



**CITY OF MEDINA
MEDINA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CITY OF MEDINA
MEDINA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the City Council:

We have audited the accompanying general purpose financial statements of the City of Medina, Medina County, Ohio, (the City) as of and for the year ended December 31, 2001. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

Because of the inadequacy of accounting records, we were unable to obtain sufficient evidence regarding the amounts at which property and equipment are recorded in the General Fixed Assets Account Group and Enterprise Funds in the accompanying balance sheet at December 31, 2001 (stated at \$19,477,163 and \$21,568,645, respectively), or the amount of depreciation expense for the year then ended (stated at \$610,201). We were unable to satisfy ourselves regarding fixed asset amounts by other auditing procedures.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to satisfy ourselves about fixed asset amounts and related accumulated depreciation, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Medina, Medina County, Ohio as of December 31, 2001, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2002, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 24, 2002

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CITY OF MEDINA - MEDINA COUNTY

Combined Balance Sheet
All Fund Types and Account Groups

December 31, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 1,786,968	\$ 6,334,858	\$ 2,064,650	\$ 41,563
Cash with Fiscal Agent	0	0	28,613	0
Receivables:				
Trade (net of allowances)	0	0	0	98,634
Interfund Notes	0	0	0	0
Taxes	853,785	2,941,849	150,656	0
Delinquent Special Assessments	0	0	14,022	0
Intergovernmental	707,609	336,949	20	0
Other	72,624	55,616	0	0
Assessments	0	0	3,487,985	0
Inventory of Supplies	148,246	0	0	0
Due from Other Funds	682,222	0	0	65,761
Prepaid Items	9,708	3,872	0	0
Total Current Assets	4,261,162	9,673,144	5,745,946	205,958
Fixed Assets:				
Land and improvements	0	0	0	0
Buildings	0	0	0	0
Improvements (other than buildings)	0	0	0	0
Machinery and Equipment	0	0	0	0
Vehicles	0	0	0	0
Accumulated Depreciation	0	0	0	0
Construction in Progress	0	0	0	0
Total Fixed Assets	0	0	0	0
Other Debits:				
Amount Available In Debt Service Funds	0	0	0	0
Amount to be Provided for Retirement of General Long Term Obligations	0	0	0	0
Total Other Debits	0	0	0	0
Total Assets and Other Debits	\$ 4,261,162	\$ 9,673,144	\$ 5,745,946	\$ 205,958

See accompanying notes to the general purpose financial statement.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups			Totals (Memorandum Only)
Internal Service	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations		
\$ 9,637	\$ 12,989,956	\$ 1,091,520	\$ 0	\$ 0	\$ 0	\$ 24,319,152
0	0	0	0	0	0	28,613
0	893,246	0	0	0	0	991,880
0	966,111	0	0	0	0	966,111
0	0	0	0	0	0	3,946,290
0	0	0	0	0	0	14,022
0	101,193	13,253	0	0	0	1,159,024
0	0	0	0	0	0	128,240
0	0	0	0	0	0	3,487,985
0	24,655	0	0	0	0	172,901
0	0	0	0	0	0	747,983
0	80	0	0	0	0	13,660
9,637	14,975,241	1,104,773	0	0	0	35,975,861
0	3,065,568	0	1,021,974	0	0	4,087,542
0	2,902,821	0	4,520,431	0	0	7,423,252
0	14,911,443	0	4,792,550	0	0	19,703,993
0	1,926,892	0	4,451,860	0	0	6,378,752
0	2,030,545	0	3,690,348	0	0	5,720,893
0	(13,057,505)	0	0	0	0	(13,057,505)
0	9,788,881	0	1,000,000	0	0	10,788,881
0	21,568,645	0	19,477,163	0	0	41,045,808
0	0	0	0	1,945,095	0	1,945,095
0	0	0	0	8,306,525	0	8,306,525
0	0	0	0	10,251,620	0	10,251,620
\$ 9,637	\$ 36,543,886	\$ 1,104,773	\$ 19,477,163	\$ 10,251,620	\$ 0	\$ 87,273,289

(continued)

CITY OF MEDINA - MEDINA COUNTY

Combined Balance Sheet
All Fund Types and Account Groups

December 31, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities and Fund Equity				
Liabilities				
Accounts Payable	\$ 112,548	\$ 425,373	\$ 0	\$ 1,823,016
Interfund Notes Payable	40,000	639,037	0	42,074
Accrued Salaries, Wages and Benefits	223,273	293,646	0	115
Matured Interest Payable	0	0	28,613	0
Due to Other Funds	0	406,036	0	0
Undistributed Monies	0	0	0	0
Deferred Revenue	1,266,304	2,232,558	3,652,683	0
General Obligation Bonds Payable	0	0	0	0
Special Assessment Bonds Payable	0	0	0	0
Notes Payable	0	155,000	0	0
Claims/Judgements Payable	0	247,000	0	0
Total Liabilities	1,642,125	4,398,650	3,681,296	1,865,205
Fund Equity:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	610,308	827,619	0	3,284,420
Reserved for Endowments	0	0	0	0
Reserved for Inventory	148,246	0	0	0
Reserved for Prepaid Items	9,708	3,872	0	0
Reserved for Debt Services:				
Principal and Interest	0	0	1,945,095	0
Unreserved:				
Undesignated	1,850,775	4,443,003	119,555	(4,943,667)
Total Fund Equity	2,619,037	5,274,494	2,064,650	(1,659,247)
Total Liabilities and Fund Equity	\$ 4,261,162	\$ 9,673,144	\$ 5,745,946	\$ 205,958

See accompanying notes to the general purpose financial statement.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups			Totals (Memorandum Only)
Internal Service	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations		
\$ 0	\$ 387,869	\$ 7,572	\$ 0	\$ 0	\$ 0	\$ 2,756,378
0	245,000	0	0	0	0	966,111
0	191,504	0	0	631,620	0	1,340,158
0	0	0	0	0	0	28,613
3,000	316,653	22,294	0	0	0	747,983
0	0	538,085	0	0	0	538,085
0	0	0	0	0	0	7,151,545
0	9,055,000	0	0	6,922,200	0	15,977,200
0	86,000	0	0	2,697,800	0	2,783,800
0	3,500,000	0	0	0	0	3,655,000
0	0	0	0	0	0	247,000
3,000	13,782,026	567,951	0	10,251,620	0	36,191,873
0	0	0	19,477,163	0	0	19,477,163
0	1,474,266	0	0	0	0	1,474,266
6,637	21,287,594	0	0	0	0	21,294,231
0	0	306,330	0	0	0	5,028,677
0	0	232,569	0	0	0	232,569
0	0	0	0	0	0	148,246
0	0	0	0	0	0	13,580
0	0	0	0	0	0	1,945,095
0	0	(2,077)	0	0	0	1,467,589
6,637	22,761,860	536,822	19,477,163	0	0	51,081,416
\$ 9,637	\$ 36,543,886	\$ 1,104,773	\$ 19,477,163	\$ 10,251,620	\$ 0	\$ 87,273,289

CITY OF MEDINA - MEDINA COUNTY

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

All Governmental Fund Types and Expendable Trust Funds

For the Year Ended December 31, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Local Taxes	\$ 1,012,587	\$ 6,929,889	\$ 184,122	\$ 0
Fees, License and Permits	1,372,699	956,891	0	0
Intergovernmental	1,378,363	1,596,212	9,834	0
Special Assessments	0	0	373,310	0
Charges for Services	196,080	206,826	0	541,478
Interest Income	976,893	35,410	0	65,761
Developer Deposits	0	0	0	0
Other	32,972	35,659	0	5,123
Total Revenues	4,969,594	9,760,887	567,266	612,362
Expenditures:				
Current:				
General Government	2,578,778	1,060,767	8,200	38,893
Security	2,694,928	2,815,193	0	0
Public Health	118,949	6,304	0	1,005
Community Development	542,186	24,772	0	0
Transportation	0	612,969	0	44,304
Basic Utility	0	35,377	0	43,034
Leisure Time	0	896,024	0	1,852,964
Claims/Judgements	0	247,000	0	0
Capital Outlay	488,258	926,739	0	1,421,466
Debt Service:				
Principal Retirement	0	0	516,000	0
Interest	0	0	363,757	0
Total Expenditures	6,423,099	6,625,145	887,957	3,401,666
Excess of Revenues Over (Under) Expenditures	(1,453,505)	3,135,742	(320,691)	(2,789,304)
Other Financing Sources (Uses):				
Proceeds of Bonds	0	0	0	4,920,000
Other Financing Sources	186,258	38,377	33,800	4,612
Other Financing Uses	(3,396)	(158,640)	0	(93)
Operating Transfers In	750,502	2,720,109	9,527,689	3,541,916
Operating Transfers Out	(245,854)	(4,731,728)	(9,107,334)	(10,540,415)
Total Other Financing Sources (Uses)	687,510	(2,131,882)	454,155	(2,073,980)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(765,995)	1,003,860	133,464	(4,863,284)
Fund Balances (Deficit) at Beginning Of Year	3,261,494	4,270,634	1,931,186	3,204,037
Increase (Decrease) in Reserve for Inventory	123,538	0	0	0
Fund Balances (Deficit) at End of Year	\$ 2,619,037	\$ 5,274,494	\$ 2,064,650	\$ (1,659,247)

See accompanying notes to the general purpose financial statement.

Fiduciary Fund Type		Totals (Memorandum Only)	
Expendable Trust			
\$	0	\$	8,126,598
	0		2,329,590
	0		2,984,409
	0		373,310
	0		944,384
	0		1,078,064
	139,449		139,449
	20,230		93,984
	<u>159,679</u>		<u>16,069,788</u>
	1,241		3,687,879
	0		5,510,121
	0		126,258
	0		566,958
	0		657,273
	0		78,411
	0		2,748,988
	0		247,000
	86,085		2,922,548
	0		516,000
	0		363,757
	<u>87,326</u>		<u>17,425,193</u>
	72,353		(1,355,405)
	0		4,920,000
	0		263,047
	(21,383)		(183,512)
	1,553		16,541,769
	(21,538)		(24,646,869)
	<u>(41,368)</u>		<u>(3,105,565)</u>
	30,985		(4,460,970)
	273,268		12,940,619
	0		123,538
\$	<u>304,253</u>	\$	<u>8,603,187</u>

CITY OF MEDINA - MEDINA COUNTY

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

For the Year Ended December 31, 2001

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Local Taxes	\$ 1,109,800	\$ 1,012,587	\$ (97,213)
Fees, License and Permits	1,974,012	1,281,283	(692,729)
Intergovernmental	2,148,338	1,395,024	(753,314)
Special Assessments	0	0	0
Charges for Services	103,891	67,462	(36,429)
Investment Income	987,922	987,922	0
Developer Deposits	0	0	0
Other	703,201	34,296	(668,905)
Total Revenues	7,027,164	4,778,574	(2,248,590)
Expenditures:			
Current:			
General Government	3,432,702	3,166,565	266,137
Security	3,167,614	2,841,777	325,837
Public Health	246,799	172,385	74,414
Community Development	630,030	553,905	76,125
Transportation	0	0	0
Basic Utility	0	0	0
Leisure Time	0	0	0
Capital Outlay	396,106	488,258	(92,152)
Debt Service			
Principal Retirement	0	0	0
Interest	0	0	0
Total Expenditures	7,873,251	7,222,890	650,361
Excess of Revenue Over (Under) Expenditures	(846,087)	(2,444,316)	(1,598,229)
Other Financing Sources (Uses):			
Proceeds of Bonds	0	0	0
Proceeds of Notes	40,000	40,000	0
Other Financing Sources	501,717	325,811	(175,906)
Other Financing Uses	(18,750)	(3,396)	15,354
Advances In	7,716	5,011	(2,705)
Advances Out	(50,000)	(10,457)	39,543
Operating Transfers In	1,574,233	750,502	(823,731)
Operating Transfers Out	(182,807)	(102,817)	79,990
Other Financing Sources (Uses)	1,872,109	1,004,654	(867,455)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,026,022	(1,439,662)	(2,465,684)
Fund Balances at Beginning of Year	1,602,672	1,602,672	0
Prior Year's Encumbrances Appropriated	989,758	989,758	0
Fund Balances at End of Year	\$ 3,618,452	\$ 1,152,768	\$ (2,465,684)

See accompanying notes and accountants' compilation report.

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 6,520,191	\$ 6,258,414	\$ (261,777)	\$ 201,900	\$ 184,122	\$ (17,778)
1,027,988	874,285	(153,703)	0	0	0
1,358,715	1,734,475	375,760	0	9,834	9,834
0	0	0	394,758	373,310	(21,448)
209,513	206,826	(2,687)	0	0	0
31,795	31,795	0	0	0	0
0	0	0	0	0	0
19,586	25,694	6,108	0	0	0
9,167,788	9,131,489	(36,299)	596,658	567,266	(29,392)
1,470,607	1,445,414	25,193	15,000	8,200	6,800
3,351,517	3,216,304	135,213	0	0	0
0	0	0	0	0	0
35,880	27,742	8,138	0	0	0
909,511	802,119	107,392	0	0	0
42,199	35,990	6,209	0	0	0
1,043,200	964,952	78,248	0	0	0
924,072	926,739	(2,667)	0	0	0
0	0	0	10,340,030	10,412,559	(72,529)
0	0	0	1,016,595	997,482	19,113
7,776,986	7,419,260	357,726	11,371,625	11,418,241	(46,616)
1,390,802	1,712,229	321,427	(10,774,967)	(10,850,975)	(76,008)
0	0	0	0	0	0
1,154,072	901,300	(252,772)	0	0	0
46,835	38,377	(8,458)	7,000	33,800	26,800
(227,200)	(158,640)	68,560	0	0	0
0	4,011	4,011	0	0	0
(4,011)	(4,011)	0	0	0	0
2,820,754	2,657,109	(163,645)	11,363,965	11,059,779	(304,186)
(5,956,032)	(5,856,384)	99,648	(4,800)	(228,695)	(223,895)
(2,165,582)	(2,418,238)	(252,656)	11,366,165	10,864,884	(501,281)
(774,780)	(706,009)	68,771	591,198	13,909	(577,289)
4,936,634	4,936,634	0	2,050,747	2,050,747	0
919,731	919,731	0	0	0	0
\$ 5,081,585	\$ 5,150,356	\$ 68,771	\$ 2,641,945	\$ 2,064,656	\$ (577,289)

(continued)

CITY OF MEDINA - MEDINA COUNTY

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

For the Year Ended December 31, 2001

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Local Taxes	\$ 0	\$ 0	\$ 0
Fees, License and Permits	0	0	0
Intergovernmental	0	0	0
Special Assessments	0	0	0
Charges for Services	949,241	537,564	(411,677)
Investment Income	80,254	80,254	0
Developer Deposits	0	0	0
Other	7,265	5,123	(2,142)
Total Revenues	1,036,760	622,941	(413,819)
Expenditures:			
Current:			
General Government	339,875	113,164	226,711
Security	1,093	0	1,093
Public Health	2,157	1,005	1,152
Community Development	0	0	0
Transportation	874,778	792,837	81,941
Basic Utility	634,336	529,912	104,424
Leisure Time	101,451	3,934,421	(3,832,970)
Capital Outlay	5,415,124	1,831,468	3,583,656
Debt Service			
Principal Retirement	0	0	0
Interest	0	0	0
Total Expenditures	7,368,814	7,202,807	166,007
Excess of Revenue Over (Under) Expenditures	(6,332,054)	(6,579,866)	(247,812)
Other Financing Sources (Uses):			
Proceeds of Bonds	7,905,541	4,920,000	(2,985,541)
Proceeds of Notes	838,500	42,500	(796,000)
Other Financing Sources	5,650	4,612	(1,038)
Other Financing Uses	(600)	(93)	507
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	4,535,103	3,531,015	(1,004,088)
Operating Transfers Out	(2,103,892)	(10,623,341)	(8,519,449)
Other Financing Sources (Uses)	11,180,302	(2,125,307)	(13,305,609)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	4,848,248	(8,705,173)	(13,553,421)
Fund Balances at Beginning of Year	7,996,407	7,996,407	0
Prior Year's Encumbrances Appropriated	1,317,377	1,317,377	0
Fund Balances at End of Year	\$ 14,162,032	\$ 608,611	\$ (13,553,421)

See accompanying notes and accountants' compilation report.

Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 7,831,891	\$ 7,455,123	\$ (376,768)
0	0	0	3,002,000	2,155,568	(846,432)
0	0	0	3,507,053	3,139,333	(367,720)
0	0	0	394,758	373,310	(21,448)
0	0	0	1,262,645	811,852	(450,793)
0	0	0	1,099,971	1,099,971	0
437,500	139,449	(298,051)	437,500	139,449	(298,051)
300	20,230	19,930	730,352	85,343	(645,009)
437,800	159,679	(278,121)	18,266,170	15,259,949	(3,006,221)
102	1,462	(1,360)	5,258,286	4,734,805	523,481
0	0	0	6,520,224	6,058,081	462,143
0	0	0	248,956	173,390	75,566
0	0	0	665,910	581,647	84,263
0	0	0	1,784,289	1,594,956	189,333
0	0	0	676,535	565,902	110,633
0	0	0	1,144,651	4,899,373	(3,754,722)
115,983	86,085	29,898	6,851,285	3,332,550	3,518,735
0	0	0	10,340,030	10,412,559	(72,529)
0	0	0	1,016,595	997,482	19,113
116,085	87,547	28,538	34,506,761	33,350,745	1,156,016
321,715	72,132	(249,583)	(16,240,591)	(18,090,796)	(1,850,205)
0	0	0	7,905,541	4,920,000	(2,985,541)
0	0	0	2,032,572	983,800	(1,048,772)
0	0	0	561,202	402,600	(158,602)
(295,578)	(327,658)	(32,080)	(542,128)	(489,787)	52,341
0	6,446	6,446	7,716	15,468	7,752
(608)	(1,000)	(392)	(54,619)	(15,468)	39,151
0	0	0	20,294,055	17,998,405	(2,295,650)
(29,512)	(21,538)	7,974	(8,277,043)	(16,832,775)	(8,555,732)
(325,698)	(343,750)	(18,052)	21,927,296	6,982,243	(14,945,053)
(3,983)	(271,618)	(267,635)	5,686,705	(11,108,553)	(16,795,258)
84,315	84,315	0	16,670,775	16,670,775	0
270,463	270,463	0	3,497,329	3,497,329	0
\$ 350,795	\$ 83,160	\$ (267,635)	\$ 25,854,809	\$ 9,059,551	\$ (16,795,258)

CITY OF MEDINA - MEDINA COUNTY

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

All Proprietary Fund Types and Non-Expendable Trust Fund

For the Year Ended December 31, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Internal Service	Enterprise	Non-Expendable Trust	
Operating Revenue:				
Intergovernmental	\$ 0	\$ 101,193	\$ 0	\$ 101,193
Interest Income	0	0	134	134
Charges for Services	0	5,282,741	9,363	5,292,104
Other	0	127,459	415	127,874
Total Operating Revenues	0	5,511,393	9,912	5,521,305
Operating Expenses:				
Personal Services	0	1,738,224	0	1,738,224
Contractual Service	0	2,239,773	0	2,239,773
Materials and Supplies	0	626,474	0	626,474
Transportation	0	283,430	0	283,430
Depreciation	0	610,201	0	610,201
Total Operating Expenses	0	5,498,102	0	5,498,102
Operating Income (Loss)	0	13,291	9,912	23,203
Non-Operating Revenues (Expenses):				
Interest Income	0	135,256	0	135,256
Other Financing Sources	24,443	214,068	0	238,511
Other Financing Uses	(29,788)	(35,089)	0	(64,877)
Debt Service:				
Interest and fiscal charges	0	(623,639)	0	(623,639)
Total Non-Operating Revenues (Expenses)	(5,345)	(309,404)	0	(314,749)
Income (Loss) Before Operating Transfers	(5,345)	(296,113)	9,912	(291,546)
Operating Transfers In	0	8,886,424	7,044	8,893,468
Operating Transfer Out	0	(785,868)	0	(785,868)
Net Income (Loss)	(5,345)	7,804,443	16,956	7,816,054
Retained Earnings at Beginning of Year	11,982	13,483,151	215,613	13,710,746
Retained Earnings at End of Year	\$ 6,637	\$ 21,287,594	\$ 232,569	\$ 21,526,800

See accompanying notes to the general purpose financial statement.

CITY OF MEDINA

Combined Statement of Cash Flows

All Proprietary Fund Types and Non-Expendable Trust Fund

For the Year Ended December 31, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Total
	Internal Service	Enterprise	Non-Expendable Trust	(Memorandum Only)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 0	\$ 5,852,994	\$ 7,021	\$ 5,860,015
Cash Payments for Goods and Services	(2,720)	(4,978,513)	0	(4,981,233)
Cash Payments for Employee Services and Benefits	0	(1,767,329)	0	(1,767,329)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(2,720)	(892,848)	7,021	(888,547)
Cash Flows from Noncapital Financing Activities:				
Operating Transfers	0	8,100,556	7,044	8,107,600
Other Financing Sources	24,443	214,068	0	238,511
Other Financing Uses	(29,788)	(35,089)	0	(64,877)
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	(5,345)	8,279,535	7,044	8,281,234
Cash Flows from Capital and Related Financing Activities:				
Proceeds from Bonds	0	8,355,000	0	8,355,000
Proceeds from Notes	0	3,500,000	0	3,500,000
Payments for Capital Acquisitions	0	(4,923,323)	0	(4,923,323)
Principal Payments on Notes	0	(8,255,000)	0	(8,255,000)
Interest Paid on Bonds	0	(623,639)	0	(623,639)
<i>Net Cash Used for Capital and Related Financing Activities</i>	0	(1,946,962)	0	(1,946,962)
Cash Flows from Investing Activities:				
Interest on Investments	0	135,256	0	135,256
<i>Net Cash Provided by Investing Activities</i>	0	135,256	0	135,256
Net Increase (Decrease) in Cash and Cash Equivalents	(8,065)	5,574,981	14,065	5,580,981
Cash and Cash Equivalents at Beginning of Year	17,702	7,414,975	227,405	7,660,082
Cash and Cash Equivalents at End of Year	\$ 9,637	\$ 12,989,956	\$ 241,470	\$ 13,241,063
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ 0	\$ 13,291	\$ 9,912	\$ 23,203
Adjustments:				
Depreciation Expense	0	610,201	0	610,201
(Increase) Decrease in Assets:				
Accounts Receivable	0	(31,969)	0	(31,969)
Interfund Notes Receivable	0	402,845	0	402,845
Due from Other Funds	0	57,907	0	57,907
Intergovernmental Receivable	0	(87,182)	0	(87,182)
Prepays	0	674	0	674
Inventory	0	(584)	0	(584)
Increase (Decrease) in Liabilities:				
Accounts Payable	(2,720)	(1,862,494)	0	(1,865,214)
Due to Other Funds	0	57,631	(2,891)	54,740
Accrued Salaries, Wages and Benefits	0	(29,105)	0	(29,105)
Interfund Payable	0	(24,063)	0	(24,063)
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$ (2,720)	\$ (892,848)	\$ 7,021	\$ (888,547)
RECONCILIATION OF FIDUCIARY FUND TYPE CASH AND CASH EQUIVALENTS TO THE COMBINED BALANCE SHEET:				
Non-Expendable Trust	\$ 241,470			
Expendable Trust	386,224			
Agency	463,826			
Cash and Cash Equivalents	\$ 1,091,520			

See accompanying notes to the general purpose financial statement.

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CITY OF MEDINA - MEDINA COUNTY

Notes to the General Purpose Financial Statements For the Year Ended December 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A.** *Description of the Reporting Entity* - The City was organized in 1952 as a political body and corporation established for the purpose of exercising the rights and privileges conveyed to it by the constitution of the State of Ohio. The City operates under a charter as a home-rule municipal corporation under the laws of the State of Ohio.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the city are not misleading. The primary government consists of all funds, departments, boards and agencies, that are not legally separate from the City. For the City of Medina, this includes police and fire protection, emergency medical, parks and recreation, planning, zoning, street maintenance and repair, refuse collection and general administrative services.

Component units are legally separate organizations for which the city is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and 1) the City is able to significantly influence the programs or services performed or provided by the organization; or 2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

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

B. Basis of Accounting

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within thirty-one days of year end.

Non exchange transactions, in which the City receives value without directly giving equal in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 8) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the

CITY OF MEDINA - MEDINA COUNTY

Notes to the General Purpose Financial Statements (Continued) For the Year Ended December 31, 2001

B. Basis of Accounting (continued)

resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non exchange transactions must also be available before it can be recognized.

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

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

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

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

C. Fund Accounting

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

Governmental Funds

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

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

CITY OF MEDINA - MEDINA COUNTY

**Notes to the General Purpose Financial Statements (Continued)
For the Year Ended December 31, 2001**

C. Fund Accounting (continued)

Governmental Funds (continued)

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

D. Budgetary Process

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

Tax Budget - The Mayor presents the annual operating budget for the following fiscal year to City Council for consideration and passage in order for the adopted budget to be submitted to the County

CITY OF MEDINA - MEDINA COUNTY

**Notes to the General Purpose Financial Statements (Continued)
For the Year Ended December 31, 2001**

D. Budgetary Process (continued)

Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the Certificate of Estimated Resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amount in the final amended official Certificate of Estimated Resources issued for 2001.

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

Encumbrances - As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

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

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

CITY OF MEDINA - MEDINA COUNTY

**Notes to the General Purpose Financial Statements (Continued)
For the Year Ended December 31, 2001**

D. Budgetary Process (continued)

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- C. Outstanding year end encumbrances are treated as expenditures/expenses (budget) rather than as a reservation of fund balance for governmental fund types.
- D. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP basis).

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis (as reported)	\$ (765,995)	\$ 1,003,860	\$ 133,464	\$ (4,863,284)	\$ 30,985
Adjustments:					
Proceeds from notes	40,000	901,300	0	42,500	0
Revenue accruals	(46,456)	(688,387)	1,532,090	(322)	4,893
Expenditure accruals	(6,687)	(764,605)	(771,888)	1,223,369	(1,166)
Principal retirement for debt	0	0	(516,000)	0	0
Interest and fiscal charges for debt	0	0	(363,757)	0	0
Encumbrances	<u>(660,524)</u>	<u>(1,158,177)</u>	<u>0</u>	<u>(5,107,436)</u>	<u>(306,330)</u>
Budget basis	<u>\$ (1,439,662)</u>	<u>\$ (706,009)</u>	<u>\$ 13,909</u>	<u>\$ (8,705,173)</u>	<u>\$ (271,618)</u>

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

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

CITY OF MEDINA - MEDINA COUNTY

**Notes to the General Purpose Financial Statements (Continued)
For the Year Ended December 31, 2001**

E. Investments and Inactive Funds

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest is recognized and recorded when earned. Interest revenue credited to the general fund during 2001 amounted to \$976,893, which includes \$171,979 assigned from other city funds. Equity in pooled cash and investments consists of certificates of deposits, repurchase agreements, and a money market checking account.

F. Accounts Receivable

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

G. Inventory

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

H. Fixed Assets

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

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

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

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

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

CITY OF MEDINA - MEDINA COUNTY

**Notes to the General Purpose Financial Statements (Continued)
For the Year Ended December 31, 2001**

I. Fund Balances (governmental and fiduciary funds)

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

J. Accumulated Unpaid Vacation and Sick Pay

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

In the governmental funds, the liability is recorded in the general long-term obligation account group. In the proprietary funds, the entire amount of unpaid compensated absences is recorded as a fund liability. The determinable obligations for accumulated unpaid vacation and accumulated sick pay for the City as a whole totaled \$630,620 at December 31, 2001.

K. Interfund Transactions

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

All other interfund transactions are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. During 2001, there were transfers out in the agency fund. Since agency funds do not present budgetary statements, transfers in and transfers out do not balance on a budgetary basis. During the year ended December 31, 2001, the City had the following transfer transactions:

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ 750,502	\$ 245,854
Special Revenue	2,720,109	4,731,728
Debt Service	9,527,689	9,107,334
Capital Projects	3,541,916	10,540,415
Expendable Trust	1,553	21,538
Non Expendable Trust	7,044	0
Enterprise Funds	8,886,424	785,868
Agency Funds	<u>0</u>	<u>2,500</u>
Total	<u>\$ 25,435,237</u>	<u>\$ 25,435,237</u>

CITY OF MEDINA - MEDINA COUNTY

**Notes to the General Purpose Financial Statements (Continued)
For the Year Ended December 31, 2001**

L. Total Columns on Financial Statements

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

M. Cash Flows

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

NOTE 2 - LEGAL COMPLIANCE

The City did not certify the availability of funds for certain expenditures contrary to Ohio Revised Code 5704.41(D).

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

CITY OF MEDINA - MEDINA COUNTY

**Notes to the General Purpose Financial Statements (Continued)
For the Year Ended December 31, 2001**

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

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

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

1. Bonds or other obligations of the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
2. Discount notes of the Federal National Mortgage Association.
3. Bonds issued by the Federal Home Loan Mortgage Corporation.
4. Bonds of the State of Ohio.
5. Bonds of any municipal corporation, village, county, township, or other political subdivision of the state, as to which there is no default of principal, interest, or coupons.
6. Obligations of the City.

Deposits. At year-end, the carrying amount of the City's deposits was \$22,222,765 and the bank balance was \$24,083,461: Of the bank balance:

1. \$800,000 was covered by federal depository insurance or by collateral held by the City's agent in the name of the City.
2. \$23,283,461 was uninsured and uncollateralized as defined by the Government Accounting Standards Board (GASB) because the collateral pledged by the financial institution or their trust departments or agents is not in the City's name, due to the fact the pledging bank has an investment and securities pool used to collateralize all public deposits. This pool had a market value at December 31, 2001 in excess of 110% of the public funds on deposit.

CITY OF MEDINA - MEDINA COUNTY

**Notes to the General Purpose Financial Statements (Continued)
For the Year Ended December 31, 2001**

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

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

	<u>Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Repurchase Agreements	<u>\$ 2,125,000</u>	<u>\$ 2,125,000</u>	<u>\$ 2,125,000</u>

NOTE 4 - FIXED ASSETS

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

	<u>Balance 1/1/2001</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/2001</u>
Land	\$ 550,222	\$ 471,752	\$ 0	\$ 1,021,974
Buildings	4,520,431	0	0	4,520,431
Machinery and equipment	4,142,977	308,883	0	4,451,860
Vehicles	3,258,936	431,412	0	3,690,348
Improvements	2,964,516	1,828,034	0	4,792,550
Construction in progress	<u>0</u>	<u>1,000,000</u>	<u>0</u>	<u>1,000,000</u>
Total general fixed assets	<u>\$ 15,437,082</u>	<u>\$ 4,040,081</u>	<u>\$ 0</u>	<u>\$ 19,477,163</u>

CITY OF MEDINA - MEDINA COUNTY

**Notes to the General Purpose Financial Statements (Continued)
For the Year Ended December 31, 2001**

NOTE 4 - FIXED ASSETS (continued)

The following is a summary of proprietary fund type assets at December 31, 2001:

	Enterprise Funds
	<u> </u>
Land & land improvements	\$ 3,065,568
Buildings	2,902,821
Improvements other than buildings	14,911,443
Machinery and equipment	1,926,892
Vehicles	2,030,545
Construction in progress	<u>9,788,881</u>
Total fixed assets	34,626,150
Less: accumulated depreciation	<u>(13,057,505)</u>
 Net fixed assets	 <u><u>\$ 21,568,645</u></u>

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

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

NOTE 5 - RETIREMENT COMMITMENTS

Public Employees Retirement System

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

The 2001 employer contribution rate for local government employer units was 13.55% of covered payroll. For law enforcement, the employer rate was 16.70% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The City's contributions to PERS for the years ended December 31, 2001, 2000, and 1999, were \$676,994, \$541,682, and \$591,624, respectively.

CITY OF MEDINA - MEDINA COUNTY

**Notes to the General Purpose Financial Statements (Continued)
For the Year Ended December 31, 2001**

NOTE 5 - RETIREMENT COMMITMENTS (continued)

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0%, respectively for police officers and firefighters. The City's contributions to PFDPF for the years ending December 31, 2001, 2000, and 1999, were \$394,098, \$384,562, and \$335,546, respectively, equal to the required contributions for each year.

NOTE 6 - POST EMPLOYMENT HEALTH CARE BENEFITS

Public Employees Retirement System

In addition to providing pension benefits through Public Employee Retirement System of Ohio ("System"), the System provides post retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio Service Credit. Health care coverage for disability recipients and primary service recipients is also available. The Ohio revised code provides statutory authority for employee and employer contributions to the System. The 2001 employer contribution rate for local government employer units was 13.55% of covered payroll; 4.3% was the portion that was used to fund health care for the year. The public safety employer rate was 16.70% and 4.3% was used to fund health care for the year.

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

The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were \$14,364.60 million and \$2,628.7 million, respectively. As of December 31, 2000, the actuarial value of the Retirement System's net assets available for future OPEB payments were \$11,735.9 million. The number of statewide benefit recipients eligible for OPEB at December 31, 2000 was 411,076.

CITY OF MEDINA - MEDINA COUNTY

**Notes to the General Purpose Financial Statements (Continued)
For the Year Ended December 31, 2001**

NOTE 6 - POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

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

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

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

Health care funding and accounting is on a pay-as-you-go basis. The Board defined allocation was 7.25% and 7.50% of covered payroll in 2000 and 2001, respectively. The allocation is 7.75% in 2002. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible statewide to receive health care benefits as of December 31, 2000 (the latest information available) was 12,853 for police and 10,037 for firefighters. The City's 2001 contribution was \$149,741 to fund the City's portion of their 2001 OPEB obligation to the retirement system.

PFDPF total health care expenses for the year ending December 31, 2000 (the latest information available) were \$106,160,054, which was net of member contributions of \$5,657,431.

CITY OF MEDINA - MEDINA COUNTY

**Notes to the General Purpose Financial Statements (Continued)
For the Year Ended December 31, 2001**

NOTE 7- DEBT OBLIGATIONS

Changes in debt obligations at December 31, 2001, consisted of the following:

	<u>Balance 1/1/2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2001</u>
Notes payable				
Interest rate is 4.75%, due 7/01	\$ 8,200,000	\$ 0	\$ 8,200,000	\$ 0
Interest rate is 3.125%, due 7/02	0	3,500,000	0	3,500,000
Interest rate is 4.75%, due 7/06	<u>0</u>	<u>155,000</u>	<u>0</u>	<u>155,000</u>
	8,200,000	3,655,000	8,200,000	3,655,000
General Obligation Bonds				
Interest rates vary from 3.25% to 9.63%, due through 2021	3,053,400	13,275,000	351,200	15,977,200
Special Assessment Bonds				
Interest rates vary from 6.25% to 12.00%, due through 2015	3,003,600	0	219,800	2,783,800
Compensated Absences	<u>553,880</u>	<u>488,262</u>	<u>410,522</u>	<u>631,620</u>
	<u>\$ 6,610,880</u>	<u>\$ 13,763,262</u>	<u>\$ 981,522</u>	<u>\$ 19,392,620</u>

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

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

The annual requirements to amortize all debt outstanding as of December 31, 2001 are as follows:

<u>Year Ending December 31,</u>	<u>General Obligation Bonds</u>	<u>Special Assessment Bonds</u>
2002	\$ 791,200	\$ 221,800
2003	806,200	217,800
2004	761,200	197,800
2005	786,200	207,800
2006	656,200	213,800
Thereafter	<u>12,176,200</u>	<u>1,724,800</u>
Total	<u>\$ 15,977,200</u>	<u>\$ 2,783,800</u>

The remaining interest to be paid on the general obligation bonds and special assessment bonds until maturity is \$8,076,127 and \$1,112,528, respectively.

CITY OF MEDINA - MEDINA COUNTY

**Notes to the General Purpose Financial Statements (Continued)
For the Year Ended December 31, 2001**

NOTE 8 - PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2001.

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

The full tax rate applied to real property for the fiscal year ended December 31, 2001 was \$5.70 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$5.21 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$5.42 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the City by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 2001, was \$5.80 of \$1,000 assessed valuation.

Real property - 2001 valuation	
Residential/agricultural	\$ 337,917,610
Commercial/industrial	<u>166,235,010</u>
	<u>\$ 504,152,620</u>
Tangible personal property - 2001 valuation	
General & public utilities	<u>\$ 95,583,562</u>

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

NOTE 9 - LOCAL INCOME TAX

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

NOTE 10 - INSURANCE

The City maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% co-insured.

CITY OF MEDINA - MEDINA COUNTY

**Notes to the General Purpose Financial Statements (Continued)
For the Year Ended December 31, 2001**

NOTE 11 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

The key financial information for the year ended December 31, 2001 for these non-similar enterprise activities is as follows:

	<u>Airport *</u>	<u>Sanitation</u>	<u>Water</u>	<u>Total</u>
Operating revenues	\$ 146,611	\$ 2,783,411	\$ 2,581,371	\$ 5,511,393
Operating expenses, before depreciation	351,482	2,513,102	2,023,317	4,887,901
Depreciation expense	<u>61,946</u>	<u>245,797</u>	<u>302,458</u>	<u>610,201</u>
Operating income (loss)	(266,817)	24,512	255,596	13,291
Net operating transfers in	5,935	1,500	8,093,121	8,100,556
Non-Operating revenue (expenses)	<u>214,068</u>	<u>5,995</u>	<u>(529,467)</u>	<u>(309,404)</u>
Net income (loss)	(46,814)	32,007	7,819,250	7,804,443
Assets	3,010,869	1,738,303	31,794,714	36,543,886
Net working capital	(76,842)	1,004,309	12,906,748	13,834,215
Notes payable	0	0	3,500,000	3,500,000
Bonds payable	0	0	9,141,000	9,141,000
Total equity	2,472,253	1,507,750	18,781,857	22,761,860

* Reflects operations as lessor. See note 13.

CITY OF MEDINA - MEDINA COUNTY

**Notes to the General Purpose Financial Statements (Continued)
For the Year Ended December 31, 2001**

NOTE 12 - INTERFUND ASSETS/LIABILITIES

Due to/Due From

Receivable Fund	Payable Fund	Amount
<u> </u>	<u> </u>	<u> </u>
General	Non-Expendable Trust	\$ 8,901
General	Expendable Trust	13,393
General	Internal Service	3,000
General	Special Revenue	340,275
General	Enterprise	88,151
General	Enterprise	10,186
General	Enterprise	218,316
Capital Projects	Special Revenue	<u>65,761</u>
Total		<u><u>\$ 747,983</u></u>

Interfund Notes Receivable/Interfund Notes Payable

Receivable Fund	Payable Fund	Amount
<u> </u>	<u> </u>	<u> </u>
Enterprise	Enterprise	\$ 245,000
Enterprise	Special Revenue	147,176
Enterprise	Capital Projects	42,074
Enterprise	General Fund	40,000
Enterprise	Special Revenue	<u>491,861</u>
Total		<u><u>\$ 966,111</u></u>

NOTE 13 - AIRPORT LEASE

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

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

CITY OF MEDINA - MEDINA COUNTY

**Notes to the General Purpose Financial Statements (Continued)
For the Year Ended December 31, 2001**

NOTE 14 – CONTINGENT LIABILITIES

The City is defendant in several lawsuits. Except for one case which resulted in a \$247,000 payout, the outcome of these suits is not presently determinable and counsel believes that the resolution of these matters will not materially affect the City's financial condition.

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

NOTE 15 – CONTRACTUAL COMMITMENTS

As of December 31, 2001, the City had contractual commitments for the following projects:

Vendor	Project	Contractual Commitment	Expended	Balance 12/31/01
Superior Paving	Airport Runway	\$ 469,972	\$ 156,881	\$ 313,091
Vito Gironda	Curbs - Broadway	2,000	0	2,000
Vito Gironda	Street Repair	101,935	89,203	12,732
Vito Gironda	Progress Dr Repair	8,600	0	8,600
United Survey	Storm Sewer	13,600	0	13,600
Paradise Tree Farm	Shade Trees	18,875	18,425	450
Lampion Companies	Reagan Field Lights	75,000	0	75,000
Kikosing	Parking Lot	14,500	0	14,500
Medina City Schools	Recreation Center	7,500,000	1,000,000	6,500,000
Fabrizi Trucking	Litchfield/Medina Water Line	2,812,660	1,472,554	1,340,106
Engineered Fluid	Telemetry System	69,000	0	69,000
DLZ Oh	Elevated Tank	172,500	88,485	84,015
Camp, Dresser, McKee	Storm Sewer	206,000	0	206,000
		<u>\$ 11,464,642</u>	<u>\$ 2,825,548</u>	<u>\$ 8,639,094</u>

CITY OF MEDINA - MEDINA COUNTY

**Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2001**

NOTE 16 – SUBSEQUENT EVENTS

On May 28, 2002 the City Council approved the issuance of \$2,710,000 and \$6,240,000 of bonds for its recreation center and water system improvement projects, respectively. In addition, \$3,500,000 of bond anticipation notes were issued on June 10, 2002, for the water system improvement project.

NOTE 17 – RECREATION CENTER JOINT OPERATING AGREEMENT

On July 9, 2001, the City entered into a joint operating agreement and lease agreement with the Board of Education of the Medina City School District (the School Board) for the Medina Recreation Center (the Recreation Center).

Under the terms of these agreements, the Recreation Center is to be owned by the School Board and the City is to be granted a leasehold interest in the Recreation Center for a term commencing on the date the facilities are opened for public use and expiring on June 30, 2052, with an option to renew for an indefinite number of additional five year terms. The lease requires the City to prepay rent in the amount of \$7,500,000, which is due in installments as various phases of construction of the facility are completed. These payments will be treated by the City as a capital lease in accordance with Financial Statement Accounting Standards (FASB) #13. As of December 31, 2001, the City has paid \$1,000,000 of the \$7,500,000 which is reflected as Construction in Progress in the General Fixed Asset Account Group.

In addition to the initial rent payment, the City will also be required to pay annual rent of \$1 each year, and 47.5% of the Recreation Center's operating expenses which will be initially paid by the School Board and invoiced to the City on a monthly basis. The City and the School Board will also each be required to contribute \$100,000 a year, for the term of the lease, to separate Capital Improvement Funds which may be spent for upkeep of the facilities through mutual agreement of both parties upon the recommendation of an Advisory Committee. However, no contributions to the Capital Improvement Funds are required, by either party, for the first two years of operations, and contributions of only 30%, 60%, and 90% are required for the third, fourth and fifth years, respectively.

The Recreation Center's Advisory Committee will consist of seven members, in which two each will be appointed by the School Board and City and four by election. The Advisory Committee members may serve for an unlimited number of three year terms, and will be responsible for advising the City and School Board regarding scheduling, operating expenses and day-to-day operations of the Recreation Center, as well as, use of the Capital Improvement Funds.

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

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

To the City Council:

We have audited the general purpose financial statements of the City of Medina, Medina County, Ohio, (the City) as of and for the year ended December 31, 2001, and have issued our report thereon dated June 24, 2002, in which we noted the City's opinion was qualified due to a lack of evidence supporting General Fixed Assets Account Group and Enterprise Fund fixed assets. Except for our procedures relating to fixed assets, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City'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 2001-20952-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the City in a separate letter dated June 24, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2001-20952-002.

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

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

June 24, 2002

CITY OF MEDINA
MEDINA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001

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

FINDING NUMBER 2001-20952-001

Noncompliance

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same 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. Every such contract made without such certificate shall be null and 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:

- a. 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, 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 from the receipt of such certificate.
- b. If the amount involved is less than \$1,000, the Finance Director may authorize payment through a Then and Now Certificate without affirmation of City Council, if such expenditure is otherwise valid

During 2001, 40 of the 60 expenditures tested (67%) were not certified by the Finance Director prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in noncompliance. The City should certify the availability of funds prior to incurring the obligation for expenditures. The City should also implement the use of Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41.

In addition, the City's policies and procedures call for the use of requisitions for the initiation of a purchase by the City. It was noted during our testing that 49 of the 60 tested had requisitions attached to the voucher packet that were dated after the invoice; and 38 of 60 vouchers tested had no purchase orders created to initiate the purchase.

The City should require a requisition and purchase order for all purchases. The requisitions and purchase orders should be approved by management to attest to the availability of funds prior to items being ordered.

FINDING NUMBER 2001-20952-002

Material Weakness

Fixed Assets:

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

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

We recommend that management:

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

**CITY OF MEDINA
MEDINA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-20952-001	The City failed to certify the availability of funds for all expenditures contrary to Ohio Rev. Code Section 5705.41(D)	No	Not Corrected
2000-20952-002	Function level expenditures exceed appropriations in several funds at December 31, 2000, contrary to Ohio Rev. Code Section 5705.41(B)	Yes	
2000-20952-003	Appropriations exceed total estimated resources in several funds at December 31, 2001, contrary to Ohio Rev. Code Section 5705.39	No	Partially corrected; Noncompliance with this section occurred in the General Fund at September 30, 2001. However, the variance amount was not significant.
2000-20952-004	The City does not maintain comprehensive records to account for fixed asset balances, additions, deletions, and accumulated depreciation.	No	Not Corrected.



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CITY OF MEDINA

MEDINA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 12, 2002**