



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MEDINA CITY
MEDINA COUNTY
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REPORT OF INDEPENDENT ACCOUNTANTS

City of Medina
Medina County
123 North Elmwood Avenue
Medina, Ohio 44256

To the City Council:

We have audited the accompanying general purpose financial statements of the City of Medina, Medina County, Ohio, (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.

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

Because of the inadequacy of accounting records, we were unable to obtain sufficient evidence regarding the amounts at which property and equipment are recorded in the General Fixed Asset Account Group and Enterprise Funds in the accompanying balance sheet at December 31, 1999 (stated at \$14,102,009 and \$11,169,508, respectively), or the amount of depreciation expense for the year then ended (stated at \$367,756). We were unable to satisfy ourselves regarding fixed asset amounts by other auditing procedures.

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves about fixed asset amounts and related accumulated depreciation, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Medina, as of December 31, 1999, and the results of its operations and the 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 our report dated July 13, 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.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

July 13, 2000

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CITY OF MEDINA - MEDINA 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				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 2,302,294	\$ 5,847,500	\$ 1,713,444	\$ 2,856,665
Cash with Fiscal Agent	0	0	26,342	0
Receivables:				
Trade	0	0	0	92,651
Interfund Notes	0	0	0	0
Taxes	1,399,517	1,180,893	289,419	0
Delinquent Special Assessments	0	0	111,817	0
Intergovernmental	88,958	288,462	0	0
Other Assessments	96,986	87,009	0	0
Assessments	0	0	4,004,616	0
Inventory of Supplies	24,708	0	0	0
Due from Other Funds	790,893	0	0	101,842
Prepaid Items	18,633	6,825	0	0
Total Current Assets	4,721,989	7,410,689	6,145,638	3,051,158
Fixed Assets:				
Land	0	0	0	0
Buildings	0	0	0	0
Improvements	0	0	0	0
Machinery and Equipment	0	0	0	0
Vehicles	0	0	0	0
Accumulated Depreciation	0	0	0	0
Total Fixed Assets	0	0	0	0
Other Debits:				
Amount Available In Debt Service Funds	0	0	0	0
Amount to be Provided for Retirement of General Long Term Obligations	0	0	0	0
Total Other Debits	0	0	0	0
Total Assets and Other Debits	\$ 4,721,989	\$ 7,410,689	\$ 6,145,638	\$ 3,051,158

See accompanying notes to the general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups			Totals (Memorandum Only)
Internal Service	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations		
\$ 17,413	\$ 2,761,820	\$ 998,782	\$ 0	\$ 0	\$	16,497,918
0	0	0	0	0		26,342
0	808,598	0	0	0		901,249
0	1,261,645	0	0	0		1,261,645
0	0	0	0	0		2,869,829
0	0	0	0	0		111,817
0	0	0	0	0		377,420
0	0	0	0	0		183,995
0	0	0	0	0		4,004,616
0	26,078	0	0	0		50,786
0	57,907	0	0	0		950,642
0	163	0	0	0		25,621
17,413	4,916,211	998,782	0	0		27,261,880
0	3,065,568	0	550,222	0		3,615,790
0	2,902,821	0	4,520,431	0		7,423,252
0	14,321,768	0	2,527,764	0		16,849,532
0	1,349,866	0	4,026,533	0		5,376,399
0	1,452,084	0	2,477,059	0		3,929,143
0	(11,922,599)	0	0	0		(11,922,599)
0	11,169,508	0	14,102,009	0		25,271,517
0	0	0	0	1,593,889		1,593,889
0	0	0	0	4,673,207		4,673,207
0	0	0	0	6,267,096		6,267,096
\$ 17,413	\$ 16,085,719	\$ 998,782	\$ 14,102,009	\$ 6,267,096	\$	58,800,493

CITY OF MEDINA - MEDINA COUNTY

Combined Balance Sheet

All Fund Types and Account Groups

(Continued)

December 31, 1999

	Governmental Fund Type			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities and Fund Equity				
Liabilities				
Accounts Payable	\$ 139,398	\$ 160,289	\$ 0	\$ 139,597
Interfund Notes Payable	0	1,002,386	0	125,000
Accrued Salaries, Wages and Benefits	157,852	211,463	0	0
Matured Interest Payable	0	0	26,342	0
Due to Other Funds	0	503,369	119,555	62,514
Undistributed Monies	0	0	0	0
Deferred Revenue	1,399,517	934,058	4,405,852	0
General Obligation Bonds Payable	0	0	0	0
Special Assessment Bonds Payable	0	0	0	0
Total Liabilities	1,696,767	2,811,565	4,551,749	327,111
Fund Equity:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	749,399	1,353,838	0	535,532
Reserved for Endowments	0	0	0	0
Reserved for Inventory	24,708	0	0	0
Reserved for Prepaid Items	18,633	6,825	0	0
Reserved for Debt Services:				
Principal	0	0	1,593,889	0
Unreserved:				
Undesignated	2,232,482	3,238,461	0	2,188,515
Total Fund Equity	3,025,222	4,599,124	1,593,889	2,724,047
Total Liabilities and Fund Equity	\$ 4,721,989	\$ 7,410,689	\$ 6,145,638	\$ 3,051,158

See accompanying notes to the general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups			Totals (Memorandum Only)
Internal Service	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations		
\$ 0	\$ 565,063	\$ 35,973	\$ 0	\$ 0	\$	1,040,320
0	134,259	0	0	0		1,261,645
0	204,538	0	0	544,096		1,117,949
0	0	0	0	0		26,342
0	256,522	8,682	0	0		950,642
0	0	512,183	0	0		512,183
0	0	0	0	0		6,739,427
0	800,000	0	0	2,599,600		3,399,600
0	96,000	0	0	3,123,400		3,219,400
0	2,056,382	556,838	0	6,267,096		18,267,508
0	0	0	14,102,009	0		14,102,009
0	1,474,266	0	0	0		1,474,266
17,413	12,555,071	0	0	0		12,572,484
0	0	0	0	0		2,638,769
0	0	206,689	0	0		206,689
0	0	0	0	0		24,708
0	0	0	0	0		25,458
0	0	0	0	0		1,593,889
0	0	235,255	0	0		7,894,713
17,413	14,029,337	441,944	14,102,009	0		40,532,985
\$ 17,413	\$ 16,085,719	\$ 998,782	\$ 14,102,009	\$ 6,267,096	\$	58,800,493

CITY OF MEDINA - MEDINA COUNTY

*Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances*

All Governmental Fund Types and Expendable Trust Funds

For the Year Ended December 31, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Local Taxes	\$ 941,448	\$ 5,647,429	\$ 138,066	\$ 0
Fees, License and Permits	1,382,412	788,948	0	0
Intergovernmental	1,141,808	1,542,684	26,777	0
Special Assessment	0	0	501,192	506,142
Charges for Services	74,944	231,765	0	100,062
Interest Income	485,613	23,715	0	90,691
Other	44,973	67,908	0	700
Total Revenues	4,071,198	8,302,449	666,035	697,595
Expenditures:				
Current:				
General Government	2,053,554	770,056	11,034	23,473
Security	2,100,129	2,325,707	0	0
Public Health	123,506	0	0	0
Community Environment	441,656	22,900	0	0
Transportation	0	600,034	0	26,689
Basic Utility	0	35,652	0	119,094
Leisure Time	0	646,605	0	5,464
Capital Outlay	233,896	940,449	0	574,468
Debt Service:				
Principal	0	0	516,300	0
Interest	0	0	387,918	0
Total Expenditures	4,952,741	5,341,403	915,252	749,188
Excess of Revenues Over (Under) Expenditures	(881,543)	2,961,046	(249,217)	(51,593)
Other Financing Sources (Uses):				
Other Financing Sources	227,636	60,988	0	50
Other Financing Uses	(4,957)	(254,026)	0	(116)
Operating Transfers In	682,387	2,075,249	648,456	1,122,133
Operating Transfers Out	(169,403)	(4,091,354)	(119,853)	(22,334)
Total Other Financing Sources (Uses)	735,663	(2,209,143)	528,603	1,099,733
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(145,880)	751,903	279,386	1,048,140
Fund Balances (Deficit) at Beginning Of Year	3,171,102	3,847,221	1,314,503	1,675,907
Fund Balances (Deficit) at End of Year	\$ 3,025,222	\$ 4,599,124	\$ 1,593,889	\$ 2,724,047

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Type		Totals (Memorandum Only)	
Expendable Trust			
\$	0	\$	6,726,943
	0		2,171,360
	0		2,711,269
	0		1,007,334
	915		407,686
	0		600,019
	101,987		215,568
	102,902		13,840,179
	1,426		2,859,543
	0		4,425,836
	92		123,598
	0		464,556
	0		626,723
	0		154,746
	0		652,069
	3,760		1,752,573
	0		516,300
	0		387,918
	5,278		11,963,862
	97,624		1,876,317
	0		288,674
	(41,602)		(300,701)
	0		4,528,225
	(30,225)		(4,433,169)
	(71,827)		83,029
	25,797		1,959,346
	209,458		10,218,191
\$	235,255	\$	12,177,537

CITY OF MEDINA - MEDINA COUNTY

*Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
All Governmental Fund Types and Expendable Trust Funds*

For the Year Ended December 31, 1999

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Local Taxes	\$ 1,002,100	\$ 941,448	\$ (60,652)	\$ 3,736,950	\$ 5,602,198	\$ 1,865,248
Fees, License and Permits	1,256,000	1,364,729	108,729	484,765	770,231	285,466
Intergovernment	1,046,000	1,136,409	90,409	1,069,862	1,509,162	439,300
Special Assessment	0	0	0	0	0	0
Charges for Services	68,000	74,908	6,908	192,576	226,184	33,608
Investment Income	0	649,076	649,076	0	0	0
Other	641,000	48,011	(592,989)	48,559	63,361	14,802
Total Revenues	4,013,100	4,214,581	201,481	5,532,712	8,171,136	2,638,424
Expenditures:						
Current:						
General Government	3,680,252	3,438,128	242,124	970,402	826,989	143,413
Security	2,508,227	2,176,663	331,564	3,204,984	2,587,674	617,310
Public Health	180,180	226,479	(46,299)	0	0	0
Community Development	479,174	464,025	15,149	43,500	93,090	(49,590)
Transportation	0	0	0	1,621,541	1,336,346	285,195
Basic Utility	0	0	0	38,435	36,443	1,992
Leisure Time	0	0	0	941,109	757,472	183,637
Capital Outlay	383,819	233,896	149,923	747,817	940,449	(192,632)
Debt Service						
Principal Retirement	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Total Expenditures	7,231,652	6,539,191	692,461	7,567,788	6,578,463	989,325
Excess of Revenue Over (Under) Expenditures	(3,218,552)	(2,324,610)	893,942	(2,035,076)	1,592,673	3,627,749
Other Financing Sources (Uses):						
Proceeds of Notes	0	0	0	1,047,052	1,191,034	143,982
Other Financing Sources	77,117	227,636	150,519	51,012	83,632	32,620
Other Financing Uses	(3,575)	(4,957)	(1,382)	(160,200)	(254,026)	(93,826)
Advances In	15,000	16,453	1,453	60,050	61,717	1,667
Advances Out	(168,139)	(69,659)	98,480	(6,294)	(15,829)	(9,535)
Operating Transfers In	1,445,000	1,569,801	124,801	3,436,892	2,111,845	(1,325,047)
Operating Transfers Out	(429,550)	(320,352)	109,198	(5,675,372)	(5,686,453)	(11,081)
Other Financing Sources (Uses)	935,853	1,418,922	483,069	(1,246,860)	(2,508,080)	(1,261,220)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,282,699)	(905,688)	1,377,011	(3,281,936)	(915,407)	2,366,529
Fund Balances at Beginning of Year	1,899,935	1,899,935	0	3,304,652	3,304,652	0
Prior Year's Encumbrances Appropriated	525,871	525,871	0	1,943,868	1,943,868	0
Fund Balances at End of Year	\$ 143,107	\$ 1,520,118	\$ 1,377,011	\$ 1,966,584	\$ 4,333,113	\$ 2,366,529

See accompanying notes to the general purpose financial statements.

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 273,300	\$ 256,448	\$ (16,852)	\$ 0	\$ 0	\$ 0
	0	0	0	0	0
	26,777	26,777	0	0	0
	501,192	501,192	0	506,142	506,142
	0	0	0	7,411	7,411
	0	0	0	0	0
	0	0	0	700	700
273,300	784,417	511,117	0	514,253	514,253
7,500	11,034	(3,534)	154,905	103,321	51,584
0	0	0	0	0	0
0	0	0	6,796	0	6,796
0	0	0	0	0	0
0	0	0	21,330	115,100	(93,770)
0	0	0	345,823	450,081	(104,258)
0	0	0	143,497	112,580	30,917
0	0	0	444,616	636,149	(191,533)
2,418,988	2,195,254	223,734	237,465	0	237,465
233,608	437,332	(203,724)	218,090	0	218,090
2,660,096	2,643,620	16,476	1,572,522	1,417,231	155,291
(2,386,796)	(1,859,203)	527,593	(1,572,522)	(902,978)	669,544
0	0	0	0	125,000	125,000
0	0	0	0	50	50
0	0	0	(250)	(116)	134
0	0	0	5,000	4,607	(393)
0	0	0	0	0	0
0	2,273,411	2,273,411	1,830,900	1,157,988	(672,912)
(16,440)	(16,440)	0	(186,043)	(193,799)	(7,756)
(16,440)	2,256,971	2,273,411	1,649,607	1,093,730	(555,877)
(2,403,236)	397,768	2,801,004	77,085	190,752	113,667
1,315,682	1,315,682	0	2,136,828	2,136,828	0
0	0	0	853,961	853,961	0
\$ (1,087,554)	\$ 1,713,450	\$ 2,801,004	\$ 3,067,874	\$ 3,181,541	\$ 113,667

CITY OF MEDINA - MEDINA COUNTY

*Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
All Governmental Fund Types and Expendable Trust Funds*

For the Year Ended December 31, 1999

	Expendable Trust Funds			Totals		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 5,012,350	\$ 6,800,094	\$ 1,787,744
Fees, License and Permits	0	0	0	1,740,765	2,134,960	394,195
Intergovernment	0	0	0	2,115,862	2,672,348	556,486
Special Assessment	0	0	0	0	1,007,334	1,007,334
Charges for Services	0	915	915	260,576	309,418	48,842
Investment Income	0	0	0	0	649,076	649,076
Other	0	101,987	101,987	689,559	214,059	(475,500)
Total Revenues	0	102,902	102,902	9,819,112	13,787,289	3,968,177
Expenditures:						
General Government	0	1,426	(1,426)	4,813,059	4,380,898	432,161
Security	0	0	0	5,713,211	4,764,337	948,874
Public Health	92	92	0	187,068	226,571	(39,503)
Community Development	556	0	556	523,230	557,115	(33,885)
Transportation	0	0	0	1,642,871	1,451,446	191,425
Basic Utility	0	0	0	384,258	486,524	(102,266)
Leisure Time	0	0	0	1,084,606	870,052	214,554
Capital Outlay	55,125	3,760	51,365	1,631,377	1,814,254	(182,877)
Debt Service						
Principal Retirement	0	0	0	2,656,453	2,195,254	461,199
Interest	0	0	0	451,698	437,332	14,366
Total Expenditures	55,773	5,278	50,495	19,087,831	17,183,783	1,904,048
Excess of Revenue Over (Under) Expenditures	(55,773)	97,624	153,397	(9,268,719)	(3,396,494)	5,872,225
Other Financing Sources (Uses):						
Proceeds of Notes	0	0	0	1,047,052	1,316,034	268,982
Other Financing Sources	342,990	0	(342,990)	471,119	311,318	(159,801)
Other Financing Uses	(249,785)	(275,536)	(25,751)	(413,810)	(534,635)	(120,825)
Advances In	2,000	3,335	1,335	82,050	86,112	4,062
Advances Out	(524)	(624)	(100)	(174,957)	(86,112)	88,845
Operating Transfers In	0	0	0	6,712,792	7,113,045	400,253
Operating Transfers Out	(14,199)	(30,225)	(16,026)	(6,321,604)	(6,247,269)	74,335
Other Financing Sources (Uses)	80,482	(303,050)	(383,532)	1,402,642	1,958,493	555,851
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	24,709	(205,426)	(230,135)	(7,866,077)	(1,438,001)	6,428,076
Fund Balance at Beginning of Year	74,368	74,368	0	8,731,465	8,731,465	0
Prior Year's Encumbrances Appropriated	209,654	209,654	0	3,533,354	3,533,354	0
Fund Balances at End of Year	\$ 308,731	\$ 78,596	\$ (230,135)	\$ 4,398,742	\$ 10,826,818	\$ 6,428,076

See accompanying notes to the general purpose financial statements.

CITY OF MEDINA - MEDINA COUNTY

Combined Statement of Revenues, Expenses,
and Changes in Retained Earnings

All Proprietary Fund Types and Non-Expendable Trust Fund

For the Year Ended December 31, 1999

	Proprietary Fund Types		Fiduciary	Totals (Memorandum Only)
	Internal Service	Enterprise	Non-Expendable Trust	
Operating Revenue:				
Charges for Services	\$ 0	\$ 4,975,712	\$ 9,769	\$ 4,985,481
Other	0	55,582	62	55,644
Total Operating Revenues	0	5,031,294	9,831	5,041,125
Operating Expenses:				
Personal Services	0	1,607,874	0	1,607,874
Contractual Service	0	2,354,997	0	2,354,997
Materials and Supplies	0	598,110	0	598,110
Transportation	0	39,479	0	39,479
Depreciation	0	367,756	0	367,756
Total Operating Expenses	0	4,968,216	0	4,968,216
Operating Income	0	63,078	9,831	72,909
Non-Operating Revenues (Expenses):				
Interest Income	0	21,710	0	21,710
Other Financing Sources	34,817	0	0	34,817
Other Financing Uses	(35,726)	(4,563)	0	(40,289)
Interest and fiscal charges	0	(49,413)	0	(49,413)
Total Non-Operating Revenues (Expenses)	(909)	(32,266)	0	(33,175)
Income (Loss) Before Operating Transfers	(909)	30,812	9,831	39,734
Operating Transfers In	0	103,914	0	103,914
Operating Transfer Out	0	(198,470)	0	(198,470)
Net Income (Loss)	(909)	(63,744)	9,831	(54,822)
Retained Earnings at Beginning of Year	18,322	12,618,815	196,858	12,833,995
Retained Earnings at End of Year	\$ 17,413	\$ 12,555,071	\$ 206,689	\$ 12,779,173

See accompanying notes to the general purpose financial statements.

CITY OF MEDINA

Combined Statement of Cash Flows

All Proprietary Fund Types and Non-Expendable Trust Fund

For the Year Ended December 31, 1999

	Proprietary Fund Types		Fiduciary Fund Type	Total
	Internal Service	Enterprise	Non-Expendable Trust	(Memorandum Only)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 0	\$ 5,080,693	\$ 9,831	\$ 5,090,524
Cash Payments for Goods and Services	0	(2,575,566)	(438)	(2,576,004)
Cash Payments for Employee Services and Benefits	0	(1,627,987)	0	(1,627,987)
<i>Net Cash Provided by Operating Activities</i>	0	877,140	9,393	886,533
Cash Flows from Noncapital Financing Activities:				
Operating Transfers	0	(94,556)	0	(94,556)
Other Financing Sources	34,817	0	0	34,817
Other Financing Uses	(35,726)	(4,563)	0	(40,289)
<i>Net Cash Used for Noncapital Financing Activities</i>	(909)	(99,119)	0	(100,028)
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	0	(345,170)	0	(345,170)
Principal Payments on Notes	0	(54,000)	0	(54,000)
Interest Paid on Bonds	0	(49,413)	0	(49,413)
<i>Net Cash Used for Capital and Related Financing Activities</i>	0	(448,583)	0	(448,583)
Cash Flows from Investing Activities:				
Interest on Investments	0	21,710	0	21,710
<i>Net Cash Provided by Investing Activities</i>	0	21,710	0	21,710
Net Increase (Decrease) in Cash and Cash Equivalents	(909)	351,148	9,393	359,632
Cash and Cash Equivalents at Beginning of Year	18,322	2,410,672	201,090	2,630,084
Cash and Cash Equivalents at End of Year	\$ 17,413	\$ 2,761,820	\$ 210,483	\$ 2,989,716
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ 0	\$ 63,078	\$ 9,831	\$ 72,909
Adjustments:				
Depreciation Expense	0	367,756	0	367,756
(Increase) Decrease in Assets:				
Accounts Receivable	0	46,512	0	46,512
Interfund Notes Receivable	0	1,862	0	1,862
Other Receivable	0	1,025	0	1,025
Prepays	0	317	0	317
Inventory	0	9,292	0	9,292
Increase (Decrease) in Liabilities:				
Accounts Payable	0	476,985	(438)	476,547
Due to Other Funds	0	26,567	0	26,567
Accrued Salaries, Wages and Benefits	0	(20,113)	0	(20,113)
Interfund Payable	0	(96,141)	0	(96,141)
<i>Net Cash Provided by Operating Activities</i>	\$ 0	\$ 877,140	\$ 9,393	\$ 886,533
RECONCILIATION OF FIDUCIARY FUND TYPE CASH AND CASH EQUIVALENTS TO THE COMBINED BALANCE SHEET:				
Non-Expendable Trust	\$ 210,483			
Expendable Trust	335,239			
Agency	453,060			
Cash and Cash Equivalents	\$ 998,782			

See accompanying notes to the general purpose financial statements.

CITY OF MEDINA - MEDINA COUNTY

Notes to the General Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. *Description of the Reporting Entity* - The City was organized in 1952 as a political body and corporation established for the purpose of exercising the rights and privileges conveyed to it by the constitution of the State of Ohio. The City operates under a charter as a home-rule municipal corporation under the laws of the State of Ohio. The City provides the following services: public safety, public services, limited public health, recreation and development.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14. The basic--but not the only--criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of the ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the City has included no component units in these financial statements.

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

B. Basis of Accounting

Governmental Funds - All governmental, expendable trust funds and agency funds are accounted for using a modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period during which they become measurable and available. Expenditures are recognized in the accounting period during which the fund liability is incurred, if measurable.

Revenue Recognition - In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current period or soon enough thereafter to be used to pay obligations of the current period, which for the City is considered to be 60 days after year end): investment earnings, rubbish collection billings, income taxes withheld by employers, estate taxes, fines and forfeitures, state-levied locally shared taxes (including motor vehicle fees), and federal entitlements. Reimbursements due for federally funded community development projects are accrued as revenue at the time the expenditures are made.

Property taxes, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property taxes receivable and delinquent property taxes receivable are recorded and deferred until they become available. Long-term special assessment receivables are recorded for the total special assessment taxes to be received by the entity for the period of the assessment. Special assessment and delinquent special assessment receivables are recorded and deferred until they become available.

CITY OF MEDINA - MEDINA COUNTY

Notes to the Financial Statements (Continued)

B. Basis of Accounting (continued)

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

Expenditure Recognition - The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related liability is incurred. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Fund Types and Similar Trust Funds - All proprietary fund types and similar trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Unbilled utility service receivables are recorded at each year end. Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting", the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, to its proprietary activities.

C. Fund Accounting

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

Governmental Funds

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

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

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

CITY OF MEDINA - MEDINA COUNTY

Notes to the Financial Statements (Continued)

C. Fund Accounting (continued)

Proprietary Funds

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

Internal Service Funds - To account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Fiduciary Funds

Trust and Agency Funds - To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) Expendable Trust Funds, (b) Nonexpendable Trust Funds, and (c) Agency Funds.

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Ordinance, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated; only governmental funds are legally required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the City Council.

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing

CITY OF MEDINA - MEDINA COUNTY

Notes to the Financial Statements (Continued)

D. Budgetary Process (continued)

fiscal year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the Certificate of Estimated Resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amount in the final amended official Certificate of Estimated Resources issued for 1999.

Appropriations - A temporary Appropriation Ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual Appropriation Ordinance must be passed by April 1 of each year for the period January 1 to December 31. The Appropriation Ordinance fixes spending authority at the fund, department and object level. The Appropriation Ordinance may be amended during the year, as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council. During the year, several supplemental appropriation measures were passed. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications, however, these figures do not include prior year carryover appropriations.

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.

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

Governmental Fund Budgets - "The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types and Expendable Trust Funds" is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

CITY OF MEDINA - MEDINA COUNTY

Notes to the Financial Statements (Continued)

D. Budgetary Process (continued)

- C. Outstanding year end encumbrances are treated as expenditures/expenses (budget) rather than as a reservation of fund balance for governmental fund types and as note disclosure for proprietary fund types (GAAP basis).
- D. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year from the GAAP basis to the budget basis for the governmental funds are as follows:

**Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis (as reported)	\$ (145,880)	\$ 751,903	\$ 279,386	\$ 1,048,140	\$ 25,797
Adjustments:					
Proceeds from notes	0	1,191,034	0	0	0
Revenue accruals	1,047,250	(10,356)	1,743,337	(17,880)	3,336
Expenditure accruals	(998,558)	(1,359,926)	103,413	(164,379)	25,350
Principal retirement for debt	0	0	(1,678,954)	0	0
Interest and fiscal charges for debt	0	0	(49,414)	0	0
Encumbrances	<u>(808,500)</u>	<u>(1,488,062)</u>	<u>0</u>	<u>(675,129)</u>	<u>(259,909)</u>
Budget basis	<u>\$ (905,688)</u>	<u>\$ (915,407)</u>	<u>\$ 397,768</u>	<u>\$ 190,752</u>	<u>\$ (205,426)</u>

Proprietary Fund Budgets - Each proprietary fund has a budget adopted similar to and at the same time as the governmental funds. Proprietary funds are reported on a full accrual basis of accounting and decision makers are concerned with results of operations on GAAP basis for these funds. Proprietary budgetary statements are not required to be reported, therefore, budget versus actual statements on the budgetary basis of accounting are not presented for proprietary funds.

Fiduciary Fund Budgets - The City officials do not budget for fiduciary funds in a manner similar to the governmental funds. The City recognizes that the money in these funds are unavailable for the City operations and thus not projected. Therefore budget to actual financial statements are not presented.

CITY OF MEDINA - MEDINA COUNTY

Notes to the Financial Statements (Continued)

E. Investments and Inactive Funds

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest is recognized and recorded when earned. Equity in pooled cash and investments consists of certificates of deposits, repurchase agreements, and a money market checking account.

F. Accounts Receivable

All allowances for uncollectible accounts receivable represent estimates of uncollectible receivables of user charges within enterprise funds. Taxes, intergovernmental, other receivables, and special assessments are deemed collectible in full by the City management. The City grants credit to the public for services provided by the City.

G. Inventory

Inventory is valued at cost on a first-in, first-out basis. The costs of governmental fund type inventories are recorded as expenditures when purchased.

H. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date donated. The City has established a capitalization threshold for fixed assets at \$10,000.

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

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

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment, and vehicles in the proprietary fund types is computed using the straight-line method.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

CITY OF MEDINA - MEDINA COUNTY

Notes to the Financial Statements (Continued)

I. Fund Balances (governmental funds)

Fund balances are reserved for encumbrances, reserved for inventory and prepaid items. The fund balance in the debt service fund is restricted to retirement of debt principal and interest.

J. Accumulated Unpaid Vacation and Sick Pay

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent that is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

In the governmental funds, the liability is recorded in the general long-term obligation account group. In the proprietary funds, the entire amount of unpaid compensated absences is recorded as a fund liability. The determinable obligations for accumulated unpaid vacation and accumulated sick pay for the City as a whole totaled \$602,702 at December 31, 1999.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues, 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.

All other interfund transactions are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. During 1999, there were transfers out in the agency fund. Since agency funds do not present budgetary statements, transfers in and transfers out do not balance on a budgetary basis. During the year ended December 31, 1999 the City had the following transfer transactions:

	Transfers In	Transfers Out
	<u> </u>	<u> </u>
General Fund	\$ 682,387	\$ 169,403
Special Revenue	2,075,249	4,091,354
Debt Service	648,456	119,853
Capital Projects	1,122,133	22,334
Expendable Trust	0	30,225
Enterprise Funds	103,914	198,470
Agency Funds	0	500
	<u> </u>	<u> </u>
Total	<u>\$ 4,632,139</u>	<u>\$ 4,632,139</u>

CITY OF MEDINA - MEDINA COUNTY

Notes to the Financial Statements (Continued)

L. Total Columns on Financial Statements

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

M. Cash Flows

For purposes of the statement of cash flows, the city considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

NOTE 2 - LEGAL COMPLIANCE

- A. Expenditures exceeded appropriations at the legal level of control throughout the year and at year end for certain accounts contrary to Ohio Revised Code Section 5705.41(B).
- B. The City did not certify the availability of funds for many of its expenditures, contrary to Ohio Revised Code 5705.41(D).
- C. Total appropriations exceeded total certified estimated resources in numerous funds at year end contrary to Ohio revised Code 5705.39. The following funds had appropriations in excess of estimated resources contrary to Ohio Revised Code. However, actual fund resources were sufficient to finance fund appropriations.

Fund	Estimated Revenues	Appropriations	Excess
Special Revenue:			
Street M&R Fund	\$ 769,493	\$ 784,135	\$ (14,642)
Debt Service Fund:			
General Bond Retirement Fund	2,847	1,931,720	(1,928,873)
Capital Projects Funds:			
Curbs and Alleys	38,000	51,260	(13,260)
Special Assessment Project Fund	5,000	17,301	(12,301)
Enterprise Fund:			
Sanitation Fund	3,004,367	3,059,197	(54,830)

CITY OF MEDINA - MEDINA COUNTY

Notes to the Financial Statements (Continued)

NOTE 3 - DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

Protection of the City's cash and investments is provided by the various federal deposit insurance corporations as well as qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110% of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Legal Requirements. Statutes require the classification of monies held by the City into three categories which determines the type of investments which can be made.

Category 1 consists of "active" monies, those monies required to be kept in a "cash" or "near-cash" status for immediate use by the City. Such monies must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

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

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

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or the Export-Import Bank of Washington.
3. Repurchase agreements in the securities enumerated above.
4. Interim deposits in the eligible institutions applying for interim monies.
5. Bonds and other obligations of the State of Ohio.
6. The State Treasurer's investment pool (STAR Ohio).

Notwithstanding the foregoing requirements, the City may invest any monies not required to be used for a period of six months in the following classes of investments:

1. Bonds or other obligations of the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.

CITY OF MEDINA - MEDINA COUNTY

Notes to the Financial Statements (Continued)

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

2. Discount notes of the Federal National Mortgage Association.
3. Bonds issued by the Homeowners' Loan Corporation.
4. Bonds of the State of Ohio.
5. Bonds of any municipal corporation, village, county, township, or other political subdivision of the state, as to which there is no default of principal, interest, or coupons.

Deposits. At year-end, the carrying amount of the City's deposits was \$7,580,789 and the bank balance was \$8,090,165: Of the bank balance:

1. \$500,000 was covered by federal depository insurance or by collateral held by the City's agent in the name of the City.
2. \$7,590,165 was uninsured and uncollateralized as defined by the Government Accounting Standards Board (GASB) because the collateral pledged by the financial institution or their trust departments or agents is not in the City's name, due to the fact the pledging bank has an investment and securities pool used to collateralize all public deposits. This pool had a market value at December 31, 1999 in excess of 110% of the public funds on deposit.

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

	<u>1</u>	CATEGORY <u>2</u>	<u>3</u>	CARRYING <u>VALUE</u>	FAIR <u>VALUE</u>
Repurchase Agreements	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,943,442</u>	<u>\$ 8,943,442</u>	<u>\$ 8,943,442</u>

CITY OF MEDINA - MEDINA COUNTY

Notes to the Financial Statements (Continued)

NOTE 4 - FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance 01/01/1999	Additions	Disposals	Balance 12/31/1999
Land	\$ 550,222	\$ 0	\$ 0	\$ 550,222
Buildings	4,421,531	98,900	0	4,520,431
Machinery and equipment	3,748,650	277,883	0	4,026,533
Vehicles	2,372,340	104,719	0	2,477,059
Improvements	1,704,381	823,383	0	2,527,764
Total general fixed assets	<u>\$12,797,124</u>	<u>\$1,304,885</u>	<u>\$ 0</u>	<u>\$14,102,009</u>

The following is a summary of proprietary fund type assets at December 31, 1999:

	Enterprise Funds
Land & land improvements	\$ 3,065,568
Buildings	2,902,821
Improvements other than buildings	14,321,768
Machinery and equipment	1,349,866
Vehicles	1,452,084
Total fixed assets	23,092,107
Less: accumulated depreciation	<u>(11,922,599)</u>
Net fixed assets	<u>\$ 11,169,508</u>

In proprietary funds, the following estimated useful lives are used to compute depreciation:

Buildings	50 years
Machinery and equipment	10-20 years
Vehicles	4-5 years
Improvements other than buildings	20-40 years

CITY OF MEDINA - MEDINA COUNTY

Notes to the Financial Statements (Continued)

NOTE 5 - RETIREMENT COMMITMENTS

Public Employees Retirement System

The City contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5% of their annual covered salary to fund pension obligations and the City is required to contribute 13.55%. For law enforcement employees, the employee contribution is 9% and the employer contribution is 16.70%. Contributions are authorized by state statute. The contribution rates are determined actuarially. The City's contributions to PERS for the years ended December 31, 1999, 1998, and 1997, were \$591,624, \$590,443, and \$540,200, respectively.

Police and Firemen's Disability and Pension Fund (PFDPF)

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0%, respectively for police officers and firefighters. The City's contributions to PFDPF for the years ending December 31, 1999, 1998, and 1997, were \$335,546, \$300,865, and \$255,663, respectively, equal to the required contributions for each year.

NOTE 6 - POST EMPLOYMENT HEALTH CARE BENEFITS

Public Employees Retirement System

In addition to providing pension benefits through Public Employee Retirement System of Ohio ("System"), the System provides post retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio Service Credit. Health care coverage for disability recipients and primary service recipients is also available. The Ohio revised code provides statutory authority for employee and employer contributions to the System. As described in Note 4 - Retirement Commitments,

CITY OF MEDINA - MEDINA COUNTY

Notes to the Financial Statements (Continued)

NOTE 6 - POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

the employer contribution rate to the system was 13.55% of covered payroll. Of covered payroll, 4.2% was the portion that was used to fund health care in 1999.

The Other Post-Employment Benefit (OPEB) is a standardized disclosure measure of the present value of OPEB adjusted for the effects of payroll increases and health care premium increases. The measure, which is an actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due. The system does not make separate measurements of assets and OPEB for individual employers.

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 statewide benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

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

Police and Firemen's Disability and Pension Fund (PFDPF)

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

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

Health care funding and accounting is on a pay-as-you-go basis. Currently, 7% of covered payroll, the Board-defined allocation, is used to pay retiree health care expenses. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible statewide to receive health care benefits as of December 31, 1998 (the latest information available) were 11,424 for police and 9,186 for firefighters. The City's 1999 contribution was \$111,878 to fund the City's portion of their 1999 OPEB obligation to the retirement system.

CITY OF MEDINA - MEDINA COUNTY

Notes to the Financial Statements (Continued)

NOTE 6 - POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

PFDPF total health care expenses for the year ending December 31, 1998 (the latest information available) were \$78,596,790, which was net of member contributions of \$5,331,515.

NOTE 7 - DEBT OBLIGATIONS

Debt outstanding at December 31, 1999, consisted of the following:

	<u>Balance 01/01/1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/1999</u>
Notes payable bank				
Interest rate is 4.85%, paid off 3/1/99	\$ 14,300	\$ 0	\$ 14,300	\$ 0
General Obligation Bonds				
Interest rates vary from 3.25% to 9.63%, due through 2015	3,745,800	0	346,200	3,399,600
Special Assessment Bonds				
Interest rates vary from 6.25% to 12.00%, due through 2015	<u>3,429,200</u>	<u>0</u>	<u>209,800</u>	<u>3,219,400</u>
	<u>\$ 7,189,300</u>	<u>\$ 0</u>	<u>\$ 570,300</u>	<u>\$ 6,619,000</u>

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

Outstanding special assessment bonds consist of street and utility improvements which are payable from the proceeds of tax assessments against individual property owners.

CITY OF MEDINA - MEDINA COUNTY

Notes to the Financial Statements (Continued)

NOTE 7 - DEBT OBLIGATIONS (continued)

The annual requirements to amortize all debt outstanding as of December 31, 1999 are as follows:

Year Ending December 31,	General Obligation Bonds	Special Assessment Bonds
2000	\$ 346,200	\$ 215,800
2001	351,200	219,800
2002	351,200	221,800
2003	351,200	217,800
2004	291,200	197,800
Thereafter	<u>1,708,600</u>	<u>2,146,400</u>
Total	<u>\$ 3,399,600</u>	<u>\$ 3,219,400</u>

The remaining interest to be paid on the general obligation debt and special assessment bonds until maturity is \$1,006,881 and \$1,488,892, respectively.

NOTE 8 - PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 1995.

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

The full tax rate applied to real property for the fiscal year ended December 31, 1999 was \$6.00 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$5.30 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$5.42 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the City by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 1999, was \$6.30 of \$1,000 assessed valuation.

CITY OF MEDINA - MEDINA COUNTY

Notes to the Financial Statements (Continued)

NOTE 8 - PROPERTY TAX (continued)

Real property - 1998 valuation	
Residential/agricultural	\$ 254,963,380
Commercial/industrial	<u>130,116,340</u>
	<u>\$ 385,079,720</u>
Tangible personal property - 1998 valuation	
General & public utilities	<u>\$ 72,522,390</u>

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

NOTE 9 - LOCAL INCOME TAX

The City taxes earned income and net business profits at the rate of .5% . The Central Collection Agency is the City's agent for administering income tax collecting and accounting.

NOTE 10 - 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 90% co-insured.

CITY OF MEDINA - MEDINA COUNTY

Notes to the Financial Statements (Continued)

NOTE 11 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Included in the services provided by the City which are financed primarily by user charges are water, sanitation and airport services.

The key financial information for the year ended December 31, 1999 for these non-similar enterprise activities is as follows:

	<u>Airport *</u>	<u>Sanitation</u>	<u>Water</u>	<u>Total</u>
Operating revenues	\$ 1,060	\$ 2,705,127	\$ 2,325,107	\$ 5,031,294
Operating expenses, before depreciation	97,779	2,416,628	2,086,053	4,600,460
Depreciation expense	34,007	163,699	170,050	367,756
Operating income (loss)	(130,726)	124,800	69,004	63,078
Net operating transfers out	0	(9,680)	(84,876)	(94,556)
Non-Operating revenue (expenses)	0	(658)	(31,608)	(32,266)
Net income (loss)	(130,726)	114,462	(47,480)	(63,744)
Assets	2,730,382	1,660,073	11,695,264	16,085,719
Net working capital	435,856	878,645	2,441,328	3,755,829
Bonds payable	0	0	896,000	896,000
Total equity	2,541,377	1,351,287	10,136,673	14,029,337

* Reflects operations as lessor. See note 12.

CITY OF MEDINA - MEDINA COUNTY

Notes to the Financial Statements (Continued)

NOTE 12 - INTERFUND ASSETS/LIABILITIES

Due to/Due From

Receivable Fund	Payable Fund	Amount
General	Non-Expendable Trust	\$ 3,793
General	Expendable Trust	4,889
General	Special Revenue	503,369
General	Debt Service	17,713
General	Capital Projects	4,607
General	Sanitation	100,435
General	Airport	15,267
General	Water	140,820
Water	Capital Projects	57,907
Capital Projects	Debt Service	101,842
Total		<u><u>\$ 950,642</u></u>

Interfund Notes Receivable/Interfund Notes Payable

Receivable Fund	Payable Fund	Amount
Water	Airport	\$ 134,259
Water	Special Revenue	510,525
Water	Capital Projects	125,000
Sanitation	Special Revenue	491,861
Total		<u><u>\$ 1,261,645</u></u>

CITY OF MEDINA - MEDINA COUNTY

Notes to the Financial Statements (Continued)

NOTE 13 - AIRPORT LEASE

On December 2, 1994, the City entered into a 20 year operating lease with Flight Services of Medina, a division of Olson Products. This lease began on January 1, 1995 and terminates on December 31, 2014 with an option to extend the term for an additional five years.

Annual rental income is \$200, and has been prepaid through the year 2005. Under the terms of the operating lease, the lessee is responsible for operating and maintaining the airport facility. However, the City is responsible for making major improvements.

NOTE 14 – CONTINGENT LIABILITIES

The City is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, counsel believes that the resolution of these matters will not materially affect the City's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

NOTE 15 – SUBSEQUENT EVENT

On June 26, 2000, the City borrowed \$8,200,000 of bond anticipation notes. The funds will be used to construct a water line from Lorain County Water Authority to Medina.

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**CITY OF MEDINA
MEDINA COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
U.S. Department of Housing and Urban Development				
<i>Passed through the Ohio Department of Development:</i>				
Community Development Block Grants Community Housing Improvement Program	A-F-98-147-1	14.228	\$90,000	\$279,448
U.S. Department of Justice				
<i>Direct Programs:</i>				
Community Oriented Policing Services (COPS) Grant Program:				
COPS More 1995 Program		16.710	605	7,216
COPS More 1996 Program			43,962	125,262
COPS More 1998 Program			11,000	25,090
COPS Universal Hiring Program			<u>64,579</u>	<u>232,794</u>
Total			120,146	390,362
<i>Passed through the Ohio Office of Criminal Justice Services:</i>				
Diversion Grant	98-JJ-IN4-0471	16.540	18,500	56,155
	97-JJ-IN4-0471		<u>6,500</u>	<u>0</u>
Total			25,000	56,155
Local Law Enforcement Block Grant Program	98-LE-LEB-3140	16.592	<u>9,000</u>	<u>10,828</u>
Total U.S. Department of Justice			<u>154,146</u>	<u>457,345</u>
Total Receipts and Expenditures of Federal Awards			<u>\$244,146</u>	<u>\$736,793</u>

The accompanying notes are an integral part of this Schedule.

**CITY OF MEDINA
FISCAL YEAR ENDED DECEMBER 31, 1999**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards summarizes activity of the City's federal award programs. The Schedule has been prepared on the cash basis of accounting.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

City of Medina
Medina County
123 North Elmwood Avenue
Medina, Ohio 44256

To the City Council:

We have audited the general purpose financial statements of the City of Medina, Medina County, Ohio, (the City) as of and for the year ended December 31, 1999, and have issued our qualified report thereon dated July 13, 2000. The report was qualified due to a lack of evidence supporting General Fixed Asset Account Group and Enterprise Fund fixed assets. Except for our procedures relating to fixed assets, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-20952-001 through 1999-20952-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated July 13, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-20952-004.

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

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



Jim Petro
Auditor of State

July 13, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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

City of Medina
Medina County
123 North Elmwood Avenue
Medina, Ohio 44256

To the City Council:

Compliance

We have audited the compliance of the City of Medina, Medina County, Ohio, (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1999. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

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

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

July 13, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

**CITY OF MEDINA
DECEMBER 31, 1999**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Qualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Community Oriented Policing (COPS) CFDA 16.710
(d)(1)(viii)	Dollar Threshold: Type AIB Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

Finding Number	1999-20952-001
-----------------------	-----------------------

Budgetary Requirement - Certification of Expenditures:

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

Then and Now Certificates: If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the taxing authority may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.

If the amount involved is less than \$1,000, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the taxing authority, if such expenditure is otherwise valid.

Ninety percent of the transactions tested were not certified by the Finance Director prior to the commitment date of the expenditure. It was also found that neither of the two exceptions above had been utilized. Prior to entering purchase commitments, the Finance Director should either certify that funds are available for expenditure or use the exceptions noted above as applicable.

Finding Number	1999-20952-002
-----------------------	-----------------------

Budgetary Requirement - Appropriations Limited by Estimated Resources:

Ohio Rev. Code Section 5705.39 requires, that the total appropriations from each fund not exceed total certified estimated fund resources from each fund. Ohio Rev. Code Section 5705.36 allows the City to request an Amended Certificate of Estimated Resources when sufficient resources are available to cover actual appropriations. Such amendments should be requested prior to authorizing additional appropriations.

Finding Number	1999-20952-002 (Continued)
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At December 31, 1999, total fund appropriations exceeded total estimated fund resources in the following funds:

	Current Appropriations	Current Estimated Resources	Excess
Special Revenue:			
Street M&R Fund	\$784,135	\$769,493	\$14,642
Debt Service:			
General Bond Retirement Fund	1,931,720	2,847	1,928,873
Capital Projects:			
Curbs & Alleys Fund	51,260	38,000	13,260
Special Assessment Projects Fund	17,301	5,000	12,301
Enterprise Fund:			
Sanitation Fund	3,059,197	3,004,367	54,830

The City had sufficient actual resources to finance appropriations. However, the City did not request an amended Certificate of Estimated Resources from the County Auditor for those respective resources by year end.

Finding Number	1999-20952-003
-----------------------	-----------------------

Investment Policy:

Ohio Rev. Code Section 135.14 requires that investments or deposits cannot be made unless a written investment policy, approved by the treasurer or governing board, is on file with the Auditor of State, with the following three exceptions:

- a. If a written investment policy is not filed with the Auditor of State, the treasurer or governing board is permitted to invest only in interim deposits or the State Treasurer's investment pool, STAR Ohio.
- b. A subdivision whose average annual portfolio of investments is \$100,000 or less is not required to file an investment policy, provided that the treasurer or governing board certifies to the Auditor of State that the treasurer or governing board will comply and is in compliance with the provisions of Ohio Rev. Code Sections 135.01 to 135.21.
- c. Chartered entities are exempted from these provisions if either the charter includes a provision, or if the governing body has passed an ordinance which authorizes the financial officer to invest funds.

Finding Number	1999-20952-003
-----------------------	-----------------------

Investment Policy: (Continued)

Throughout the year and at year end the City continuously invested in Repurchase Agreements, while the City Charter did not contain the necessary provisions, nor has the City Council passed an ordinance or resolution, which authorize the Finance Director to invest the City's funds. In addition, the City has not filed an investment policy with the Auditor of State which was required because the City's investment portfolio included repurchase agreements which were transacted through an overnight sweep account.

City Council should adopt an ordinance and an investment policy regarding the investment and deposit of City funds. In addition, the City should file the ordinance/investment policy with the Auditor of State.

Material Weakness

Finding Number	1999-20952-004
-----------------------	-----------------------

Fixed Assets:

The City does not maintain comprehensive records to account for fixed asset balances, additions, deletions, and accumulated depreciation. The City has also not determined, nor has it recorded, the historical values for several parcels of land owned by the City.

The lack of a comprehensive fixed asset accounting system could result in the overstatement or understatement of fixed assets and related accumulated depreciation.

We recommend that management:

- a. Develop a centralized policy and comprehensive procedural system with appropriate documentation forms, and require approval by the Board of Control prior to the disposition of any fixed assets. A copy of the documentation form should be routed to the Finance Department for input into in a fixed asset record by department and type of asset to permit the preparation of the general purpose financial statements. The system should also accurately reflect all current and accumulated depreciation.
- b. Determine and record in the fixed asset records the historical cost value of all land owned by the City.
- c. Perform a physical count of fixed assets to obtain an accurate balance and then perform periodic physical counts at least annually.
- d. Maintain a detailed master fixed asset list appropriately sorted which readily supports financial statement preparation (i.e by class, type, etc.)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



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OFFICE OF THE AUDITOR

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CITY OF MEDINA

MEDINA 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
SEPTEMBER 12, 2000**