

**Deloitte &
Touche**



City of Piqua, Ohio

*Financial Statements and Single Audit Reports for
the Year Ended December 31, 1999 and
Independent Auditors' Report*

CITY OF PIQUA, OHIO

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STATE OF OHIO
OFFICE OF THE AUDITOR

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Mayor and City Commission Members
City of Piqua

We have reviewed the Independent Auditor's Report of the City of Piqua, Miami County, prepared by Deloitte & Touche LLP for the audit period January 1, 1999 through 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 Piqua is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

June 1, 2000



INDEPENDENT AUDITORS' REPORT

Honorable Mayor Frank H. Barhorst and
City Commission Members, Citizens of the City of Piqua, Ohio
and Mr. Jim Petro, Auditor of State of Ohio:

We have audited the accompanying general purpose financial statements of the City of Piqua, Ohio, as of December 31, 1999, and for the year then ended, listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the management of the City of Piqua, Ohio. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, such general purpose financial statements present fairly, in all material respects, the financial position of the City of Piqua, Ohio, at December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City of Piqua, Ohio, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose 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. This schedule is the responsibility of the management of the City of Piqua, Ohio. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2000, on our consideration of the City of Piqua's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

May 5, 2000

CITY OF PIQUA, OHIO

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Equity in pooled cash and cash equivalents	\$2,251,722	\$1,413,819	\$	\$1,431,915
Equity in pooled investments	4,702,387	444,083		
Accounts receivable, primarily municipal income taxes, state shared taxes, property taxes, and utility charges	2,736,849	1,963,814	168,886	
Allowance for uncollectible accounts				
Inventories	29,055			
Due from other funds	214	4,543		
Prepaid items and other assets	42,938	8,615		
Amount to be provided for general long-term obligations				
Amount available in debt service funds				
Property and equipment, at cost:				
In-service				
Construction in progress				
Less accumulated depreciation				
Property and equipment, net				
Total unrestricted	9,763,165	3,834,874	168,886	1,431,915
Restricted:				
Equity in pooled cash and cash equivalents			80,866	
Equity in pooled investments				
Accrued interest receivable			412	
City bonds and notes			102,965	
Total restricted			184,243	
TOTAL ASSETS AND OTHER DEBITS	<u>\$9,763,165</u>	<u>\$3,834,874</u>	<u>\$ 353,129</u>	<u>\$1,431,915</u>

See notes to combined financial statements.

EXHIBIT I

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)	
					1999	1998
\$ 3,289,607	\$ 1,479,667	\$ 161,890	\$	\$	\$ 10,028,620	\$ 8,254,057
2,410,829	2,417,671				9,974,970	10,275,868
2,865,686	356,321	31,185			8,122,741	7,721,250
(226,595)					(226,595)	(185,643)
775,078					804,133	717,434
89,363					94,120	225,670
275,092	93	284,000			610,738	663,755
				1,708,502	1,708,502	1,624,884
				184,244	184,244	184,267
104,078,219	243,400		11,950,169		116,271,788	110,786,051
<u>554,775</u>					<u>554,775</u>	<u>3,033,562</u>
104,632,994	243,400		11,950,169		116,826,563	113,819,613
<u>(44,466,300)</u>	<u>(68,271)</u>				<u>(44,534,571)</u>	<u>(41,903,422)</u>
<u>60,166,694</u>	<u>175,129</u>		<u>11,950,169</u>		<u>72,291,992</u>	<u>71,916,191</u>
69,645,754	4,428,881	477,075	11,950,169	1,892,746	103,593,465	101,397,733
596,700					677,566	760,452
1,787,300					1,787,300	1,729,135
7,730					8,142	20,904
					<u>102,965</u>	<u>65,443</u>
<u>2,391,730</u>					<u>2,575,973</u>	<u>2,575,934</u>
<u>\$72,037,484</u>	<u>\$4,428,881</u>	<u>\$ 477,075</u>	<u>\$ 11,950,169</u>	<u>\$ 1,892,746</u>	<u>\$106,169,438</u>	<u>\$103,973,667</u>

(Continued)

CITY OF PIQUA, OHIO

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999**

LIABILITIES, OTHER CREDITS AND FUND EQUITY	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES:				
Accounts payable	\$ 211,583	\$ 307,629	\$	\$ 126,592
Accrued expenses and deposits	313,728	36,316		
Accrued vacation and sick pay	328,896	68,154		
Homeowners advances		1,013,061		
Due to other funds		4,757		
Deferred revenue	1,074,980	185,273	168,886	
Unfunded police/fire pension obligation				
General obligation bonds payable				
Revenue bonds payable				
Ohio Water Development Authority note payable				
Special assessment bonds with governmental commitment				
Street improvement bonds				
Utility improvement notes				
Total liabilities	<u>1,929,187</u>	<u>1,615,190</u>	<u>168,886</u>	<u>126,592</u>
OTHER CREDITS AND FUND EQUITY:				
<i>Investment in general fixed assets</i>				
Fund equity:				
Contributed capital				
Retained earnings - unreserved				
Fund balances:				
Reserved for:				
Encumbrances	244,307	354,399		207,156
Inventories	29,055			
Prepaid items	42,938	7,267		
Unreserved:				
Designated for safety equipment	1,062,668			
Undesignated	<u>6,455,010</u>	<u>1,858,018</u>	<u>184,243</u>	<u>1,098,167</u>
Total other credits and fund equity	<u>7,833,978</u>	<u>2,219,684</u>	<u>184,243</u>	<u>1,305,323</u>
TOTAL LIABILITIES, OTHER CREDITS AND FUND EQUITY	<u>\$9,763,165</u>	<u>\$3,834,874</u>	<u>\$353,129</u>	<u>\$1,431,915</u>

See notes to combined financial statements.

EXHIBIT I

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)	
					1999	1998
\$ 1,069,234	\$ 162,144	\$	\$	\$	\$ 1,877,182	\$ 4,075,648
255,035	7,040	421,905			1,034,024	1,013,154
1,102,634	14,575			917,006	2,431,265	2,343,853
					1,013,061	892,377
89,363					94,120	225,670
2,000		31,185			1,462,324	1,369,764
				756,304	756,304	765,354
7,706,340					7,706,340	8,206,807
3,140,000					3,140,000	4,595,000
6,679,924					6,679,924	7,081,696
					130,775	103,325
					88,661	98,193
<u>1,055,000</u>					<u>1,055,000</u>	<u>1,055,000</u>
<u>21,099,530</u>	<u>183,759</u>	<u>453,090</u>		<u>1,892,746</u>	<u>27,468,980</u>	<u>31,825,841</u>
			11,950,169		11,950,169	10,905,740
6,431,414	2,290,708				8,722,122	8,671,193
44,506,540	1,954,414				46,460,954	42,138,115
					805,862	462,064
					29,055	11,208
					50,205	50,963
		23,985			1,062,668	1,056,028
					<u>9,619,423</u>	<u>8,852,515</u>
<u>50,937,954</u>	<u>4,245,122</u>	<u>23,985</u>	<u>11,950,169</u>		<u>78,700,458</u>	<u>72,147,826</u>
<u>\$ 72,037,484</u>	<u>\$ 4,428,881</u>	<u>\$ 477,075</u>	<u>\$ 11,950,169</u>	<u>\$ 1,892,746</u>	<u>\$ 106,169,438</u>	<u>\$ 103,973,667</u>

(Concluded)

CITY OF PIQUA, OHIO

EXHIBIT II

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

	Governmental Fund Types				Fiduciary	Totals		
	General	Special Revenue	Debt Service	Capital Projects	Fund Type	Expendable Trust	(Memorandum Only) 1999	1998
REVENUES:								
Municipal income taxes	\$5,219,996	\$2,267,706	\$	\$		\$	\$ 7,487,702	\$ 7,005,992
Property taxes	1,164,831	188,892	35,278			40,927	1,429,928	1,257,482
State shared taxes	1,591,450	709,563					2,301,013	2,147,881
Special assessments		80,580					80,580	4,816
Intergovernmental grants	140,143	740,666					880,809	1,094,497
Fines, costs, forfeitures, licenses and permits	300,552	3,525					304,077	364,340
Interest income	380,618	91,513	13,208	72,673		13	558,025	566,720
Net increase (decrease) in fair value of investments	(145,591)	(12,093)					(157,684)	63,436
Other income	480,855	58,840	61,989			1,970	603,654	426,505
Total revenues	9,132,854	4,129,192	110,475	72,673		42,910	13,488,104	12,931,669
EXPENDITURES:								
Current:								
Public safety	5,726,082	44,677					5,770,759	5,739,881
Public health and welfare	203,838						203,838	201,074
General government administration	1,141,425						1,141,425	1,036,924
Highways and streets		1,437,390					1,437,390	1,223,080
Parks and recreation	415,926						415,926	336,564
Community planning and development		486,879	1,834	30,000		30,331	516,879	509,232
Other	750,799	1,527,422		396,234			32,165	33,041
Capital outlay							2,674,455	3,481,646
Debt service:								
Principal retirement			44,072				44,072	45,778
Interest			14,927				14,927	18,696
Total expenditures	8,238,070	3,496,368	60,833	426,234		30,331	12,251,836	12,625,916
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	894,784	632,824	49,642	(353,561)		12,579	1,236,268	305,753
OTHER FINANCING SOURCES (USES):								
Operating transfers, in	137,160	280,108	14,755	522,292			954,315	689,384
Operating transfers, out	(654,212)	(314,500)	(64,421)	(9,150)		(6,315)	(1,048,598)	(746,852)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES)	377,732	598,432	(24)	159,581		6,264	1,141,985	248,285
FUND BALANCE - Beginning of year	7,462,887	1,622,161	184,267	1,145,742		17,721	10,432,778	10,442,545
RESIDUAL EQUITY TRANSFER, OUT	(6,641)	(909)					(7,550)	(258,052)
FUND BALANCE - End of year	\$7,833,978	\$2,219,684	\$184,243	\$1,305,323		\$23,985	\$11,567,213	\$10,432,778

See notes to combined financial statements.

CITY OF PIQUA, OHIO

EXHIBIT III

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS) - ALL GOVERNMENTAL FUND TYPES YEAR ENDED DECEMBER 31, 1989

	General Fund			Special Revenue Funds			Debt Service		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Municipal income taxes	\$ 5,098,273	\$ 5,219,996	\$ 121,723	\$ 2,218,281	\$ 2,267,706	\$ 49,425	\$ 35,278	\$ 35,278	\$
Property taxes	1,164,363	1,164,831	468	188,822	188,892	70			
State shared taxes	1,653,842	1,591,450	(62,392)	697,077	709,563	12,486			
Special assessments				79,239	80,580	1,341			
Intergovernmental grants	200,903	140,143	(60,760)	863,067	740,666	(122,401)			
Fees, costs, forfeitures, licenses and permits	291,725	300,552	8,827	3,470	3,525	55			
Interest income	361,010	380,618	19,608	78,867	91,513	12,646	13,300	13,208	(92)
Net decrease in fair value of investments			(145,591)		(12,093)	(12,093)			
Other income	446,334	480,855	34,521	55,443	58,840	3,397	61,989	61,989	
Total revenues	9,216,450	9,132,854	(83,596)	4,184,266	4,129,192	(55,074)	110,567	110,475	(92)
EXPENDITURES:									
Current:									
Public safety	5,788,590	5,726,082	62,508	44,682	44,677	5			
Public health and welfare	204,494	203,838	656						
General government administration	1,169,938	1,141,425	28,513	1,442,147	1,437,390	4,757			
Highways and streets									
Parks and recreation	410,913	415,926	(5,013)	562,896	486,879	76,017	1,834	1,834	
Community planning and development				1,523,022	1,527,422	(4,400)			
Other	908,881	750,799	158,082						
Capital outlay									
Debt service:									
Principal retirement							44,072	44,072	
Interest							14,928	14,927	1
Total expenditures	8,482,816	8,238,070	244,746	3,572,747	3,496,368	76,379	60,834	60,833	1
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	733,634	894,784	161,150	611,519	632,824	21,305	49,733	49,642	(91)
OTHER FINANCING SOURCES (USES):									
Operating transfers, in	128,010	137,160	9,150	284,074	280,108	(3,966)	15,122	14,755	(367)
Operating transfers, out	(674,297)	(654,212)	20,085	(321,612)	(314,500)	7,112	(68,290)	(64,421)	1,869
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES EXPENDITURES AND OTHER OVER FINANCING (USES)	187,347	377,732	190,385	573,981	598,432	24,451	(1,435)	(24)	1,411
FUND BALANCE - Beginning of year	7,462,887	7,462,887		1,622,161	1,622,161		184,267	184,267	
RESIDUAL EQUITY TRANSFER, OUT	93,026	(6,641)	(99,667)		(909)	(909)			
FUND BALANCE - End of year	\$ 7,743,260	\$ 7,833,978	\$ 90,718	\$ 2,196,142	\$ 2,219,684	\$ 23,542	\$ 182,832	\$ 184,243	\$ 1,411

(Continued)

See notes to combined financial statements.

CITY OF PIQUA, OHIO

EXHIBIT III

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (GAAP BASIS) - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED DECEMBER 31, 1999

	Capital Projects		Totals (Memorandum Only)			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Municipal income taxes	\$	\$	\$	\$	\$	\$
Property taxes						
State shared taxes						
Special assessments						
Intergovernmental grants						
Fines, costs, forfeitures, licenses and permits						
Interest income	72,512	72,673	161	558,012	558,012	32,323
Net decrease in fair value of investments				(157,684)	(157,684)	(157,684)
Other income				563,766	601,684	37,918
Total revenues	<u>72,512</u>	<u>72,673</u>	<u>161</u>	<u>13,583,795</u>	<u>13,445,194</u>	<u>(138,601)</u>
EXPENDITURES:						
Current:						
Public safety				5,833,272	5,770,759	62,513
Public health and welfare				204,494	203,838	656
General government administration				1,169,938	1,141,425	28,513
Highways and streets				1,442,147	1,437,390	4,757
Parks and recreation				410,913	415,926	(5,013)
Community planning and development	30,000	30,000		592,896	516,879	76,017
Other				1,834	1,834	
Capital outlay	209,290	396,234	(186,944)	2,641,193	2,674,455	(33,262)
Debt service:						
Principal retirement				44,072	44,072	
Interest				14,928	14,927	1
Total expenditures	<u>239,290</u>	<u>426,234</u>	<u>(186,944)</u>	<u>12,355,687</u>	<u>12,221,505</u>	<u>134,182</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(166,778)</u>	<u>(353,561)</u>	<u>(186,783)</u>	<u>1,228,108</u>	<u>1,223,689</u>	<u>(4,419)</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers, in	539,500	522,292	(17,208)	966,706	954,315	(12,391)
Operating transfers, out	<u>(9,150)</u>	<u>(9,150)</u>		<u>(1,071,349)</u>	<u>(1,042,283)</u>	<u>29,066</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES)	<u>363,572</u>	<u>159,581</u>	<u>(203,991)</u>	<u>1,123,465</u>	<u>1,135,721</u>	<u>12,256</u>
FUND BALANCE - Beginning of year	1,145,742	1,145,742		10,415,057	10,415,057	
RESIDUAL EQUITY TRANSFER, OUT				93,026	(7,550)	(100,576)
FUND BALANCE - End of year	<u>\$1,509,314</u>	<u>\$ 1,305,323</u>	<u>\$ (203,991)</u>	<u>\$ 11,631,548</u>	<u>\$ 11,541,228</u>	<u>\$ (88,320)</u>

See notes to combined financial statements.

(Concluded)

CITY OF PIQUA, OHIO

EXHIBIT IV

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	1999	1998
OPERATING REVENUES:				
Customer services	\$ 23,559,930	\$	\$ 23,559,930	\$ 22,974,710
Charges and fees		1,429,097	1,429,097	1,845,128
Penalty charges	174,032		174,032	163,883
Total operating revenues	<u>23,733,962</u>	<u>1,429,097</u>	<u>25,163,059</u>	<u>24,983,721</u>
OPERATING EXPENSES:				
Coal and oil	677,629		677,629	538,949
Purchased power	7,611,793		7,611,793	7,561,251
Salaries and employee benefits	4,012,800	1,262,036	5,274,836	5,663,331
Depreciation	2,817,705	13,388	2,831,093	2,705,743
Materials and supplies	726,786		726,786	519,051
Utilities	325,952		325,952	319,148
Contractual services	1,473,352		1,473,352	1,320,952
Billing costs	668,210		668,210	689,112
Chemicals	198,367		198,367	178,697
Other, net	399,423	10,427	409,850	355,773
Total operating expenses	<u>18,912,017</u>	<u>1,285,851</u>	<u>20,197,868</u>	<u>19,852,007</u>
Operating income	<u>4,821,945</u>	<u>143,246</u>	<u>4,965,191</u>	<u>5,131,714</u>
NONOPERATING REVENUES (EXPENSES):				
Interest income	423,301	203,685	626,986	652,213
Net increase (decrease) in fair value of investments	(79,196)	(66,312)	(145,508)	46,138
Interest expense	(1,212,426)		(1,212,426)	(1,337,942)
Total nonoperating revenues (expenses)	<u>(868,321)</u>	<u>137,373</u>	<u>(730,948)</u>	<u>(639,591)</u>
INCOME BEFORE OPERATING TRANSFERS	3,953,624	280,619	4,234,243	4,492,123
Operating transfers, in	4,208,689		4,208,689	4,919,062
Operating transfers, out	(4,114,406)		(4,114,406)	(4,861,594)
NET INCOME	4,047,907	280,619	4,328,526	4,549,591
RETAINED EARNINGS - Beginning of year	40,464,320	1,673,795	42,138,115	37,788,956
RESIDUAL EQUITY TRANSFER, OUT	(5,687)		(5,687)	(200,432)
RETAINED EARNINGS - End of year	\$ 44,506,540	\$ 1,954,414	\$ 46,460,954	\$ 42,138,115
SUPPLEMENTAL DISCLOSURE FOR RESIDUAL EQUITY TRANSFER, IN, (OUT):				
Retained earnings	\$ (5,687)	\$	\$ (5,687)	\$ (200,432)
Contributed capital		13,237	13,237	458,484
	<u>\$ (5,687)</u>	<u>\$ 13,237</u>	<u>\$ 7,550</u>	<u>\$ 258,052</u>

See notes to combined financial statements.

CITY OF PIQUA, OHIO

EXHIBIT V

COMBINED STATEMENTS OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
YEAR ENDED DECEMBER 31, 1999

	Proprietary Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income	\$ 4,821,945	\$ 143,246	\$ 4,965,191	\$ 5,131,714
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,817,705	13,388	2,831,093	2,705,743
Net (increase) decrease in fair value of investments	79,196	66,312	145,508	(46,138)
Other		10,185	10,185	
Change in assets and liabilities:				
(Increase) decrease in receivables and allowance for uncollectible accounts	(150,741)	87,927	(62,814)	440,653
Increase in inventory	(68,852)		(68,852)	(15,932)
Decrease in due from other Funds	118,702		118,702	120,678
(Increase) decrease in prepaid items and other assets	59,410	(6)	59,404	48,071
Decrease in interest receivable	12,912		12,912	6,304
Increase in accounts payable	(2,428,671)	(229,535)	(2,658,206)	2,245,667
Increase (decrease) in accrued expenses and deposits	3,149	823	3,972	(240,207)
Increase in accrued vacation and sick pay	69,340	5,274	74,614	(83,474)
Decrease in due to other Funds	(118,702)		(118,702)	(120,678)
Increase (decrease) in deferred revenue	(965)		(965)	1,532
Net cash provided by operating activities	<u>5,214,428</u>	<u>97,614</u>	<u>5,312,042</u>	<u>10,193,933</u>
CASH FLOWS PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES:				
Operating transfers, in	4,208,689		4,208,689	4,919,062
Operating transfers, out	(4,114,406)		(4,114,406)	(4,861,594)
Residual equity transfer, in		13,515	13,515	465,075
Residual equity transfer, out	(5,687)	(278)	(5,965)	(207,023)
Net cash provided by noncapital financing activities	<u>88,596</u>	<u>13,237</u>	<u>101,833</u>	<u>315,520</u>
CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the issuance of bonds and notes				80,000
Principal paid on bonds and notes	(2,357,239)		(2,357,239)	(2,243,215)
Interest paid on bonds and notes	(1,212,426)		(1,212,426)	(1,337,942)
Acquisition and construction of capital assets	(2,168,221)	(71,572)	(2,239,793)	(5,402,867)
Disposals of capital assets	103,383	1,453	104,836	81,093
Net cash (used in) capital and related financing activities	<u>(5,634,503)</u>	<u>(70,119)</u>	<u>(5,704,622)</u>	<u>(8,822,931)</u>
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES:				
Purchases of investment securities	(2,500,475)	(1,508,300)	(4,008,775)	(5,288,760)
Sale or maturity of investment securities	2,356,870	982,502	3,339,372	4,935,863
Interest earned	423,301	203,685	626,986	652,213
Net cash provided by (used in) investing activities	<u>279,696</u>	<u>(322,113)</u>	<u>(42,417)</u>	<u>299,316</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(51,783)	(281,381)	(333,164)	1,985,838
UNRESTRICTED AND RESTRICTED CASH AND CASH EQUIVALENTS - Beginning of year	3,938,090	1,761,048	5,699,138	3,713,300
UNRESTRICTED AND RESTRICTED CASH AND CASH EQUIVALENTS - End of year	\$ 3,886,307	\$ 1,479,667	\$ 5,365,974	\$ 5,699,138
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITY CASH FLOW INFORMATION:				
Contributed capital for the acquisition and construction of capital assets	\$ 27,507	\$	\$ 27,507	\$ 171,800

See notes to combined financial statements.

CITY OF PIQUA, OHIO

NOTES TO COMBINED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 1999

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The City of Piqua, Ohio, (City) was incorporated in 1823 and operates under a Commission-Manager form of government. The following services are provided by the City: public safety (police and fire), highways and streets, electricity, steam, hot water, water, wastewater, sanitation, parks and recreation, public improvements, planning and zoning and general governmental administrative services.

The “reporting entity” for the accompanying financial statements consists of all funds, account groups, agencies, boards, commissions and departments.

Accounting Policies and Fund Accounting – The following is a summary of the more significant policies of the City. Such policies conform to generally accepted accounting principles applicable to governments as prescribed by the Governmental Accounting Standards Board (GASB).

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

Governmental Fund Types

The General Fund is the general operating fund of the City. It is used to account for all financial resources traditionally associated with government which are not required to be accounted for in another fund.

Special Revenue Funds are used to account for revenues derived from specific taxes, grants or other restricted revenue sources. The uses and limitations of each special revenue fund are specified by City ordinances or by federal and state statutes or grant provisions.

Debt Service Funds are used to account for the resources received and used to pay principal and interest on bonds reported in the General Long-Term Obligations Account Group. Revenues and financing resources are derived primarily from property taxes.

Capital Projects Funds are used to account for the acquisition or construction of capital assets other than those financed by enterprise and internal service fund operations. Revenues and financing resources are derived primarily from the issuance of bonds and receipt of grants.

Proprietary Fund Types

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds are used to account for the goods or services provided to certain City departments on a cost reimbursement basis.

Fiduciary Fund Types

Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include expendable trust and agency funds. Expendable trust funds are accounted for in the same manner as governmental fund types.

Account Groups

Account Groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations. Because these assets and obligations are long-term, they are neither spendable resources nor require current appropriation.

The General Fixed Asset Account Group is used to present the general fixed assets of the City utilized in its general operations, exclusive of those used in enterprise and internal service funds. General fixed assets include property and equipment owned by the City.

The General Long-Term Obligations Account Group is used to account for long-term obligations of the City, except those to be retired from proprietary fund resources. This account group also includes long-term obligations of the City for certain employee benefits and contingent liabilities.

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

The measurement focus of governmental funds and expendable trust funds is based upon the flow of current financial resources. Governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become available and measurable. Revenues that do not meet both the available and measurable criteria are classified as deferred revenue on the balance sheet. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed and the revenue is recognized. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period which, for the City's purposes, is considered to be approximately 30-45 days after year-end. Revenues considered susceptible to accrual are delinquent property taxes, income taxes and interest on investments.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except principal and interest on debt which is recognized when due. Prepaid items are recorded as expenditures when used. A portion of the fund balance is reserved in governmental funds for the amount of prepaid expenditures.

The proprietary fund measurement focus is upon determination of net income, financial position and cash flows. Proprietary funds account for all assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business and quasi-business activities where net income and capital maintenance are measured. In accordance with Governmental Accounting Standards Board 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 the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. The City will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board. The proprietary funds are accounted for using the accrual basis of accounting.

The agency funds are merely "assets equal liabilities", and thus do not involve the measurement of results of operations. The agency funds are accounted for using the modified accrual basis of accounting.

Budgets and Budgetary Accounting – The City follows procedures prescribed by State law in establishing the budgetary data shown in the financial statements, as follows:

- The City must submit a budget of estimated revenues and expenditures for all governmental funds to the County Budget Commission by July 20 of each year for the following calendar year.
- The County Budget Commission certifies its actions by September 1, and issues a "Certificate of Resources" limiting the maximum amount the City may expend from a given fund during the year.
- On approximately January 1, this Certificate is amended to include any unencumbered balances from the preceding year. The City must prepare its appropriations so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Resources.
- A temporary appropriation measure is passed to control expenditures for the period preceding the adoption of the permanent appropriation measure. Before the first Commission meeting in May, a permanent appropriation measure must be passed for the period January 1 through December 31. The permanent appropriation may not exceed estimated resources certified by the County Budget Commission.
- Unused appropriations lapse at year-end and are reappropriated in the following year's budget.
- All funds have annual budgets which are prepared in accordance with generally accepted accounting principles and are legally adopted by the City Commission.

The City Manager acts as budget officer for the City and submits a proposed operating budget to the City Commission on an annual basis. Public hearings are held to obtain taxpayer comments. The Commission enacts the budget through passage of an appropriations ordinance. The appropriations ordinance controls expenditures in the general fund by object at the level of personal services, operating expenditures and capital outlay. In all other funds the appropriations ordinance controls expenditures by fund at the level of functional expenditures. Amendments to object or functional totals of appropriations require Commission approval. In 1999, amendments to the appropriations ordinance were not material in relation to the original appropriations. The City Manager has the authority to allocate and amend appropriations at the account level, provided that fund totals appropriated by ordinance are not adjusted. Earnings of the Power (Electric, Steam and Hot Water) and the Water and Wastewater systems may not be appropriated for other City uses.

The budget process is controlled by both the State of Ohio Revised Code and the City Charter and is prepared based on anticipated revenues and appropriated expenditures.

The City's financial position, results of operations and changes in fund balances, as well as the budgetary basis as provided by law, are reported on the basis of generally accepted accounting principles (GAAP).

Encumbrances – The City utilizes encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures which are not yet complete, are recorded as encumbrances to reserve the applicable portion of the appropriation. Encumbrances outstanding at year-end are reported as a reservation of fund balances since they do not constitute expenditures or liabilities.

Cash and Cash Equivalents and Investments – City funds are pooled and invested to improve cash management. Each fund type's portion of the pool is shown on the Combined Balance Sheet - All Fund Types and Account Groups as "cash and cash equivalents" and "investments". For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The City's investment policy authorizes the City to invest in obligations of the United States Government, or other investments where the principal and interest are collateralized by the full faith and credit of the United States Government, and bonds of other states, cities and political subdivisions.

Investments are stated at fair value.

Inventory – Inventory is valued at average cost. The Proprietary fund inventories are capitalized or expensed when used. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories for governmental funds are equally offset by a fund balance reserve which indicates they do not constitute "available spendable resources" and are not available for appropriation.

Prepays Expenses – Payments made to vendors for services that will benefit beyond year end are recorded as prepaid items.

Fixed Assets – Fixed assets are recorded based on historical cost, or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value at the date of donation. Public domain assets ("infrastructure") such as roads, bridges, curbs and gutters, streets and sidewalks are not capitalized. Depreciation is not provided in the General Fixed Assets Account Group.

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

Buildings	34 - 50 years
Land improvements other than buildings	25 - 75 years
Machinery and equipment	10 - 30 years
Vehicles	7 - 10 years
Sewer and water lines and underground piping	34 - 50 years

Reserves and Designations – Reserves are portions of fund equity not appropriable for expenditures/expenses or are legally segregated for a specific future use, or both. Designations are tentative plans for financial resource use in a future period. Such plans or intent are subject to change. They may never be legally authorized or result in expenditures/expense.

Grants and Other Intergovernmental Revenues – Federal grants, assistance awards made on the basis of entitlement periods, are recorded as intergovernmental receivables and revenues when entitlement occurs and other reimbursement-type grants are recorded as intergovernmental receivables and revenues when eligible expenditures/expenses are incurred.

Total Columns on Combined Statements and Other – Total columns on the Combined Statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles nor is such data comparable to a consolidation. Interfund eliminations have not been made in aggregating this data.

Accumulated Unpaid Vacation and Sick Pay – Accumulated unpaid vacation and sick pay are accounted for using the modified accrual basis of accounting in all governmental fund types. The City accrues vacation benefits as earned by its employees and vested and non-vested portion of accumulated sick leave benefits payable upon retirement. Only those amounts estimated to be paid within the next twelve months are accrued at year-end and the remaining estimated balance is placed in General Long-Term Obligations Account Group. Accumulated unpaid vacation and sick pay in the Proprietary funds are accounted for using the accrual basis of accounting.

Comparative Data – Comparative total data for the prior year have been presented in the accompanying financial statements and schedules in order to provide an understanding of changes in the City’s financial position and operations.

Reclassification – Certain prior year balances have been reclassified in order to conform with current year classifications.

Accounting Pronouncements – The Governmental Accounting Standards Board (“GASB”) has recently issued GASB Statement No. 33, “Accounting for Non-Exchange Transactions”, GASB Statement No. 34, “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments,” and GASB Statement No. 36, “Recipient Reporting for Certain Shared Nonexchange Revenues.” The City has not elected early implementation of these statements in 1999. The City is required to implement Statement No. 33 by 2001, Statement No. 34 by 2003 and Statement No. 36 by 2001.

B. POOLED CASH DEPOSITS AND INVESTMENTS

Risk Categorization – For purposes of defining risk, City funds are classified as either deposits or investments. Deposits consist of demand deposits and investments with financial institutions subject to FDIC coverage, while investments include all other City funds. Because these categorizations are different than those used to prepare the general purpose financial statements (GPFS), the amounts listed below do not agree individually to the GPFS; however, they do agree in aggregate.

Cash Deposits – At December 31, 1999, the carrying amount of the City’s cash deposits was \$165,176 while the balance as shown by the bank statements was \$410,406. Of the bank balance, \$100,000 was classified in the “Level 1” risk category since this amount was fully covered by federal depository insurance. “Level 1” risk category includes deposits that are insured or collateralized with securities held by the City or its agent in the City’s name. The remaining \$316,406 was classified in the “Level 3” uncollateralized risk category. “Level 3” risk category includes uninsured and uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the City’s name.

Investments – Investments are carried at fair value. The City’s investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City’s name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in the City’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City’s name. Deposits in pooled funds, such as STAR Ohio, are not required to be categorized under GASB 3. The \$10,243,065 on deposit at STAR Ohio is valued at the pool’s share price which is the price for which the investment could be sold on December 31, 1999. A summary of the fair/carrying value of investments held at December 31, 1999, and an indication of the related credit risk is as follows:

	Fair/Carrying Value	Risk Category
City of Piqua Bonds and Notes	\$ 210,775	1
U.S. Government Securities	<u>11,654,460</u>	1
	11,865,235	
Money Market Mutual Funds	201,300	
STAR Ohio Investment Pool	<u>10,243,065</u>	
Total investments	<u>\$ 22,309,600</u>	

C. STATUTORY COMPLIANCE

The following funds had an excess of expenditures over appropriations for the year ended December 31, 1999:

GENERAL FUND:

Fire Department - Operating Expenditures	\$ 6,493
Health Department - Operating Expenditures	2,879
Code Enforcement Department - Operating Expenditures	939
City Commission - Personal Services & Operating Expenditures	2,696
Office of City Manager - Operating Expenditures	1,485
Purchasing Department - Operating Expenditures	383
Engineering Department - Operating Expenditures	763
Personnel Department - Operating Expenditures	1,030
Miscellaneous - Capital Outlay	1,571
Public Works - Operating Expenditures	5,665
Parks & Recreation - Operating Expenditures	6,804
Public Health & Welfare - Capital Outlay	174
Law Department - Capital Outlay	160
Engineering - Capital Outlay	1
Parks & Recreation - Capital Outlay	67,842
Income Tax - Capital Outlay	4

SPECIAL REVENUE FUND -

Street Construction and Maintenance - Capital Outlay	\$ 4,400
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CAPITAL PROJECT FUND -

Administration Building Construction - Capital Outlay	\$ 186,944
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D. PROPERTY TAXES

Property tax revenues include amounts collected for all real, public utility and tangible (used in business) property located in the City. Property taxes are levied each January 1 on the assessed value listed as of the prior January 1. Assessed values are established by the County Auditor for real and public utility property at 35% of appraised market value, and for tangible property at 25% of appraised market value (excluding the first \$10,000 of value). Property values are required to be updated every three years and revalued every six years. A revaluation was completed in 1995.

The property tax calendar is as follows:

Levy date	January 1, 1998
Lien date	January 1, 1999
Tax bill mailed	January 20, 1999
First installment payment due	February 20, 1999
Second installment payment due	July 20, 1999

The assessed values for the City at January 1, 1998 were as follows:

Real estate	\$ 235,594,180
Tangible personal property	<u>69,491,010</u>
Total	<u>\$ 305,085,190</u>

The County Treasurer collects property taxes on behalf of taxing districts, including the City of Piqua. The County Auditor periodically remits to the City its portion of taxes collected. Property taxes may be paid on either an annual or semiannual basis. Although total property tax collections for the next fiscal year are measurable, amounts to be received are not available at December 31, 1999, nor are they intended to finance 1999 operations. Therefore, the City has recorded property taxes receivable with a corresponding amount as deferred revenue.

Ohio law prohibits taxation of property in excess of \$10 per \$1,000 (10.0 mills) of assessed value without a vote of the citizens. The City's share is currently \$3.70 (3.7 mills) of assessed value. In 1999, the City also received an additional 0.60 mills to fund the Police and Fire unfunded pension liability, and 0.13 mills for costs of the Miami Conservancy District.

E. INCOME TAXES

The City levies a 1.75% income tax on all income earned within the City. Income tax in excess of 1% is voter approved. Income tax is allocated by fund in accordance with voter and commission authorizations. In addition, City residents pay City tax on income earned outside the City; however, a credit is allowed for income taxes paid to other municipalities.

Employers within the City withhold income tax on employee compensation and remit payments at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

F. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains enterprise funds which provide power and heat (electric, steam and hot water), water, disposal of sewage, refuse collection, a golf course and a swimming pool. Segment information for the year ended December 31, 1999, for the enterprise funds is summarized as follows:

	Electric	Steam	Wastewater	Garbage and Refuse	Golf Course	Hot Water	Swimming Pool	Water	Total
Operating revenue	\$16,328,976	\$258,905	\$ 2,671,260	\$1,167,106	\$ 604,809	\$ 66,188	\$ 70,074	\$2,566,644	\$23,733,962
Depreciation	1,375,196	40,839	902,817	33,152	115,375	41,513	36,828	271,985	2,817,705
Operating income (loss)	3,873,029	(192,312)	471,964	53,551	109,673	(69,541)	(88,211)	663,792	4,821,945
Operating transfers, in	1,190,550	487,505	1,117,662		290,125	323,665	76,434	722,748	4,208,689
Operating transfers, out	(1,745,550)	(122,505)	(1,117,662)		(250,373)	(133,665)	(21,903)	(722,748)	(4,114,406)
Net income (loss)	3,158,666	164,076	(35,765)	72,141	32,055	96,176	(36,290)	596,848	4,047,907
Contributed capital								27,507	27,507
Property, plant and equipment additions, net of disposals	1,698,070	44	91,378	86,918	38,996		2,928	146,504	2,064,838
Net working capital	5,633,910	(31,183)	343,396	482,269	(74,479)	(10,557)	54,821	1,036,304	7,434,481
Total assets	38,912,731	912,934	16,964,450	794,069	2,547,186	979,874	707,918	10,218,322	72,037,484
Long-term portion of bonds and other liabilities	3,993,210	118,580	7,848,155		2,164,900	343,210	106,560	1,499,413	16,074,028
Total equity	32,455,808	567,221	8,215,671	661,654	222,530	482,368	595,267	7,737,435	50,937,954

G. DEBT (WITHIN THE ENTERPRISE FUNDS)

The following is a summary of debt transactions of the City (within the Enterprise funds) for the year ended December 31, 1999:

	General Obligation	Mortgage Revenue	Ohio Water Development Authority Note Payable	Utility Improvement Notes	Total
Bonds and notes payable, January 1, 1999	\$ 8,206,807	\$ 4,595,000	\$ 7,081,696	\$ 1,055,000	\$ 20,938,503
Bonds and notes retired	(500,467)	(1,455,000)	(401,772)		(2,357,239)
Bonds and notes payable, December 31, 1999	<u>\$ 7,706,340</u>	<u>\$ 3,140,000</u>	<u>\$ 6,679,924</u>	<u>\$ 1,055,000</u>	<u>\$ 18,581,264</u>

Bonds and notes payable at December 31, 1999 consisted of the following individual issues:

General Obligation:

Wastewater Funds - Wastewater Plant General Obligation Bonds, 7.25%, payable in installments through 2007	\$ 1,320,000
Golf Course and Water Funds - Public Improvement General Obligation Bonds, 3.0% - 6.2%, payable in installments through 2007	376,340
Electric Interconnect Construction and Hot Water General Obligation Bond, 6.5% - 6.6%, payable in installments through 2011	3,680,000
Golf Course and Swimming Pool Funds - Recreation Facility General Obligation Bonds, 4.5% - 5.5%, payable in installments through 2014	2,330,000

Mortgage Revenue:

Electric, Steam and Hot Water Funds - Electric System Revenue Bonds, 3.2% - 5.3%, payable in installments through 2001	1,910,000
Water Funds - Water System Revenue Bonds, 3.2% - 5.3%, payable in installments through 2001	1,230,000

Ohio Water Development Authority Note Payable:

Ohio Water Development Authority Wastewater Sewer Project Loan, 8.38% payable in installments through 2006	1,453,706
Ohio Water Development Authority Loan, 4.56%, payable in installments through 2015 (net of deferred loss on bond refinancing of \$233,761)	5,226,218

Utility Improvement Notes:

Utility Improvement Note, Series 1996, 4.73%, payable 2001	975,000
Utility Improvement Note, Series 1998, 5.00%, payable 2002	<u>80,000</u>

Total bonds and notes payable and OWDA loan	<u>\$ 18,581,264</u>
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The terms of the various bonds include certain covenants which provide for, among other things, minimum debt coverage ratios, maintenance of insurance and restrictions regarding disposal of property.

Property, plant, and equipment of the Electric, Steam, Water and Hot Water Funds are pledged as collateral for the Water, Steam, Electric and Hot Water Systems Revenue Bonds; such bonds will be paid with revenues from the respective funds. The full faith and credit of the City are pledged as collateral for the General Obligation Bonds and revenues from the Wastewater Fund will be used to pay the General Obligation Bonds.

Ohio Water Development Authority (OWDA) Wastewater Sewer Project Bonds are issued under a cooperative agreement for construction, maintenance and operation of a state sewer project. Payments to the OWDA will be made from the utility's revenues.

Annual requirements to pay debt service on long-term debt at December 31, 1999 are:

Year Ending December 31	General Obligation Bonds		Mortgage Revenue Bonds		Ohio Water Development Authority		Utility Improvement Note	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$ 520,467	\$ 482,343	\$1,530,000	\$ 166,420	\$ 456,768	\$ 367,859	\$	\$ 50,118
2001	540,467	450,002	1,610,000	85,330	485,250	339,398	975,000	50,118
2002	564,513	414,379			515,624	309,004	80,000	4,000
2003	584,513	380,349			548,092	276,536		
2004	609,513	342,992			582,784	241,844		
Thereafter	<u>4,886,867</u>	<u>1,352,797</u>			<u>4,091,406</u>	<u>1,067,273</u>		
Total	<u>\$7,706,340</u>	<u>\$3,422,862</u>	<u>\$3,140,000</u>	<u>\$ 251,750</u>	<u>\$ 6,679,924</u>	<u>\$ 2,601,914</u>	<u>\$ 1,055,000</u>	<u>\$ 104,236</u>

H. OTHER DEBT

The following is a summary of other debt outstanding by fund category/account group at December 31, 1999:

Street Improvement, Public Improvement General Obligation Bonds,
3.0% - 6.2%, payable in installments through 2007 \$ 88,661

Special Assessment Bonds, payable in installments through 2010
at an interest rate of 9.0% \$ 130,775

Annual requirements to pay debt service on general long-term obligations at December 31, 1999 are:

Year Ending December 31,	Other		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2000	\$ 9,533	\$ 5,152	\$ 23,250	\$ 11,770
2001	9,533	4,656	28,800	9,677
2002	10,487	4,141	20,878	7,085
2003	10,487	3,554	19,176	5,207
2004	10,487	2,946	14,444	3,480
Thereafter	<u>38,134</u>	<u>4,737</u>	<u>24,227</u>	<u>4,858</u>
	<u>\$ 88,661</u>	<u>\$ 25,186</u>	<u>\$ 130,775</u>	<u>\$ 42,077</u>

The above Special Assessment Bonds are held for investment by other City funds.

In the event of delinquencies related to special assessment debt, the City is required to use other resources to satisfy debt service requirements.

I. GENERAL LONG-TERM OBLIGATIONS

Long-term obligations in the General Long-Term Obligations Account Group are:

	Accrued Vacation and Sick Pay	Unfunded Police/ Fire Pension Obligation	Special Assessment Bonds	Street Improvement Bonds
Balance at January 1, 1999	\$842,279	\$765,354	\$103,325	\$98,193
Additions	74,727		61,990	
Reductions		(9,050)	(34,540)	(9,532)
Balance at December 31, 1999	<u>\$917,006</u>	<u>\$756,304</u>	<u>\$130,775</u>	<u>\$88,661</u>

J. FIXED ASSETS

A summary of changes in general fixed assets is as follows:

	Balance January 1, 1999	Additions	Disposals	Balance December 31, 1999
Land	\$ 1,381,103	\$ 34,112	\$	\$ 1,415,215
Buildings	3,677,221	522,746	(135,436)	4,064,531
Furniture, fixtures and equipment	<u>5,847,416</u>	<u>847,482</u>	<u>(224,475)</u>	<u>6,470,423</u>
Total	<u>\$ 10,905,740</u>	<u>\$ 1,404,340</u>	<u>\$ (359,911)</u>	<u>\$ 11,950,169</u>

A summary of proprietary fund-type fixed assets at December 31, 1999 follows:

	Enterprise Funds			
	Electric	Steam	Wastewater	Garbage and Refuse
Land and land improvements	\$ 51,011	\$	\$ 30,925	\$
Buildings	3,277,979		22,923,677	
Furniture, fixtures and equipment	49,594,003	1,228,682	4,092,701	406,838
Intangible assets	<u>3,128,142</u>			
Total fixed assets	56,051,135	1,228,682	27,047,303	406,838
Less accumulated depreciation	<u>25,475,490</u>	<u>513,880</u>	<u>11,231,280</u>	<u>179,532</u>
Net fixed assets	30,575,645	714,802	15,816,023	227,306
Construction in progress	<u>549,897</u>		<u>624</u>	
	<u>\$ 31,125,542</u>	<u>\$ 714,802</u>	<u>\$ 15,816,647</u>	<u>\$ 227,306</u>

Enterprise Funds (Continued)

	Golf Course	Hot Water	Swimming Pool	Water	Total
Land and land improvements	\$ 364,293	\$	\$	\$ 1,446,351	\$ 1,892,580
Buildings	2,262,979		1,053,660	1,813,647	31,331,942
Furniture, fixtures and equipment	466,837	1,410,534	37,805	10,488,155	67,725,555
Intangible assets					<u>3,128,142</u>
Total fixed assets	3,094,109	1,410,534	1,091,465	13,748,153	104,078,219
Less accumulated depreciation	<u>651,108</u>	<u>577,387</u>	<u>445,982</u>	<u>5,391,641</u>	<u>44,466,300</u>
Net fixed assets	2,443,001	833,147	645,483	8,356,512	59,611,919
Construction in progress				<u>4,254</u>	<u>554,775</u>
	<u>\$ 2,443,001</u>	<u>\$ 833,147</u>	<u>\$ 645,483</u>	<u>\$ 8,360,766</u>	<u>\$ 60,166,694</u>

	Internal Service Funds Total
Furniture, fixtures and equipment	<u>\$ 243,400</u>
Total fixed assets	243,400
Less accumulated depreciation	<u>68,271</u>
Net fixed assets	<u>\$ 175,129</u>

K. INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions among funds, most of which are accounted for as transfers among funds, with the exception of internal service funds. These funds are used to account for various supplies and services which are charged back to the appropriate fund on an "as used" basis. The internal service funds record such charges as operating revenues. City funds record payments to internal service funds as operating expenditures or expenses. Current portion of long-term interfund loans are classified as "interfund receivables/payables."

Interfund receivable and payable balances at December 31, 1999 are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 214	\$
Special Revenue Fund - Community Development Block Grant		4,757
Special Revenue Fund - Development Funds	4,543	
Enterprise Fund - Electric	89,363	
Enterprise Fund - Steam		47,299
Enterprise Fund - Hot Water	<u> </u>	<u>42,064</u>
	<u>\$ 94,120</u>	<u>\$ 94,120</u>

L. PENSION PLAN OBLIGATIONS

Substantially all City employees are covered by one of two defined benefit cost-sharing multiple-employer public employee retirement systems, namely, the Police and Fire Disability Pension Fund Plan (PFDPF) or the Public Employees Retirement System of Ohio (PERS). The systems provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The payroll for employees covered by the PFDPF was \$3,209,775 in 1999 and \$3,159,149 in 1998 and the payroll for employees covered by PERS was \$5,988,858 in 1999 and \$5,858,381 in 1998. The City's total payroll was \$9,559,296 in 1999 and \$9,522,449 in 1998.

Police and Fire Disability Pension Fund Plan – Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The PFDPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to 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% for police officers and firefighters, respectively, for 1999, 1998, and 1997. The contribution requirements for the years ended December 31, 1999, 1998, and 1997 were \$1,015,781, \$999,473, and \$969,1190 which consisted of \$694,803, \$683,557, and \$662,802 from the City and \$320,978, \$315,916, and \$306,317 from the employees, respectively, equal to the required contributions for each year.

Public Employees Retirement System – All employees are required to be members of the PERS. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. The PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5% for City employees. The City is required by the same statute to contribute 13.55% of the covered employees' gross wages, of which 9.35% (1999 and 1998) and 8.44% (1997) was used to fund the pension obligations. The difference between the total employer rate and the portion used to fund pension obligations is the amount used to fund the health care program for retirees. The contribution requirements for the years ended December 31, 1999, 1998 and 1997 were, \$1,320,534, \$1,291,761, and \$1,299,926, which consisted of \$811,481, \$793,800, and \$798,818 from the City and \$509,053, \$497,961 and \$501,108 from the employees, respectively. Required contributions are equal to 100% of the dollar amount billed.

M. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Both the PERS and the PFDPF provide postretirement health care coverage commonly referred to as OPEB. For both systems, the Ohio Revised Code provides the authority for public employers to fund postretirement health care through their contributions.

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

Health care funding and accounting is on a pay-as-you-go basis. The Ohio Revised Code provides that health care costs paid shall be included in the employer's contribution rate. The 1999 contribution rate was 7.0% of covered payroll which resulted in a contribution of \$117,558 for police and \$107,322 for firemen to pay postemployment benefits.

The number of participants eligible to receive health care benefits statewide as of December 31, 1998, the date of the last actuarial valuation available, was 11,424 for police and 9,186 for firemen. PFDPF's total health care expense for the year ending December 31, 1998 was \$78,596,790, which was net of member contributions of \$5,331,515.

Public Employees Retirement System OPEB – PERS provides post-retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. A portion of each employer's contribution to PERS (4.2% of the total 13.55% contribution - See Note L) is set aside for the funding of post-retirement health care. The Ohio Revised Code provides the statutory authority requiring public employers to fund pension and post-retirement health care through their contributions to PERS.

OPEB are 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 of 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 benefits recipients eligible for OPEB at December 31, 1999 was 118,062.

N. OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, which is available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Recent federal legislation required that existing IRC Section 457 deferred compensation plans place all assets in a trust for the exclusive benefit of plan participants and beneficiaries by January 1, 1999. The state plan obtained proper state legal authorization to act as trustee, and implemented this trust on September 1, 1998. As a result, effective in 1998, plan assets or liabilities related to the City participants are not recorded in these financial statements.

O. INTERNAL SERVICE FUNDS

City Health Insurance Fund – The City is self-insured for medical benefits and claims subject to certain stop-loss limits which are insured by a third party. The transfer of money from the various funds to the City Health Insurance fund is accounted for as operating revenues and expenses or expenditures up to the sum total of the claims filed during the year adjusted by a provision for claims incurred but not filed as of year-end. Transfer of money in excess of (less than) this amount is accounted for as a residual equity transfer-out (transfer-in) in the fund making the payment and as an increase (decrease) to contributed capital in the City Health Insurance Fund.

Liability Insurance Reserve Fund – This fund was established to accumulate monies for claims against the City not covered by City insurance policies. The accounting treatment of the transfer of monies is as described for the City Health Insurance Fund. As of December 31, 1999, liabilities were either covered by past insurance coverage or were immaterial in the opinion of the City’s attorney and underwriter; therefore, no liability was required at year end.

Liability for medical benefits and claims for the 1999 plan year were as follows:

	Per Person	In Aggregate
Self-insured by the City	\$0 - \$50,000	\$0 - \$1,099,257
Insured by a third party	\$50,000 - \$2,000,000	\$1,099,257 - \$2,099,257

Medical benefits and claims did not exceed the amounts covered by the third-party insurer during 1999, 1998 or 1997.

The following is a reconciliation of the City’s claims liability:

	1999	1998
Accrued self-insurance - beginning	\$ 322,337	\$ 77,986
Claims and other expense	1,048,154	1,417,663
Claims paid	<u>(1,209,229)</u>	<u>(1,173,312)</u>
Accrued self-insurance - ending	<u>\$ 161,262</u>	<u>\$ 322,337</u>

P. CHANGES IN CONTRIBUTED CAPITAL

The following table shows the changes in contributed capital during 1999 for all proprietary funds:

	<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>	<u>Internal Service</u>
Contributed capital, beginning of year	\$ 6,403,907	\$ 2,267,286
Assets contributed in 1999 (non-cash)	27,507	10,185
Residual equity transfers		13,237
Contributed capital, end of year	<u>\$ 6,431,414</u>	<u>\$ 2,290,708</u>

Q. RESIDUAL EQUITY

Residual equity transfers to the Internal Service Fund were from the following fund types:

Governmental Funds	\$ 7,550
Proprietary Funds	<u>5,687</u>
Total Residual Equity Transfers	<u>\$ 13,237</u>

R. DEFERRED REVENUE

Deferred revenue pertains to the City's adoption of Bulletin 96-013 from the Auditor of State which deals with the recognition of entitlements and state shared revenues, as well as estate taxes.

S. CONTINGENCIES

The City is exposed to various risks of loss including employee health care costs and accidents, costs and legal judgments, damage or destruction of assets, and acts of nature. The City has a casualty insurance package with liability limits of \$16,000,000 with no deductible and a Property Damage Policy covering up to \$137,650,000 with a \$25,000 deductible. The City also maintains various other policies such as employee bonding, general and environmental liability insurance, auto and airport coverage. The amounts of risk retention (deductibles) are consistent with governmental and industry standards, as well as the City's fiscal capacity. These coverages have not changed from the prior year. The total amount of settlements did not exceed insurance coverage in any of the past three years.

Medical claims and benefits amounting to \$210,000 were paid by the City prior to 1998 but have not yet been reimbursed by the third party insurer. The City has retained outside counsel to assist in the collection process and maintains that these amounts will be collected in full.

Certain other claims and suits have been filed or are pending against the City. Management believes that the liability, if any, which may result would not have a material adverse effect on the financial position of the City.

The City participates in several federally assisted programs (principally deferred credits Community Development Block Grants) which are subject to program compliance audits by the grantors or their representatives. A single financial and compliance audit of the City has been completed with no findings for recovery. The grantor agencies, at their option, may perform economy and efficiency audits, program results audits or conduct monitoring visits. Such audits and visits could lead to reimbursement to the grantor agencies. Management believes such reimbursements, if any, would not be material.

T. COMMITMENTS

During 1991, the City entered into a purchase of power agreement effective January 1, 1992 through December 31, 2006. In addition, during 1994, the City entered into a second purchase of power agreement effective May 17, 1994 through December 31, 2013. Under these agreements the City will purchase power from another utility with certain annual minimum requirements. On August 15, 1996 the City entered into an agreement to modify the original contracts. This modification results in a take and pay arrangement with no minimum obligations through December 31, 2001, \$2,416,848 in 2002, \$2,659,496 in 2003, \$2,927,708 in 2004 and \$24,027,624 thereafter.

U. SUBSEQUENT EVENTS

On April 20, 2000, a 10 year \$4,000,000 general obligation bond issuance agreement to fund construction of a new administration building was finalized. The bond will mature on December 1, 2010 and requires interest to be paid on the principal semi-annually at a rate of 5.97%.

On April 26, 2000, a 20 year \$460,000 bond issuance was finalized and the proceeds were used to refinance the City's remaining 35-year liability to the police and fire pension fund. The bond will mature on December 1, 2020 and requires interest to be paid semi-annually at a rate of 6.25%.

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CITY OF PIQUA, OHIO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 1999**

Federal Grant or Pass-Through Grant or Program Title	Federal CFDA Number	Pass-Through Grant Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Community Development Block Grant/States Program:			
1997 Formula Allocation Program	14.228	A-F-97-165-1	\$ 61,886
1998 Formula Allocation Program	14.228	A-F-98-165-1	42,983
1997 Community Housing Improvement Program	14.228	A-F-97-165-1	48,443
1999 Community Housing Improvement Program	14.228	A-C-99-165-1	<u>12,584</u>
Total Community Development Block Grant/States Program			165,896
Home Investment Partnerships Program - 1997 Community Housing Improvement Program (direct federal award)	14.239		<u>264,240</u>
Total U.S. Department of Housing and Urban Development			430,136
U.S. DEPARTMENT OF JUSTICE:			
Drug Control and System Improvement Act	16.579	98-DG-AO1-7125	121,020
After School Program - Ohio School Based Community Policing Project	16.540	97-JJ-CPI-0573	<u>26,480</u>
Total U.S. Department of Justice			<u>147,500</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$577,636</u>

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards reflects the expenditures of the City of Piqua, Ohio under programs financed by the U.S. government for the year ended December 31, 1999 and is prepared on the accrual basis of accounting. Because the schedule presents only a selected portion of the operations included in the City's financial statements, it is not intended to, and does not, present the financial position, changes in fund balance and current funds revenues, expenditures and other changes. For the purposes of the Schedule, Federal Awards includes:

- Pass-through funds received from Ohio Department of Development.
- Direct Federal Awards



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor Frank H. Barhorst
and City Commission Members, Citizens of the City of Piqua, Ohio
and Mr. Jim Petro, Auditor of State of Ohio:

We have audited the financial statements of the City of Piqua, Ohio, as of and for the year ended December 31, 1999, and have issued our report thereon dated May 5, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the City of Piqua, Ohio'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*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the City of Piqua, Ohio'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, which we have reported to the Mayor and City commission members, management and the Auditor of the State of Ohio in a separate letter dated May 5, 2000.

This report is intended solely for the information and use of the Mayor and City Commission members, management, federal awarding agencies, state funding agencies, pass-through entities, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

May 5, 2000

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER
COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM**

The Honorable Mayor Frank H. Barhorst and
City Commission Members, Citizens of the City of Piqua, Ohio
and Mr. Jim Petro, Auditor of State of Ohio:

Compliance

We have audited the compliance of the City of Piqua, Ohio, 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 of Piqua, Ohio's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City of Piqua, Ohio's management. Our responsibility is to express an opinion on the City of Piqua, Ohio's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Piqua, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believed that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Piqua, Ohio's compliance with those requirements.

In our opinion, the City of Piqua, Ohio, 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 of Piqua, Ohio, 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 of Piqua, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended solely for the information and use of the Mayor and City Commission members, management, federal awarding agencies, state funding agencies, pass-through entities, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

May 5, 2000

CITY OF PIQUA, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 1999

PART I - SUMMARY OF AUDITOR'S RESULTS

1. The independent auditors' report on the financial statements expressed an unqualified opinion.
2. No reportable conditions considered to be material weaknesses in internal control over financial reporting were identified.
3. No instance of noncompliance considered material to the financial statements was disclosed by the audit.
4. No reportable conditions considered to be material weaknesses in internal control over compliance with requirements applicable to major federal awards programs were identified.
5. The independent auditors' report on compliance with requirements applicable to the major federal award program expressed an unqualified opinion.
6. The audit disclosed no findings required to be reported by OMB Circular A-133.
7. The City of Piqua's major program was:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
US Department of Housing and Urban Development - Community Development Block Grant / States Program	14.228

8. A threshold of \$300,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
9. The Organization did qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

PART II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable matters

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

No reportable matters



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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P.O. Box 1140
Columbus, Ohio 43216-1140
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800-282-0370
Facsimile 614-466-4490

CITY OF PIQUA

MIAMI 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.

By: Susan Babbitt

Date: JUNE 20, 2000