



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF WASHINGTON
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REPORT OF INDEPENDENT ACCOUNTANTS

City of Washington
Fayette County
105 N. Main Street
Washington Court House, OH 43160

To the City Council:

We have audited the accompanying general-purpose financial statements of the City of Washington, Fayette 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.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Washington, Fayette County, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable 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 June 21, 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.

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

Jim Petro
Auditor of State

June 21, 2000

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CITY OF WASHINGTON
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 1999

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Debt Service
Assets and Other Debits:			
Assets:			
Cash and Cash Equivalents	\$770,746	\$775,006	\$1,644
Cash and Cash Equivalents in Segregated Accounts	150	0	0
Receivables:			
Taxes	761,573	817,020	0
Accounts	1,892	0	0
Accrued Interest	1,269	0	0
Due from Other Funds	39,331	5,251	0
Due from Other Governments	336,538	54,887	0
Materials and Supplies Inventory	0	0	0
Prepaid Items	24,793	8,732	0
Notes Receivable	0	43,486	0
Restricted Assets:			
Investments	0	0	0
Deferred Bond Charges	0	0	0
Fixed Assets, (Net where applicable of Accumulated Depreciation)	0	0	0
Other Debits:			
Amount Available in Debt Service Fund	0	0	0
Amount to be Provided from General Government Resources	0	0	0
Total Assets and Other Debits	\$1,936,292	\$1,704,382	\$1,644

See accompanying notes to the general purpose financial statements and accountant's report.

Capital Projects	<i>PROPRIETARY</i>	<i>FIDUCIARY</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
	<i>FUND TYPE</i>	<i>FUND TYPES</i>	General Fixed Assets	General Long-Term Obligations	
	Enterprise	Trust and Agency			
\$634,287	\$3,333,831	\$176,480	\$0	\$0	\$5,691,994
0	50	90,761	0	0	90,961
159,023	0	0	0	0	1,737,616
0	493,775	0	0	0	495,667
0	1,682	148	0	0	3,099
0	12,236	147	0	0	56,965
0	9,343	0	0	0	400,768
0	88,370	0	0	0	88,370
0	8,608	0	0	0	42,133
0	0	0	0	0	43,486
0	995,274	0	0	0	995,274
0	293,726	0	0	0	293,726
0	34,557,532	0	2,725,558	0	37,283,090
0	0	0	0	1,644	1,644
0	0	0	0	1,779,481	1,779,481
<u>\$793,310</u>	<u>\$39,794,427</u>	<u>\$267,536</u>	<u>\$2,725,558</u>	<u>\$1,781,125</u>	<u>\$49,004,274</u>

continued

CITY OF WASHINGTON
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 1999

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Debt Service
Liabilities:			
Accounts Payable	\$18,341	\$22,686	\$0
Contracts Payable	4,737	0	0
Accrued Wages and Benefits	43,229	6,752	0
Compensated Absences Payable	0	0	0
Deferred Revenue	258,000	817,020	0
Deposits Held and Due to Others	0	0	0
Due to Other Governments	10,130	11,228	0
Due to Other Funds	0	10,285	0
Undistributed Monies	0	0	0
Accrued Interest Payable	0	0	0
Current Portion of Notes Payable	0	0	0
Current Portion of Capital Leases Payable	0	0	0
Current Portion of OWDA Loan Payable	0	0	0
Current Portion of General Obligation Bonds Payable	0	0	0
Current Portion of Revenue Bonds Payable	0	0	0
Notes Payable (Net of Current Portion)	0	0	0
Capital Leases Payable (Net of Current Portion)	0	0	0
OWDA Loan Payable (Net of Current Portion)	0	0	0
General Obligation Bonds Payable (Net of Current Portion)	0	0	0
Revenue Bonds Payable (Net of Current Portion)	0	0	0
Total Liabilities	334,437	867,971	0
Fund Equity and Other Credits:			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings:			
Unreserved	0	0	0
Fund Balance:			
Reserved for Encumbrances	65,094	3,019	0
Reserved for Debt Service	0	0	1,644
Unreserved/Undesignated	1,536,761	833,392	0
Total Fund Equity and Other Credits	1,601,855	836,411	1,644
Total Liabilities, Fund Equity and Other Credits	\$1,936,292	\$1,704,382	\$1,644

See accompanying notes to the general purpose financial statements and accountant's report.

Capital Projects	<i>PROPRIETARY</i>	<i>FIDUCIARY</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
	<i>FUND TYPE</i>	<i>FUND TYPES</i>	General Fixed Assets	General Long-Term Obligations	
	Enterprise	Trust and Agency			
\$2,511	\$24,026	\$854	\$0	\$0	\$68,418
224,500	53,277	0	0	0	282,514
0	23,040	0	0	0	73,021
0	92,805	0	0	320,105	412,910
0	0	0	0	0	1,075,020
0	0	16,690	0	0	16,690
33,517	88,313	29,379	0	252,594	425,161
0	1,951	44,729	0	0	56,965
0	0	15,443	0	0	15,443
1,373	102,940	0	0	0	104,313
835,000	3,108,325	0	0	504,875	4,448,200
0	5,000	0	0	0	5,000
0	3,094,458	0	0	0	3,094,458
0	215,000	0	0	0	215,000
0	465,000	0	0	0	465,000
0	116,541	0	0	0	116,541
0	105,000	0	0	38,551	143,551
0	856,132	0	0	0	856,132
0	1,285,000	0	0	665,000	1,950,000
0	10,979,226	0	0	0	10,979,226
1,096,901	20,616,034	107,095	0	1,781,125	24,803,563
0	0	0	2,725,558	0	2,725,558
0	601,708	0	0	0	601,708
0	18,576,685	0	0	0	18,576,685
112,191	0	0	0	0	180,304
0	0	0	0	0	1,644
(415,782)	0	160,441	0	0	2,114,812
(303,591)	19,178,393	160,441	2,725,558	0	24,200,711
\$793,310	\$39,794,427	\$267,536	\$2,725,558	\$1,781,125	\$49,004,274

CITY OF WASHINGTON, OHIO
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
Revenues:			
Taxes	2,716,949	658,926	36,233
Charges for Services	154,490	100,302	0
Licenses and Permits	9,865	0	0
Fines and Forfeitures	571,289	79,395	0
Intergovernmental	1,264,442	963,467	2,620
Interest Earnings	99,645	642	0
Other Revenue	239,516	55,756	1,394
<i>Total Revenues</i>	5,056,196	1,858,488	40,247
Expenditures:			
<i>Current:</i>			
General Government	2,075,080	102,063	0
Security of Persons and Property	2,302,352	351,709	0
Community Environment	565,976	514,343	0
Transportation	0	687,836	0
Public Health and Welfare	0	209,689	0
Leisure Time Activities	27,405	0	0
Capital Outlay	0	0	0
<i>Debt Service:</i>			
Principal Retirement	59,025	42,714	15,000
Interest and Fiscal Charges	22,375	2,435	42,160
<i>Total Expenditures</i>	5,052,213	1,910,789	57,160
Excess of Revenues Over (Under) Expenditures	3,983	(52,301)	(16,913)
Other Financing Sources (Uses):			
Inception of Capital Lease	0	38,551	0
Operating Transfers - In	342,952	132,500	17,950
Operating Transfers - Out	(146,500)	0	0
<i>Total Other Financing Sources (Uses)</i>	196,452	171,051	17,950
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Financing Uses	200,435	171,051	1,037
Fund Balances (Deficit) at Beginning of Year	1,401,420	717,661	607
Fund Balances (Deficit) at End of Year	\$1,601,855	\$836,411	\$1,644

See accompanying notes to the general purpose financial statements and accountant's report.

<i>FIDUCIARY FUND TYPE</i>		
<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
759,139	0	4,171,247
0	0	254,792
0	0	9,865
0	0	650,684
153,918	0	2,384,447
0	0	100,287
<u>9,166</u>	<u>2,000</u>	<u>307,832</u>
<u>922,223</u>	<u>2,000</u>	<u>7,879,154</u>
0	0	2,177,143
0	0	2,654,061
0	0	1,080,319
0	0	687,836
0	0	209,689
0	1,304	28,709
1,734,985	0	1,734,985
0	0	116,739
<u>1,373</u>	<u>0</u>	<u>68,343</u>
<u>1,736,358</u>	<u>1,304</u>	<u>8,757,824</u>
<u>(814,135)</u>	<u>696</u>	<u>(878,670)</u>
0	0	38,551
0	0	493,402
<u>(17,950)</u>	<u>0</u>	<u>(164,450)</u>
<u>(17,950)</u>	<u>0</u>	<u>367,503</u>
(832,085)	696	(511,167)
<u>528,494</u>	<u>1,165</u>	<u>2,649,347</u>
<u><u>(\$303,591)</u></u>	<u><u>\$1,861</u></u>	<u><u>\$2,138,180</u></u>

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

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Taxes	\$2,635,400	\$2,641,291	\$5,891
Charges for Services	156,550	154,555	(1,995)
Licenses and Permits	9,000	9,865	865
Fines and Forfeitures	527,000	574,440	47,440
Intergovernmental	1,072,861	1,117,755	44,894
Interest Earnings	87,000	98,485	11,485
Other Revenue	216,417	247,968	31,551
<i>Total Revenues</i>	4,704,228	4,844,359	140,131
Expenditures:			
<i>Current:</i>			
General Government	2,096,236	2,091,050	5,186
Security of Persons and Property	2,347,378	2,339,949	7,429
Community Environment	572,373	570,352	2,021
Transportation	0	0	0
Public Health and Welfare	0	0	0
Leisure Time Activities	27,150	26,992	158
Capital Outlay	0	0	0
<i>Debt Service:</i>			
Principal Retirement	59,026	59,025	1
Interest and Fiscal Charges	29,200	29,189	11
<i>Total Expenditures</i>	5,131,363	5,116,557	14,806
Excess of Revenues Over (Under) Expenditures	(427,135)	(272,198)	154,937
Other Financing Sources (Uses):			
Proceeds of Notes	0	0	0
Operating Transfers - In	382,952	342,952	(40,000)
Operating Transfers - Out	(146,500)	(146,500)	0
<i>Total Other Financing Sources (Uses)</i>	236,452	342,952	(40,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(190,683)	(75,746)	114,937
Fund Balances (Deficit) at Beginning of Year	737,836	737,836	0
Prior Year Encumbrances Appropriated	35,053	35,053	0
Fund Balances (Deficit) at End of Year	\$582,206	\$697,143	\$114,937

See accompanying notes to the general purpose financial statements and accountant's report.

GOVERNMENTAL FUND TYPES

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$646,650	\$658,926	\$12,276	\$38,000	\$36,233	\$(1,767)
129,100	100,302	(28,798)	0	0	0
0	0	0	0	0	0
42,400	79,497	37,097	0	0	0
1,045,478	977,244	(68,234)	2,700	2,620	(80)
0	710	710	0	0	0
18,345	19,374	1,029	0	1,394	1,394
<u>1,881,973</u>	<u>1,836,053</u>	<u>(45,920)</u>	<u>40,700</u>	<u>40,247</u>	<u>(453)</u>
166,537	102,096	64,441	0	0	0
370,731	355,920	14,811	0	0	0
536,148	515,105	21,043	0	0	0
798,196	691,582	106,614	0	0	0
248,928	219,013	29,915	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	15,000	15,000	0
0	0	0	42,780	42,160	620
<u>2,120,540</u>	<u>1,883,716</u>	<u>236,824</u>	<u>57,780</u>	<u>57,160</u>	<u>620</u>
(238,567)	(47,663)	190,904	(17,080)	(16,913)	167
0	0	0	0	0	0
170,000	132,500	(37,500)	20,553	17,950	(2,603)
0	0	0	0	0	0
<u>170,000</u>	<u>132,500</u>	<u>(37,500)</u>	<u>20,553</u>	<u>17,950</u>	<u>(2,603)</u>
(68,567)	84,837	153,404	3,473	1,037	(2,436)
600,060	600,060	0	607	607	0
80,512	80,512	0	0	0	0
<u>\$612,005</u>	<u>\$765,409</u>	<u>\$153,404</u>	<u>\$4,080</u>	<u>\$1,644</u>	<u>\$(2,636)</u>

continued

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

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$740,000	\$739,303	(\$697)
Charges for Services	0	0	0
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	157,115	157,115	0
Interest Earnings	0	0	0
Other Revenue	9,199	9,166	(33)
<i>Total Revenues</i>	<u>906,314</u>	<u>905,584</u>	<u>(730)</u>
Expenditures:			
<i>Current:</i>			
General Government	0	0	0
Security of Persons and Property	0	0	0
Community Environment	0	0	0
Transportation	0	0	0
Public Health and Welfare	0	0	0
Leisure Time Activities	0	0	0
Capital Outlay	1,943,309	1,847,540	95,769
<i>Debt Service:</i>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>1,943,309</u>	<u>1,847,540</u>	<u>95,769</u>
Excess of Revenues Over (Under) Expenditures	(1,036,995)	(941,956)	95,039
Other Financing Sources (Uses):			
Proceeds of Notes	835,000	835,000	0
Operating Transfers - In	0	0	0
Operating Transfers - Out	(18,953)	(17,950)	1,003
<i>Total Other Financing Sources (Uses)</i>	<u>816,047</u>	<u>817,050</u>	<u>1,003</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(220,948)	(124,906)	96,042
Fund Balances (Deficit) at Beginning of Year	151,245	151,245	0
Prior Year Encumbrances Appropriated	273,736	273,736	0
Fund Balances (Deficit) at End of Year	<u>\$204,033</u>	<u>\$300,075</u>	<u>\$96,042</u>

See accompanying notes to the general purpose financial statements and accountant's report.

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$4,060,050	\$4,075,753	\$15,703
0	0	0	285,650	254,857	(30,793)
0	0	0	9,000	9,865	865
0	0	0	569,400	653,937	84,537
0	0	0	2,278,154	2,254,734	(23,420)
0	0	0	87,000	99,195	12,195
2,000	2,406	406	245,961	280,308	34,347
2,000	2,406	406	7,535,215	7,628,649	93,434
0	0	0	2,262,773	2,193,146	69,627
0	0	0	2,718,109	2,695,869	22,240
0	0	0	1,108,521	1,085,457	23,064
0	0	0	798,196	691,582	106,614
0	0	0	248,928	219,013	29,915
2,000	1,304	696	29,150	28,296	854
0	0	0	1,943,309	1,847,540	95,769
0	0	0	74,026	74,025	1
0	0	0	71,980	71,349	631
2,000	1,304	696	9,254,992	8,906,277	348,715
0	1,102	1,102	(1,719,777)	(1,277,628)	442,129
0	0	0	835,000	835,000	0
0	0	0	573,505	493,402	(80,103)
0	0	0	(165,453)	(164,450)	1,003
0	0	0	1,243,052	1,163,952	(79,100)
0	1,102	1,102	(476,725)	(113,676)	363,049
2,699	2,699	0	1,492,447	1,492,447	0
0	0	0	389,301	389,301	0
<u>\$2,699</u>	<u>\$3,801</u>	<u>\$1,102</u>	<u>\$1,405,023</u>	<u>\$1,768,072</u>	<u>\$363,049</u>

CITY OF WASHINGTON, OHIO
Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Enterprise and Nonexpendable Trust Funds
For the Year Ended December 31, 1999

	<i>PROPRIETARY</i>	<i>FIDUCIARY</i>	Totals (Memorandum Only)
	<i>FUND TYPE</i>	<i>FUND TYPE</i>	
	Enterprise	Nonexpendable Trust	
<i>Operating Revenues:</i>			
Charges for Services	\$5,364,385	\$19,233	\$5,383,618
Other Operating Revenue	152,608	0	152,608
<i>Total Operating Revenues</i>	<u>5,516,993</u>	<u>19,233</u>	<u>5,536,226</u>
<i>Operating Expenses:</i>			
Personal Services	1,643,188	0	1,643,188
Contractual Services	932,377	68,406	1,000,783
Materials and Supplies	492,867	0	492,867
Transportation	16,201	0	16,201
Depreciation and Amortization	1,022,686	0	1,022,686
<i>Total Operating Expenses</i>	<u>4,107,319</u>	<u>68,406</u>	<u>4,175,725</u>
Operating Income (Loss)	1,409,674	(49,173)	1,360,501
<i>Nonoperating Revenues (Expenses):</i>			
Interest Income	188,767	6,397	195,164
Intergovernmental Revenue	176,550	0	176,550
Interest and Fiscal Charges	(812,289)	0	(812,289)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(446,972)</u>	<u>6,397</u>	<u>(440,575)</u>
Income (Loss) Before Operating Transfers	962,702	(42,776)	919,926
Operating Transfers - In	14,000	0	14,000
Operating Transfers - Out	(342,952)	0	(342,952)
Net Income (Loss)	633,750	(42,776)	590,974
Depreciation on Fixed Assets Acquired by Contributed Capital	22,580	0	22,580
Retained Earnings at Beginning of Year, As Restated	<u>17,920,355</u>	<u>201,356</u>	<u>18,121,711</u>
Retained Earnings at End of Year	18,576,685	158,580	18,735,265
Contributed Capital at End of Year	<u>601,708</u>	<u>0</u>	<u>601,708</u>
Total Fund Equity at End of Year	<u>\$19,178,393</u>	<u>\$158,580</u>	<u>\$19,336,973</u>

See accompanying notes to the general purpose financial statements and accountant's report.

CITY OF WASHINGTON, OHIO
Combined Statement of Cash Flows
All Enterprise and Nonexpendable Trust Funds
For the Year Ended December 31, 1999

	<u>PROPRIETARY</u> <u>FUND TYPE</u>	<u>FIDUCIARY</u> <u>FUND TYPE</u>	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<i>Cash Flows from Operating Activities:</i>			
Cash Received from Customers	\$5,325,452	\$19,233	\$5,344,685
Cash Received from Other Operating Receipts	151,968	0	151,968
Cash Payments for Salaries and Benefits	(1,623,756)	0	(1,623,756)
Cash Payments for Contractual Services	(976,039)	(67,860)	(1,043,889)
Cash Payments to Suppliers and Others	(525,203)	0	(525,203)
Cash Payments for Other Operating Expenses	(16,647)	0	(16,647)
<i>Net Cash from Operating Activities</i>	2,335,775	19,233	2,287,148
<i>Cash Flows from Noncapital Financing Activities:</i>			
Transfers-In from Other Funds	14,000	0	14,000
Transfers-Out to Other Funds	(342,952)	0	(342,952)
Cash Received from Noncapital Grants	167,207	0	167,207
<i>Net Cash from Noncapital Financing Activities</i>	(161,745)	0	(161,745)
<i>Cash Flows from Capital and Related Financing Activities:</i>			
Proceeds Received from Bonds, Notes and Loans	5,981,856	0	5,981,856
Interest Paid on Notes, Bonds, Loans and Lease	(746,701)	0	(746,701)
Principal Paid on Notes, Bonds, Loans and Lease	(868,036)	0	(868,036)
Acquisition and Construction of Capital Assets	(4,793,780)	0	(4,793,780)
<i>Net Cash from Capital and Related Financing Activities</i>	(426,661)	0	(426,661)
<i>Cash Flows from Investing Activities:</i>			
Interest Received from Investments	126,101	6,399	132,500
Sale of Investments	1,638,835	0	1,638,835
Purchase of Investments	(1,734,926)	0	(1,734,926)
<i>Net Cash from Investing Activities</i>	30,010	6,399	36,409
Net Increase (Decrease) in Cash and Cash Equivalents	1,777,379	(42,228)	1,735,151
Cash and Cash Equivalents at Beginning of Year	1,556,502	201,514	1,758,016
Cash and Cash Equivalents at End of Year	\$3,333,881	\$159,286	\$3,493,167

See accompanying notes to the general purpose financial statements and accountant's report.

continued

CITY OF WASHINGTON, OHIO
Combined Statement of Cash Flows
All Enterprise and Nonexpendable Trust Funds
For the Year Ended December 31, 1999

	<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUND TYPE</u>	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:			
Operating Income (Loss)	\$1,409,674	(\$49,173)	\$1,360,501
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:			
Depreciation and Amortization	1,022,686	0	1,022,686
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(38,933)	0	(38,933)
(Increase) Decrease in Due From Other Funds	(640)	0	(640)
(Increase) Decrease in Prepaid Items	52,019	0	52,019
Increase (Decrease) in Accounts Payable	34,699	546	35,245
Increase (Decrease) in Contracts Payable	(31,604)	0	(31,604)
Increase (Decrease) in Accrued Wages and Benefits	(60,779)	0	(60,779)
Increase (Decrease) in Due to Other Governments	19,648	0	19,648
Increase (Decrease) in Compensated Absences Payable	(193)	0	(193)
Increase (Decrease) in Due to Other Funds	376	0	376
Increase (Decrease) in Customer Deposits	(71,178)	0	(71,178)
Net Cash from Operating Activities	<u>\$2,335,775</u>	<u>(\$48,627)</u>	<u>\$2,287,148</u>
Reconciliation of Cash and Cash Equivalents on Balance Sheet to Statement of Cash Flows - Nonexpendable Trust Funds:			
Cash and Cash Equivalents on Balance Sheet - All Fiduciary Funds		\$267,241	
Cash and Cash Equivalents - Expendable Trust and Agency Funds		<u>(107,995)</u>	
Cash and Cash Equivalents on Statement of Cash Flows - Nonexpendable Trust		<u>\$159,286</u>	

See accompanying notes to the general purpose financial statements and accountant's report.

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 1 - DESCRIPTION OF THE ENTITY

The City of Washington (the City) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City operates under a city manager form of government and provides various services including police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, and other governmental services. In addition, the City provides basic utilities in the form of water services and waste water treatment.

As required by generally accepted accounting principles, the combined financial statements presents the City of Washington. The City considered potential component units for inclusion in the financial statements. In determining whether to include a governmental department, agency, commission or organization as a component unit, the City must evaluate each entity as to whether they are legally separate and financially accountable based on criteria set forth by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". Legal separateness is evaluated on the basis of (1) its corporate name, (2) the right to sue or be sued and (3) the right to buy, sell, lease and mortgage property. Financial accountability is based on (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of a specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the City. The City included no component units in the financial statements.

Based on GASB Statement No. 14 criteria, the Carnegie Public Library is considered a related organization and disclosed in Note 16.

NOTE 2 - BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounts of the City are organized on the basis of funds or account groups, each of which are considered a separate accounting entity. The operations of each fund and account group are accounted for based on a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The various funds are summarized by type in the combined financial statements.

Amounts in the "totals - memorandum only" columns in the financial statements represent a summation of the combined financial statement line items of the fund types and account groups and are presented for analytical purpose only. The summation includes fund types and account groups that use different bases of accounting. Consequently, amounts shown in the "totals - memorandum only" columns are not comparable to a consolidation and do not represent the total resources available or total revenues and expenditures/expenses of the City.

The City uses the following fund types and account groups:

Governmental Funds: Those funds through which most governmental functions are typically financed. The following comprise the City's governmental fund types:

- u General Fund: The General Fund is the operating fund of the City. This fund accounts for all financial resources not accounted for in another fund. The major sources of revenue are income tax, property tax, state and local government fund revenues, and investment earnings.

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 2 - BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

- u Special Revenue Funds: These funds are used to account for specific governmental revenues (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative actions.
- u Debt Service Funds: These funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general obligation and special assessment debt with governmental commitment reported in the City's General Long-Term Obligations Account Group.
- u Capital Projects Funds: These funds are used to account for the acquisition or construction of major capital facilities and capital improvements other than those financed by proprietary and nonexpendable trust funds. They include projects financed by special assessments.

Proprietary Funds: The proprietary funds are used to account for those City activities which are similar to those often found in the private sector. The measurement focus is upon the determination of net income, financial position, and changes in financial position. The following comprise the City's proprietary fund types:

- u Enterprise Funds: These funds account for the acquisition, operation, and maintenance of City facilities which are financed primarily by user charges.

Fiduciary Funds: Fiduciary Funds are used to account for assets held by the City in a trustee capacity for individuals, other governments and/or funds. The City's fiduciary fund types include:

- u Expendable Trust Funds: These funds are accounted for in essentially the same manner as governmental funds; the principal of the trust is not required to be preserved.
- u Nonexpendable Trust Funds: These funds are accounted for in essentially the same manner as proprietary funds; the principal of the trust must be preserved intact.
- u Agency Funds: These funds are custodial in nature (assets equal liabilities) and do not purport to present the financial position or results of operations of the related entities.

Account Groups: Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations. The two account groups include:

- u General Fixed Asset Account Group: This group is used to account for all fixed assets of the City other than those accounted for in the proprietary funds. General fixed assets include land, buildings, machinery, equipment and vehicles.
- u General Long-Term Obligations Account Group: This account group is used to account for all long-term obligations of the City except those accounted for in the proprietary funds.

The accompanying combined financial statements of the City are prepared in conformity with generally accepted accounting principles as prescribed by the Government Accounting Standards Board.

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 2 - BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Basis of Accounting

All financial transactions for governmental funds are accounted for on the modified accrual basis of accounting and "financial flow" measurement focus. Under the modified accrual basis, revenues for these funds are recognized when they become both measurable and available to finance City operations (collected within sixty days after year-end). In applying this concept, City revenues accrued at the end of the year include income taxes, state levied-shared taxes, charges for services, fines and forfeitures, investment earnings and reimbursements for grant expenditures.

Governmental fund expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for interest on long-term debt, which is recorded when due. Agency funds are purely custodial in nature (assets equal liabilities) and thus do not focus on the measurement of operations; the modified accrual basis of accounting is followed, however, for recognizing the assets and liabilities in these funds. Proprietary fund financial transactions are accounted for on the accrual basis of accounting and "capital maintenance" measurement focus. Under the accrual basis, revenues are recognized when earned and measurable and expenses are recognized as incurred, if measurable.

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 does not apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, to its proprietary activities.

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established time-table. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All governmental type funds are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of Council.

Tax Budget

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 2 - BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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 September 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 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 appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from 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 amounts in the final amended official certificate of estimated resources issued during 1999.

Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period of January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes spending authority at the fund, department, and object level. The appropriation resolution 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 a resolution of Council. Several supplemental appropriation resolutions were legally enacted by Council during the year. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations.

The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 2 - BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances, Budget and Actual (Budget Basis), All Governmental Fund Types and Expendable Trust Funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and 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 are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
 - (c) Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP).
4. Proceeds from and principal payment on bond and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		
	General	Special Revenue	Capital Projects
Budget Basis	(\$75,746)	\$84,837	(\$124,906)
Adjustments:			
Revenue Accruals	211,837	22,435	16,639
Expenditure Accruals and Encumbrances	64,344	(27,073)	111,182
Other Sources	0	38,551	(835,000)
GAAP Basis	\$200,435	\$118,750	(\$832,085)

Cash and Investments

Cash and investments of the City's funds, except those held in restricted asset accounts, are pooled and invested in short-term investments in order to provide improved cash management. During 1999, the City's funds were invested in interest bearing demand accounts and certificates of deposit with commercial banks, repurchase agreements, the State Treasury Assets Reserve of Ohio (STAR Ohio) and U.S. Treasury obligations. For purposes of the combined statement of cash flows, the enterprise and nonexpendable trusts funds' portion of cash and cash equivalents is considered a cash equivalent because the City is able to withdraw resources from the enterprise and nonexpendable trust funds without prior notice or penalty.

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 2 - BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Star Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 1999.

Except for nonparticipating investment contracts and U.S. Treasury obligations with a remaining obligation of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts and U.S. Treasury obligations are reported at cost.

Receivables

Receivables at December 31, 1999 consist of property and income taxes, interest, consumer accounts (billings for user charged services, including unbilled utility services), interfund, notes and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered collectible in full, including accounts receivables which, if delinquent, may be certified and collected as a special assessment, subject to foreclosure for nonpayment.

Notes receivable in the Special Revenue Funds represent low interest loans made by the City for community development projects and small businesses under the Community Development Block Grants (CDBG) program. The notes bear interest at annual rates ranging from 4 to 6 percent. The notes are to be repaid over periods ranging from 3 to 15 years.

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market. The costs of inventory items are recognized as expenditures in governmental funds when purchased and as expenses in the proprietary funds when used. Recorded inventories in the governmental fund types are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 1999 are recorded as prepaid items. Under the consumption method, no reserve for prepaids is recorded in the accompanying financial statements.

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. 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 received.

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 2 - BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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 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.

Fixed assets in the general fixed assets account group and proprietary fund types are depreciated over the estimated useful life of the asset. Depreciation is computed using the straight-line method. Depreciation on general fixed assets is not recorded as an expenditure in governmental funds, but accumulated depreciation is recorded in the General Fixed Asset Account Group.

The following estimated useful lives are used to compute depreciation:

Buildings and Improvements	40 years
Machinery and Equipment	8-20 years
Vehicles	3-5 years
Infrastructure	80 years

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. There was no interest required to be capitalized during the 1999 fiscal year.

Compensated Absences

The City records a liability for sick leave, vacation, and compensatory time when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "compensated absences payable."

The long-term portion of the liability is reported in the General Long-Term Obligations Account Group. For proprietary funds, the entire amount of unpaid compensated absences is reflected as a liability within the respective funds. The City implemented the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", effective January 1, 1994.

Long-Term Obligations

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

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 2 - BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Fund Equity

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

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, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

NOTE 3 - PRIOR PERIOD ADJUSTMENTS

In 1998, delinquent utility billings were overstated in the Water and Sewer Funds. These changes have resulted in a decrease in the prior period retained earnings balance of the Enterprise Funds. The table below provides the adjustment and resulting effect on this balance.

	Previously Reported December 31, 1998 Retained Earnings Balance	Adjustment	Restated January 1, 1999 Retained Earnings Balance
Enterprise Funds	\$18,123,438	(\$203,083)	\$17,920,355

NOTE 4 - CASH DEPOSITS AND INVESTMENTS

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

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

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

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 4 - CASH DEPOSITS AND INVESTMENTS (Continued)

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

- (1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- (3) Written repurchase agreements in the securities listed above, provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily, and that the term of the agreement must not exceed thirty days;
- (4) Bonds and other obligations of the State of Ohio;
- (5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- (6) The State Treasury Assets Reserve of Ohio (STAR Ohio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

- (1) Bonds of the State of Ohio;
- (2) Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons;
- (3) Obligations of the City.

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 4 - CASH DEPOSITS AND INVESTMENTS (Continued)

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

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

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

The amounts available for deposit and investment are as follows:

* Cash and Cash Equivalents (Carrying Amount)	\$5,691,994
* Cash and Cash Equivalents in Segregated Accounts (Carrying Amount)	90,961
* Restricted Assets: Investments (Carrying Amount)	995,274
* Reconciling Items (Net) to Arrive at Bank Balances of Deposits	<u>131,031</u>
Total Available for Deposit and Investment (Bank Balance of Deposits/Carrying Amount of Investments)	<u><u>\$6,909,260</u></u>

Any depository that receives a City deposit or investment is required to pledge to the investing authority as collateral eligible securities of aggregate fair value that, when added to the portion of the deposit by the Federal Deposit Insurance Corporation, equals or exceeds the amount of City funds deposited.

A public depository may, at its option, pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The pool of securities so pledged must have a current fair value at least equal to 110% of all public monies on deposit with the depository including the amount covered by federal insurance.

GASB Statement No. 9 requires the City to report cash flows for its' proprietary funds. For purposes of the Statement of Cash Flows, Proprietary Fund participation in the State Treasurer's Investment Pool (STAR Ohio) is treated as a demand account and reported as a cash equivalent on the Balance Sheet. Only separate investments with a maturity of greater than three months are reported as investments on the Balance Sheet.

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 4 - CASH DEPOSITS AND INVESTMENTS (Continued)

The Governmental Accounting Standards Board (GASB Statement No. 3) has established credit risk categories for deposits and investments as follows:

Category 1: Deposits that are insured or collateralized with securities held by the City or its agent in the City's name;

Investments that are insured or registered, or securities held by the City or its agent in the City's name;

Category 2: Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the City name;

Investments that are uninsured and unregistered, with securities held by the counter-party's trust department or agent in the City's name;

Category 3: Deposits that are uncollateralized or collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the City's name;

Investments that are uninsured and unregistered, with securities held by the counter-party or its trust department or agent but not in the City name.

Based on the above criteria, the City deposits and investments at December 31, 1999 are classified as follows:

	Category			Bank Balance	Carrying Amount	Fair Value
	1	2	3			
<i>Deposits:</i>						
Demand Deposits	\$307,216	\$0	\$3,070,050	\$3,377,266	\$3,246,234	
Certificates of Deposit	300,000	762,733	0	1,062,733	1,062,733	
Total Deposits	<u>\$607,216</u>	<u>\$762,733</u>	<u>\$3,070,050</u>	<u>\$4,439,999</u>	<u>\$4,308,967</u>	
<i>Investments:</i>						
U.S. Treasury Notes			\$2,043,386	\$2,043,386	\$2,043,386	\$2,043,386
Repurchase Agreement			364,000	364,000	364,000	364,000
State Treasury Assets Reserve of Ohio*			0	47,875	47,875	47,875
U.S. Treasury Bonds			14,000	14,000	14,000	14,000
Total Investments			<u>\$2,421,386</u>	<u>\$2,469,261</u>	<u>\$2,469,261</u>	<u>\$2,469,261</u>

* The City's investment in the State Treasury Assets Reserve of Ohio (STAR Ohio) is not categorized because it is not evidenced by securities that exist in physical or book entry form.

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 4 - CASH DEPOSITS AND INVESTMENTS (Continued)

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. The STAR Ohio and investments with an original maturity of three months or less are treated as cash and cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note is based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
Per Combined Balance Sheet	\$5,782,955	\$995,274
U. S. Treasury Notes	(1,048,112)	1,048,112
Repurchase Agreement	(364,000)	364,000
U.S. Treasury Bonds	(14,000)	14,000
State Treasury Assets Reserve of Ohio (STAR Ohio)	(47,875)	47,875
	<hr/>	<hr/>
Per GASB Statement No. 3	<u>\$4,308,968</u>	<u>\$2,469,261</u>

NOTE 5 - PROPERTY TAXES

Property taxes, include amounts levied against all real, public utility, and tangible personal (used in business) property located in the City. Real property taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value. Real property taxes are collected in and intended to finance the year following the year in which they are levied.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). Tangible personal property taxes attach as a lien and are levied January 1 of the current year, the same year in which collections are made. Tangible personal property assessments are 25% of true value.

The assessed value upon which the 1999 taxes were collected was \$159,256,305. The full tax rate for all City operations applied to real property for fiscal year ended December 31, 1999 was \$8.10 per \$1,000 of assessed valuation.

After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$7.12 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$7.62 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.

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 5 - PROPERTY TAXES (Continued)

Real Property - 1998 Valuation:

Residential/Agricultural	\$92,617,730
Commercial/Industrial	33,504,600
Total Real Property	126,122,330

Tangible Personal Property - 1999 Valuation:

General	24,768,935
Public Utilities	8,365,040
Total Personal Property	33,133,975
Total Assessed Valuation	\$159,256,305

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable as of December 31, 1999. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not intended to finance 1999 operations. The receivable is therefore offset by a credit to deferred revenue.

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 6 - INTERFUND RECEIVABLES/PAYABLES

Individual fund interfund receivables and payables balances as of December 31, 1999, are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$39,331	\$0
Special Revenue Funds:		
Indigent Driver's Alcohol Treatment	353	0
Enforcement and Education	315	0
Court Computerization	3,269	0
Computerized Legal Research	1,314	0
Voted Fire Levy	0	10,285
<i>Total Special Revenue Funds</i>	5,251	10,285
Enterprise Funds:		
Water	12,236	0
Sewer	0	1,951
<i>Total Enterprise Funds</i>	12,236	1,951
Agency Funds:		
Law Enforcement Trust	147	0
Municipal Court Agency	0	44,729
<i>Total Agency Funds</i>	147	44,729
<i>Total - All Funds</i>	\$56,965	\$56,965

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 7 - FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year:

	Balance January 1, 1999	Additions	Retirements	Balance December 31, 1999
Land	\$624,548	\$18,328	\$0	\$642,876
Buildings and Improvements	1,322,712	175,775	0	1,498,487
Land Improvements	503,969	0	0	503,969
Machinery, Equipment and Vehicles	2,945,764	511,695	2,550	3,454,909
Total Fixed Assets	<u>\$5,396,993</u>	<u>\$705,798</u>	<u>\$2,550</u>	6,100,241
Less: Accumulated Depreciation				<u>3,374,683</u>
Net Fixed Assets				<u>\$2,725,558</u>

The following is a summary of Enterprise Fund fixed assets at December 31, 1999:

	Sewer	Water	Pool	Totals
Land	\$262,214	\$1,067,410	\$0	\$1,329,624
Buildings, Plant and Facilities	11,820,099	2,170,820	0	13,990,919
Land Improvements	155,405	0	112,900	268,305
Machinery, Equipment and Vehicles	551,047	2,312,648	0	2,863,695
Infrastructure	11,842,972	8,483,433	0	20,326,405
Construction in Progress	2,881,855	1,679,875	0	4,561,730
Capital Leased Assets	0	140,000	0	140,000
Total Fixed Assets	<u>27,513,592</u>	<u>15,854,186</u>	<u>112,900</u>	<u>43,480,678</u>
Less: Accumulated Depreciation	<u>6,692,494</u>	<u>2,151,622</u>	<u>79,030</u>	<u>8,923,146</u>
Net Fixed Assets	<u>\$20,821,098</u>	<u>\$13,702,564</u>	<u>\$33,870</u>	<u>\$34,557,532</u>

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 8 - DEBT OBLIGATIONS

The following is a summary of the City's note obligation activity for the year ended December 31, 1999:

Purpose/ Description	Maturity Date	Interest Rate	Balance January 1, 1999	Issued/ (Retired)	Balance December 31, 1999
<i>Notes Payable from Governmental Funds:</i>					
Capital Improvement (TIF) Note	2000	4.38%	\$0	\$835,000	\$835,000
Totals			\$0	\$835,000	\$835,000
<i>Notes Reported in General</i>					
<i>Long-Term Obligations Account Group:</i>					
Municipal Court Building	2002	5.33%	\$323,000	(\$16,000)	\$307,000
Fire Truck	2003	4.85%	240,900	(43,025)	197,875
Totals			\$563,900	(\$59,025)	\$504,875
<i>Notes Payable from Enterprise Funds:</i>					
Sewer Issue II Note	2014	N/A	\$133,191	(\$8,325)	\$124,866
Water System Improvement Note	2000	4.25%	0	3,100,000	3,100,000
Totals			\$133,191	\$3,091,675	\$3,224,866

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 8 - DEBT OBLIGATIONS (Continued)

The following is a summary of the City's general obligation bonds, revenue bonds and OWDA loan obligations activity for the year ended December 31, 1999:

Purpose/ Description	Maturity Date	Interest Rate	Balance January 1, 1999	Issued/ (Retired)	Balance December 31, 1999
<i><u>G.O. Bonds Reported in General Long-Term Obligations Account Group:</u></i>					
Capital Improvement Bonds	2022	6.20%	\$680,000	(\$15,000)	\$665,000
Totals			<u>\$680,000</u>	<u>(\$15,000)</u>	<u>\$665,000</u>
<i><u>G.O. Bonds Payable from Enterprise Funds:</u></i>					
Sewer Improvement Bonds	2004	6.00%	\$630,000	(\$90,000)	\$540,000
Sewer Improvement Bonds	2007	6.38%	1,080,000	(120,000)	960,000
Totals			<u>\$1,710,000</u>	<u>(\$210,000)</u>	<u>\$1,500,000</u>
<i><u>Revenue Bonds Payable from Enterprise Funds:</u></i>					
Water System Bonds	2019	2.85 - 5.37%	\$11,889,226	(\$445,000)	\$11,444,226
Totals			<u>\$11,889,226</u>	<u>(\$445,000)</u>	<u>\$11,444,226</u>
<i><u>OWDA Loans Payable from Enterprise Funds:</u></i>					
OWDA Loan	2004	6.40%	\$1,231,424	(\$194,126)	\$1,037,298
OWDA Loan	2004	8.38%	37,021	(5,585)	31,436
OWDA Loan	N/A	3.43%	0	2,881,856	2,881,856
Totals			<u>\$1,268,445</u>	<u>\$2,682,145</u>	<u>\$3,950,590</u>

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 8 - DEBT OBLIGATIONS (Continued)

Outstanding general obligation bonds consist of street and wastewater treatment plant improvement issues. General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged.

Revenue bonds were issued to acquire the local water utility facilities and infrastructure from private owners. These bonds are direct obligations of the City for which its water utility revenues were pledged to repay these bonds.

The two original Ohio Water Development Authority loans were made to the City in 1981 and 1985 for utility construction projects. Property and revenue of the Enterprise Funds have been pledged to repay these debts. In 1999, the City entered into an agreement with the Ohio Water Development Authority to obtain another loan for the purpose of improving the City's wastewater treatment facilities. As of December 31, 1999 the City had a total amount of \$6,557,476 which it could draw down, of which \$2,881,856 was drawn. This loan had not been amortized at year end, therefore, the future funding requirements for the retirement of this loan has not been included in the summary of the City's future long-term funding requirements that follow. This loan will be repaid from Enterprise Fund revenues.

The annual requirements to amortize all Enterprise note debt, bonded debt and loans outstanding as of December 31, 1999, are as follows:

Year Ending December 31	Sewer Issue II Note	Water System Improvement Note	Sewer Improvement Bonds	Water System Bonds	OWDA Loans
2000	\$8,325	\$206,031	\$306,505	\$986,008	\$281,623
2001	8,325	206,031	298,725	985,083	281,623
2002	8,325	206,031	295,574	987,773	281,624
2003	8,325	206,031	286,765	988,803	281,624
2004	8,325	206,031	277,560	988,123	140,810
2005 - 2009	41,625	1,030,154	405,901	4,930,933	0
2010 - 2014	41,616	1,030,154	0	4,935,608	0
2015 - 2039	0	5,150,768	0	4,935,738	0
	124,866	8,241,231	1,871,030	19,738,069	1,267,304
Less: Amount Representing Interest	0	5,141,230	371,030	8,293,843	198,570
Principal Balance	\$124,866	\$3,100,000	\$1,500,000	\$11,444,226	\$1,068,734

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 8 - DEBT OBLIGATIONS (Continued)

The annual requirements to amortize all general long-term note and bonded debt outstanding as of December 31, 1999 are as follows:

Year Ending December 31	Municipal Court Building Note	Fire Truck Note	Capital Improvement Bonds
2000	\$34,363	\$55,001	\$56,230
2001	35,404	55,001	55,300
2002	283,338	55,001	54,370
2003	0	54,881	53,440
2004	0	0	57,510
2005-2009	0	0	273,950
2010 - 2014	0	0	272,370
2015 - 2019	0	0	277,770
2020 - 2022	0	0	163,290
	353,105	219,884	1,264,230
Less: Amount Representing Interest	46,105	22,009	599,230
Principal Balance	\$307,000	\$197,875	\$665,000

The following is a summary of the changes in the City's other long-term obligations for the year ended December 31, 1999:

Obligation	Balance January 1, 1999	Additions	Reductions	Balance December 31, 1999
<i><u>Obligations Reported in General Long-Term Obligations Account Group:</u></i>				
Compensated Absences	\$313,628	\$6,477	\$0	\$320,105
Due to Other Governments	239,055	13,539	0	252,594
Police and Fire Pension	265,729	0	265,729	0
Capital Leases	42,714	38,551	42,714	38,551
Totals	\$861,126	\$58,567	\$308,443	\$611,250
<i><u>Obligations Payable from Enterprise Funds:</u></i>				
Capital Lease	\$115,000	\$0	\$5,000	\$110,000

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 9 - CAPITAL LEASES

In 1997, the City entered into a capital lease for a street sweeper which was paid off in 1999. In 1999, they entered into a new capital lease for a dump truck. Both of these leases qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and, therefore have been recorded at the present value of the future minimum lease payments as of the date of inception.

The City has also entered into a lease agreement as lessee for the water storage tank of Fayette County for 20 years. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore has been recorded at the present value of the future minimum lease payments as of the date of inception.

These lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. For governmental funds, capital lease payments are reflected as debt service in the general purpose financial statements. In the proprietary funds, capital lease principal payments reduce the liability and the interest payments are reported as interest and fiscal charge expenses.

The following is a schedule of the future minimum lease payments for the dump truck and water storage tank capital leases, and the present value of the future minimum lease payments at December 31, 1999:

Year Ending December 31	General Long-Term Obligations Account Group	Enterprise
2000	\$21,481	\$13,600
2001	21,481	18,000
2002	0	17,200
2003	0	16,400
2004	0	15,600
2005-2009	0	79,200
Total Future Minimum Lease Payments	42,962	160,000
Less: Amount Representing Interest	4,411	50,000
Present Value of Future Minimum Lease Payments	\$38,551	\$110,000

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 10 - PENSION OBLIGATIONS

Public Employee Retirement System

Plan Description: The City contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefit provisions. The PERS issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

Funding Policy: The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. Law enforcement employees contribute 9.0% of covered payroll. The 1999 employer contribution rate for local government employers was 13.55% of annual covered payroll. The law enforcement employer rate was 16.70% of covered payroll. The City's required contributions to PERS for the years ending December 31, 1999, 1998 and 1997 were \$408,998, \$374,664, and \$322,312, respectively; 76.39% has been contributed for 1999 and 100 percent for years 1998 and 1997. Of the 1999 amount, \$96,539 was unpaid at December 31, 1999 and is recorded as a liability within the respective funds.

Postemployment Benefits: The Public Employees Retirement System of Ohio also provides postemployment health care coverage to age and service retirants with ten (10) or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postemployment health care. The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate for local government employer units was 13.31% of covered payroll; 4.2% was the portion that was used to fund health care for the year 1999. The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through contributions to PERS.

OPEB is financed through employer contributions and investment earnings there on. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

During 1999, the expenditures for OPEB were \$523,599,349. As of December 31, 1999 the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641 and the number of recipients eligible for OPEB payments were 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 will be used to fund health care expense. Under the prior method, accrued liabilities and normal costs were determined for retiree health care coverage.

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 10 - PENSION OBLIGATIONS (Continued)

Police and Firemen's Disability and Pension Fund

Plan Description: The City of Washington contributes to the Police and Firemen's Disability and Pension Fund of Ohio (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. 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 statements and required supplementary information for the plan. This report may be obtained by writing to Police & Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43125-5164 or by calling (614) 228-2975.

Funding Policy: Plan members (both policemen and firemen) are required to contribute 10.0% of their annual covered salary and the employers are required to contribute 19.50% of annual covered payroll for policemen and 24.0% of annual covered payroll for firemen. The City's contributions to PFDPF for the years ending December 31, 1999, 1998 and 1997 were \$151,482, \$131,209, and \$123,908, for police; \$135,592, \$127,051, and \$126,092, for firemen, respectively; 71.28% has been contributed for 1999 and 100 percent for years 1998 and 1997 for police; and 73.81% has been contributed for 1999 and 100 percent for years 1998 and 1997 for firemen. Of the 1999 amount, for police \$43,509 and for firemen \$35,514 was unpaid at December 31, 1999 and are recorded as a liability within the General Long-Term Obligations Account Group.

Postemployment Benefits: The Police and Firemen's Disability Pension Fund System of Ohio (PFDPF) provides postemployment 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 eighteen (18) whether or not the child is attending school or under the age of twenty-two (22) if attending school full-time or on a two-thirds (2/3) basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No.12. The Ohio Revised Code provides that health care cost paid from the fund of the PFDPF shall be included in the employer's contribution rate which is 19.5% for police and 24.0% for firefighters of covered payroll. The Ohio Revised Code provides the statutory authority allowing the PFDPF Board of Trustees to provide health care coverage to all eligible individuals.

Health care funding and accounting are on a pay-as-you-go basis. Currently, 6.5% of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The portion of the 1999 covered payroll that was used to fund postemployment health care benefits was \$49,989 (6.5% of covered payroll) and \$36,610 (6.5% of covered payroll) for police and firemen, respectively. Also 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 check. As of December 31, 1998 the number of participants eligible to receive health care benefits was 11,424 for police and 9,186 for firefighters. The Fund's total health care expenses for the year ended December 31, 1998 were \$78,596,790.

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 11 - DEFERRED COMPENSATION PLAN

City employees and elected officials may participate in a state-wide deferred compensation plan created in accordance with Internal Revenue Code Section 457, offered by the State of Ohio. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Under the deferral compensation program, all plan assets are now being held in a trust arrangement for the exclusive benefit of participants and their beneficiaries as required by the Small Business Job Protection Act of 1996. Under this Act, all existing deferred compensation plans are required to establish such a trust arrangement by January 1, 1999. As a result, the assets of this plan are no longer reflected in the combined financial statements of the City.

NOTE 12 - EMPLOYEE BENEFITS

Compensated Absences

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 16, the City accrues a liability for sick leave and vacation when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined.

Sick leave accumulates at the rate of .0575 hours of sick leave for each hour of work completed with a maximum of 80 hours per pay period. Employees who have ten years of service, hired prior to April 12, 1991 who have sick leave accumulated receive payment upon retirement at a rate of one hour for each hour of accumulated and unused sick leave, to a maximum of 960 hours. Employees who have ten years of service, hired after April 12, 1991 who have sick leave accumulated receives payment upon retirement at a rate of one hour for each four hours of accumulated and unused sick leave, to a maximum of 240 hours. Individuals leaving the employment of the City prior to retirement or at retirement with less than ten years of service lose their accumulated sick leave. A liability has been recognized in the accompanying financial statements for a portion of the sick leave hours of those employees who have ten years of service and are age 50 or older, or have thirty years with local government employment as well as other employees who are expected to become eligible in the future to receive such payments.

A liability for accrued vacation has been recognized based on the amount of unused vacation hours for each employee. Vacation is accumulated based upon length of service as follows:

<u>Employee Service</u>	<u>Vacation Credit</u>
After 1 year	2 weeks
After 10 years	3 weeks
After 15 years	4 weeks
After 22 years	5 weeks

Vacation leave must be used within the current calendar year unless the employee is unable to use his vacation due to the operational needs of the employer. Without this, such excess leave is eliminated from the employee's leave balance. In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation.

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 12 - EMPLOYEE BENEFITS (Continued)

At December 31, 1999, the City has accrued a liability of \$92,805 in the Enterprise Funds and \$320,105 in the General Long-Term Obligations Account Group for vacation which is earned and a portion of sick leave which is vested or probable for payment.

Health Care Benefits

The City has elected to provide employee medical/surgical and prescription drug benefits through Medical Mutual of Ohio Insurance Company. The employees share the cost of the monthly premium with the City.

NOTE 13 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The City operates three Enterprise Funds. The key financial information for the year ended December 31, 1999 for these enterprise activities are as follows:

	Sewer	Water	Pool	Total
Operating Revenues	\$2,432,508	\$2,910,221	\$174,264	\$5,516,993
Operating Expenses before Depreciation	1,688,378	1,200,921	195,334	3,084,633
Depreciation and Amortization	601,951	398,155	22,580	1,022,686
Operating Income	142,179	1,311,145	(43,650)	1,409,674
Interest Income	51,959	136,808	0	188,767
Net Income (Loss)	(35,926)	699,326	(29,650)	633,750
Fixed Assets:				
Additions	2,909,036	1,895,873	0	4,804,909
Total Assets	21,627,659	18,125,944	40,824	39,794,427
Net Working Capital	(2,726,814)	(602,458)	3,032	(3,326,240)
Net Change in Contributed Capital	0	0	(22,580)	(22,580)
Total Equity	15,836,611	3,304,880	36,902	19,178,393

**CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

NOTE 14 - INTERGOVERNMENTAL REVENUE

The following is a summary of major intergovernmental revenue:

General Fund:	
Local Government Distributions and Reimbursements	\$732,289
Estate Taxes and Other Taxes	473,485
Other Grants and Revenue	58,668
<i>Total General Fund</i>	<u><u>\$1,264,442</u></u>
Special Revenue Funds:	
Street Maintenance Distribution	\$339,366
State Highway Improvement	21,289
Economic Development Grant	12,500
County Permissive License	50,000
City Permissive License	87,800
Court Security Grant	28,054
Formula Grant	89,000
Bridge Maintenance Grant	9,796
CDBG-CHIP-CHIS Grant	202,597
Community Corrections Grant	54,479
Other Grants and Revenue	68,586
<i>Total Special Revenue Funds</i>	<u><u>\$963,467</u></u>
Debt Service Funds:	
Tax Increment Revenue	\$2,620
<i>Total Debt Service Funds</i>	<u><u>\$2,620</u></u>
Capital Project Funds:	
Permanent Improvement Grant	\$153,918
<i>Total Capital Project Funds</i>	<u><u>\$153,918</u></u>
Enterprise Funds:	
Sewer Issue II Grant	\$176,550
<i>Total Enterprise Funds</i>	<u><u>\$176,550</u></u>

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 15 - CONTRIBUTED CAPITAL

Contributions for (or of) capital assets to proprietary funds are credited directly to contributed capital. These contributions can include donations from developers, private sources, other governments, and governmental funds of the City. The operating-type contributions or grants are recorded as revenue in the receiving funds. The following is a summary of the changes in the contributed capital account for the year ended December 31, 1999:

	Enterprise
Contributed Capital at January 1, 1999	\$624,288
Depreciation Expense	(22,580)
Contributed Capital at December 31, 1999	\$601,708

NOTE 16 - RELATED ORGANIZATION

The Carnegie Public Library is a related organization of the City. The City is not financially accountable for this fiscally independent organization. The imposition of will or financial benefit/burden relationship criteria outlined in GASB Statement No. 14 do not apply and the City's accountability is limited to the appointment of all members to the governing board of the Library.

NOTE 17 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 18 - ACCOUNTABILITY

Deficit Fund Balances

The following funds had deficit fund balances as of December 31, 1999:

<i>Special Revenue Funds:</i>	
Community Corrections Grant	\$737
<i>Capital Projects:</i>	
Permanent Improvement	354,893

The deficit fund balance in the Community Corrections Grant Fund is due to intergovernmental revenue which had not yet been received at year end and was not available to finance current expenditures. This deficit will be eliminated through future intergovernmental revenues.

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

The deficit fund balance in the Permanent Improvement Fund is the result of the issuance of general obligation notes to finance various capital improvements in the City. Once this note is retired, this deficit will be eliminated.

NOTE 19 - CONTRACTUAL COMMITMENTS

As of December 31, 1999, the City had the following contractual purchase commitments for Enterprise Fund improvements:

Project	Total Contract Amount	Total Expended	Total Unexpended
Sewer Improvements	\$6,557,477	\$2,881,856	\$3,675,621
Water Improvements	2,978,000	1,522,163	1,455,837
Total	<u>\$9,535,477</u>	<u>\$4,404,019</u>	<u>\$5,131,458</u>

NOTE 20 - RISK MANAGEMENT

The City is exposed to various risks of loss torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 1999, the City contracted with various commercial carriers for property, auto, crime, and liability insurances, as well as public official bonds. Coverages provided are as follows:

Type of Coverage	Annual Aggregate	Deductible
Buildings and Contents - replacement cost	\$33,007,186	\$1,000
General Liability - per occurrence/aggregate	2,000,000/3,000,000	0
Public Official Liability	2,000,000	5,000
Law Enforcement	2,000,000	5,000
Auto Liability	1,000,000	0
Auto Comprehensive	1,000,000	50
Auto Collision	1,000,000	1,000
Flood	135,000,000	1,000
Earthquake	15,000,000	204
Electronic Data Processing Equipment	532,000	500/1,000
Public Officials Bond	various amounts up to 250,000	0
Blanket Bond	250,000	0
Contractor's Equipment	173,044	500
Inland Marine	1,562,200	500

CITY OF WASHINGTON
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

NOTE 20 - RISK MANAGEMENT (Continued)

The City maintains comprehensive insurance coverage for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured. Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. The City pays all public officials' bonds by statute.

The City has not incurred any significant reductions in insurance coverage from coverage in the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The City has not incurred any significant reductions in insurance coverage from coverage in the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 21 - SPECIAL ACCOUNT WITH THE FAYETTE COUNTY TRAVEL, TOURISM AND CONVENTION BUREAU

The Fayette County Travel, Tourism and Convention Bureau (Convention Bureau) established a special checking account on behalf of the City of Washington in January 1999. As established by Convention Bureau resolution, the Convention Bureau deposits into the special account monies equal to 25% of the hotel-motel excise tax collected by the County Auditor, less the actual costs of administering the tax. The money is available at any time to be spent by the Convention Bureau for projects approved by the City Council. The signatures of both the City Manager and Director of the Convention Bureau are required to make withdrawals or expenditures from the special account.

As of December 31, 1999, the Convention Bureau held \$18,078 in the special account which is not recorded in the City's financial statements. No withdrawals or expenditures had been made from the account.

**CITY OF WASHINGTON
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
HOME Investment Partnership	N/A	14.239	\$167,485
<i>Passed Through Ohio Department of Development:</i>			
Small Cities Block Grant	A-F-98-195-1	14.228	89,000
Community Housing Improvement Grant	A-C-97-195-1	14.228	51,624
Total CDBG			<u>140,624</u>
Total U.S. Department of Housing and Urban Development			<u>308,109</u>
Total			<u><u>\$308,109</u></u>

The City of Washington administers a Community Development Building Grant Revolving Loan program with funds provided by the U.S. Department of Housing and Urban Development. The purpose of this program is to stimulate community development activity by providing low or no interest loans to low income individuals or businesses. As of December 31, 1999, the total amount of loans outstanding was \$43,486.

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

**CITY OF WASHINGTON
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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



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

City of Washington
Fayette County
105 N. Main Street
Washington Court House, OH 43160

To the City Council:

We have audited the general-purpose financial statements of the City of Washington as of and for the year ended December 31, 1999, and have issued our report thereon dated June 21, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Washington'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-20624-001. We also noted matters involving non-compliance that do not require inclusion in this report that we have reported to management in a separate letter dated June 21, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Washington's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the City of Washington in a separate letter dated June 21, 2000.

City of Washington
Fayette County
Report of Independent Accountants on Compliance and on
Internal Control Required By *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

June 21, 2000



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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 Washington
Fayette County
105 N. Main Street
Washington Court House, OH 43160

Compliance

We have audited the compliance of the City of Washington 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 each of its major federal programs for the year ended December 31, 1999. The City of Washington's major federal programs are 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 each of its major federal programs is the responsibility of the City of Washington's management. Our responsibility is to express an opinion on the City of Washington'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 of Washington'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 of Washington's compliance with those requirements.

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

Internal Control Over Compliance

The management of the City of Washington 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 Washington'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.

City of Washington
Fayette County
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
Page 2

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

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

Jim Petro
Auditor of State

June 21, 2000

**CITY OF WASHINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	HOME Investment Partnership , CFDA #14.239
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all other
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**CITY OF WASHINGTON
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A -133 § .505
 DECEMBER 31, 1999
 (Continued)**

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

FINDING NUMBER 1999-20624-001

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:

5. 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 City Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days of the receipt of such certificate.
6. If the amount involved is less than \$1,000 dollars, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Council, if such expenditure is otherwise valid.

Forty-two percent of the expenditures and obligations made by the City were initiated without obtaining the prior certification of the City Auditor, and the two exceptions noted above did not apply. Every effort should be made by the City to certify the availability of funds before entering into contracts or giving orders for goods or services. The City should also utilize the encumbrance method of accounting as funds are certified. Failure to properly certify the availability of funds and encumber appropriations could result in overspending.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. Title of Finding

Finding Number	None
CFDA Title and Number	N/A
Federal Award Number / Year	N/A
Federal Agency	N/A
Pass-Through Agency	N/A



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OFFICE OF THE AUDITOR

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CITY OF WASHINGTON

FAYETTE 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
AUGUST 15, 2000**