also general obligation debt, but it is anticipated that user charges will pay off all the outstanding notes.

The sewer bonds and notes are for utility construction projects. Property and revenue of the utility facilities have been pledged to repay these debts.

An accrual has been set up for a legal liability for past service cost for the Police and Firemen’s Disability and Pension Fund, which arose when the fund was established in 1968. The remaining unfunded pension liability is to be amortized in semi-annual installments, including interest, of approximately \$9,788 through 2035. Payments are made from the General Fund.

The accrued vacation and sick leave benefits recorded above represent the non-current portion of the liability. The current portion has been recorded in the appropriate fund type. The current year activity has been netted for practical purposes.

The City has the ability to issue \$17,447,308 of additional debt with voter approval.

A summary of the City’s future debt service requirements as of December 31, 1999 were as follows:

Future Payment Due In	General Long-Term Debt		Special Assessment Debt		Enterprise Debt	
	Account Group		Principal	Interest	Principal	Interest
2000	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2000	\$160,000	\$55,960	\$20,000	\$12,449	\$430,000	\$44,287
2001	165,000	64,093	20,000	13,161	445,000	56,062
2002	175,000	72,983	20,000	13,883	465,000	69,101
2003	180,000	82,131	20,000	14,615	485,000	82,256
2004	195,000	96,177	25,000	20,024	500,000	96,423
2005-2009	575,000	191,011	140,000	125,491	2,821,000	770,182
2010-2014	575,000	206,340	50,000	43,936	2,055,000	870,368
2015-2019	-	-	-	-	260,000	156,000
TOTAL	<u>\$2,025,000</u>	<u>\$768,697</u>	<u>\$295,000</u>	<u>\$243,563</u>	<u>\$7,460,000</u>	<u>\$2,144,682</u>

Advance Refunding

On July 29, 1999 the City issued \$1.4 million in General Obligation Storm Water Bonds, with an average interest rate of 4.62%, of this amount \$870,000 was used to advance refund all \$785,000 of outstanding 1992 General Obligation Storm Water Bonds with an average interest rate of 6.95 percent. The net proceeds of \$826,710 (after payment of \$43,290 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 bonds. As a result the 1992 Series bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 10 – DEBT OBLIGATIONS (Continued)

Although the advance refunding resulted in the recognition of an accounting loss of \$30,466 for the year ended December 31, 1999, the City in effect reduced its aggregate debt service payments by almost \$35,000 over the next 15 years and obtained an economic gain (difference between the present values of the old and the new debt service payments) of \$29,000.

NOTE 11 - RESTRICTED ASSETS

Restricted assets are specifically restricted for capital improvements or debt service by either the City’s designation or by applicable bond indentures. Restricted cash designated by the City or provided by operations are equally offset by a retained earnings reserve. Restricted assets at December 31, 1999 are comprised of the following:

	<u>Cash & Long Term Investments</u>	<u>Deferred Bond Costs</u>
Sewer Fund: Equity in Pooled Cash	\$466,168	
Water Fund: Equity in Pooled Cash	314,925	
Deferred Bond Costs		\$129,860
Total	<u>\$781,093</u>	<u>\$129,860</u>

NOTE 12- PENSION AND RETIREMENT PLANS

The City has implemented GASB No. 27 “Accounting for Pensions of State and Local Government Employees,” which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, assets and note disclosures in the financial reports of the state and local government employers.

The City contributes to two cost-sharing multiple-employer defined benefit plans (1) Public Employees Retirement System of Ohio (PERS) and (2) Ohio Police and Fire Pension Fund (OP&F). Both plans provide retirement, disability, health care coverage and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of Ohio revised code for PERS and Chapter 742 for OP&F. PERS and OP&F issue stand alone financial reports. Interested parties may obtain a copy from PERS by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085. Interested parties may obtain a copy from OP&F by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

The funding policy for the above Plans is as follows:

Public Employees Retirement System of Ohio: The Ohio Revised Code provides statutory authority for employee and employer contributions. During 1999 PERS employees contributed 8.5% of their salary to the plan and the City contributed 13.55% of covered payrolls to the plan, of which 4.2% was applied towards the health care program for restraints. The City’s contributions to PERS for the years ending December 31, 1999, 1998 and 1997 were \$390,268, \$371,773 and \$345,143, respectfully, equal to the required contributions for each year.

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 12- PENSION AND RETIREMENT PLANS (Continued)

Ohio Police and Fire Pension Fund: The Ohio Revised Code provides statutory authority for employee and employer contributions. During 1999, plan members contributed 10% of their salary to the plan and the City contributed 19.5% of gross salary for police officers and 24.0% for firefighters, of which 7.0% was applied towards the health care program for retirants. The City's contributions to OP&F for the years ending December 31, 1999, 1998 and 1997 were \$363,617, \$346,404 and \$330,323 respectively, equal to the required contributions for each year.

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS

The City provides only health care benefits as a post-employment benefit defined by GASB Statement No. 12 through contributions to PERS and OP&F.

Public Employees Retirement System of Ohio: PERS provides post-retirement health care coverage to age and service retirants with 10 years or more of qualifying services credit. The post-retirement health care benefits cover disability recipients and primary survivor recipients. The health care coverage provided by the retirement system is considered an Other Post-employment Benefits (OPEB) as described in GASB Statement No. 12. A portion of the City's contribution funds post-retirement health care coverage. During 1999, the City's portion that was used to fund health care was \$120,969 representing 4.2% of covered payroll. Post-retirement health care benefits are established by state statute.

For 1999, benefits are funded on a pay-as-you-go basis. Prior to 1997, benefits were advance funded using the entry age normal costing method. OPEB is financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. Expenditures for OPEB during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1998 was 118,062.

Ohio Police and Fire Pension Fund: OP&F provides post-retirement health care coverage to any police officer or firefighter who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent 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 full-time or on a two-thirds basis. Post-retirement health care coverage is funded by a portion of the City's contribution and is determined 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 6.5% and 7.0% of covered payroll in 1998 and 1999, respectively. The allocation is 7.25% in 2000. 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. During 1999, the City's portion that was used to fund health care as \$65,870 for police and \$52,535 for firefighters. The number of participants eligible to receive health care benefits as of December 31, 1998, the date of the last actuarial valuation available, was 11,424 and 9,186 for police and firefighters, respectively. Post-retirement health care benefits are established by state statute. OP&F's total health care expense for the year ending December 31, 1998, the date of the last actuarial available, was \$78,596,790, which was net of member contributions of \$5,331,515.

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 14 - EMPLOYEE BENEFITS

The City accrues unpaid vacation as it is earned and certain portions of sick leave as payment becomes probable. Sick leave accumulates at the rate of 4.6 hours of sick leave for 80 hours of work completed. Sick leave is accumulated and may be converted into cash upon retirement with ten years of service at the rate of thirty-three percent for all employees. Individuals leaving employment of the City prior to retirement or at retirement with less than three years of service lose their accumulated unpaid vested leave. At December 31, 1999, the maximum liability to the City for accumulated unpaid vested sick leave was \$329,851. A liability has been recognized in the accompanying financial statements for sick leave for employees who have ten years of service.

A liability for accrued vacation, compensatory accumulated and bonus accumulation for \$411,596 has been recognized. Vacation is accumulated based upon length of service as follows:

Employee	Hours Earned Bi-weekly
Police / Supervisors / Office Personnel	
1 year	1.6 hours
2 through 4 years	3.1 hours
5 through 10 years	4.6 hours
11 through 16 years	6.2 hours
17 years and above	7.7 hours
Park Department	
1 through 4 years	3.1 hours
5 through 11 years	4.6 hours
12 through 19 years	6.2 hours
20 years and above	7.7 hours
Service Department	
1 through 5 years	3.1 hours
6 through 12 years	4.6 hours
13 through 20 years	6.2 hours
20 years and above	7.7 hours
Municipal Court	
1 through 4 years	3.0 hours
5 through 10 years	4.4 hours
11 through 16 years	6.0 hours
17 years and above	7.4 hours
Fire Department	
0 through 1 year	Time Off—Tours (24 hours) 2 tours
2 through 4 years	5 tours
5 through 10 years	7 tours
11 through 16 years	10 tours
Over 17 years	12 tours

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 14 - EMPLOYEE BENEFITS (continued)

No more than the amount of three years entitlement of vacation can be carried forward into the next calendar year unless the employee is unable to use his vacation due to the operational needs of the Employer. In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation up to a maximum of the three-years entitlements accrual. The entire liability as determined by the above policy is recognized for each fund.

NOTE 15 - SELF INSURANCE

During 1984 the City decided not to purchase commercial insurance for hospitalization, dental, vision, prescription, and medical benefits for losses suffered by its employees. Instead, City management believes it is more economical to manage its benefits internally and set aside assets for claim settlement in its internal service fund, the Self Insurance Fund. This fund services all claims for risk of loss to which the employees are exposed. Under this program, the Fund provides coverage for up to a maximum of \$25,000 for each claim. The City has purchased commercial insurance for claims in excess of these amounts.

All funds of the City participate in the program and make payments to the Self Insurance Fund based on historical data of amounts needed to pay prior and current-year claims. There has been no reduction in coverage from the prior year.

The claims liability of \$42,382 reported in the Fund at December 31, 1999, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements and the amount of the loss can be reasonably estimated. In the past, the City has purchased contracts from commercial insurers to satisfy liabilities and was on the cash basis of accounting; accordingly, no liability was reported for those claims. Changes in the Fund's claims liability amount for the past two years were:

	Beginning Of Year <u>Liability</u>	Current Year <u>Claims</u>	<u>Claim Payments</u>	End Of Year <u>Liability</u>
1998	74,379	579,250	619,324	34,305
1999	34,305	59,194	16,812	42,382

CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 16 - INSURANCE

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. Real property and contents are 100% insured with a \$1,000 deductible.

Settled claims have not exceeded commercial coverage in any of the past three years. Also, the City did not significantly reduce its limits of liability during 1999.

All employees of the City are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher bond coverage.

Workers' compensation coverage is provided by the State. 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.

NOTE 17 - LITIGATION

The City is a defendant in several lawsuits, the outcome of which cannot be determined. It is the opinion of the City's Law Director that any judgment against the City would not have a material adverse effect on the City's financial position.

NOTE 18 - CONDUIT DEBT OBLIGATIONS

The City has issued Hospital Facilities Revenue and Refunding Bonds and a Master Equipment Lease-Purchase and Sublease-Purchase agreement for financing the acquisition, construction and installation of certain Hospital Facilities and for the acquisition of equipment for the Mary Rutan Health Association of Logan County. The debt is secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the debt, ownership of the acquired facilities transfers to the Mary Rutan Health Association of Logan County, the entity served by the debt issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the debt. Accordingly, the debt is not reported as liabilities in the accompanying financial statements. As of June 30, 1996, there were Revenue Bonds and a Lease Purchase and Sublease-Purchase outstanding. The aggregate principal amount payable for the Lease-Purchase and Sublease-Purchase agreement issued after July 1, 1995 was \$1,500,000. The aggregate principal amount payable for the Revenue Bonds issued prior to July 1, 1995, could not be determined; however, their original issue totaled \$13,650,000.

NOTE 19 - DEFICIT FUND BALANCE

The Internal Service Fund has a deficit of \$184,346 and the Special Revenue Fund – (Probation) had a deficit of \$5,444 due to the application of generally accepted accounting principles.

**CITY OF BELLEFONTAINE
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

Note 20 – RESTATEMENT OF PRIOR YEAR EQUITY

Certain misstatements in the prior year report resulted in the following change to the beginning fund equity:

	<u>Cap. Proj.</u>	<u>Enterprise Fund</u>
As stated 12/31/98	\$4,646,687	\$8,178,146
Adjustment:	<u>262,617</u> a	<u>1,363,537</u> b
As restated 1/1/99	<u>\$4,384,070</u>	<u>9,541,683</u>

a) Decrease in fund equity due to notes payable not recorded in the previous year.

b) Increase due to recognition of Water Construction Fund not recorded in Enterprise Fund in prior year.

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

The Honorable Mayor and Members of City Council
City of Bellefontaine
Bellefontaine, Ohio

We have audited the financial statements of the City of Bellefontaine (the City) as of and for the year ended December 31, 1999, and have issued our report thereon dated September 8, 2000. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated September 8, 2000.

Internal Controls Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated September 8, 2000.

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

Charles E. Harris & Associates, Inc.
September 8, 2000

STATUS OF PRIOR AUDIT'S CITATION AND RECOMMENDATIONS

The prior audit report, as of December 31, 1999 included no material citations or recommendations.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CITY OF BELLEFONTAINE

LOGAN 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
DECEMBER 19, 2000**