



**CITY OF WADSWORTH
MEDINA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF WADSWORTH
MEDINA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

City of Wadsworth
Medina County
120 Maple Street
Wadsworth, Ohio 44281

To the City Council:

We have audited the accompanying general purpose financial statements of the City of Wadsworth, Medina County, Ohio, (the City) as of and for the year ended December 31, 2000, 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 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.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Wadsworth, Medina County, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2001 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.

We performed our audit to form an opinion on the general purpose financial statements of the City, taken as a whole. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for 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. We subjected this information 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.

As described in Note 24, the accompanying Combined Balance Sheet - All Fund Types and Account Groups, the Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types, and the Combined Statement of Cash Flows - All Proprietary Fund Types have been replaced in the City's December 31, 2000 financial statements. These statements were revised to reflect the capitalization of certain proprietary fund fixed assets which were erroneously expensed in the previously issued financial statements.

Jim Petro
Auditor of State

September 13, 2001, except as to the information presented in Note 24, which the date is February 14, 2002.

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City of Wadsworth, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$1,894,154	\$4,832,362	\$626,712	\$2,242,538
Cash and Cash Equivalents in Segregated Accounts	6,302	0	0	0
Cash with Fiscal and Escrow Agents	0	0	785	0
Receivables:				
Taxes	703,302	1,449,362	0	328,117
Accounts	107,691	418,729	2,372	8,490
Interfund	440,286	0	0	0
Special Assessments	0	0	1,088,614	0
Accrued Interest	91,238	0	0	0
Intergovernmental	106,961	85,237	0	532,347
Materials and Supplies Inventory	0	145,210	0	0
Notes Receivable	0	37,871	0	0
Prepaid Items	31,789	9,150	0	0
Restricted Assets:				
Equity in Pooled Cash	0	0	0	0
Advances to Other Funds	443,719	1,470,665	0	0
Investment in Joint Venture	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits</u>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount Available in Debt Service Fund for Retirement of Special Assessment Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Amount to be Provided from Special Assessments	0	0	0	0
Total Assets and Other Debits	\$3,825,442	\$8,448,586	\$1,718,483	\$3,111,492
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$138,679	\$136,051	\$0	\$52,605
Interfund Payable	0	0	0	440,286
Accrued Wages and Benefits	60,010	26,727	0	0
Compensated Absences Payable	12,678	3,218	0	0
Retainage Payable	0	0	0	0
Intergovernmental Payables	205,462	68,860	0	122
Deferred Revenue	703,302	650,372	1,088,614	328,117
Undistributed Monies	0	0	0	0
Matured Interest Payable	0	0	785	0
Accrued Interest Payable	0	1,697	0	6,873
Notes Payable	0	0	0	0
Claims and Judgments Payable	0	0	0	0
Payable from Restricted Assets:				
Refundable Deposits	0	0	0	0
Advances from Other Funds	0	86,875	0	270,951
Police and Fire Past Service Cost	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Special Assessment Debt with Governmental Commitment	0	0	0	0
Total Liabilities	1,120,131	973,800	1,089,399	1,098,954
<u>Fund Equity and Other Credits</u>				
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	240,081	238,308	0	302,651
Reserved for Inventory	0	145,210	0	0
Reserved for Prepaid Items	31,789	9,150	0	0
Reserved for Debt Service	0	0	629,084	0
Reserved for Advances	443,719	1,470,665	0	0
Unreserved:				
Undesignated	1,989,722	5,611,453	0	1,709,887
Total Fund Equity and Other Credits	2,705,311	7,474,786	629,084	2,012,538
Total Liabilities, Fund Equity and Other Credits	\$3,825,442	\$8,448,586	\$1,718,483	\$3,111,492

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)
\$2,579,648	\$182,108	\$129,263	\$0	\$0	\$12,486,785
0	0	728,763	0	0	735,065
31,315	0	0	0	0	32,100
0	0	0	0	0	2,480,781
2,974,114	5,443	0	0	0	3,516,839
0	0	0	0	0	440,286
0	0	0	0	0	1,088,614
0	0	0	0	0	91,238
0	0	0	0	0	724,545
2,223,552	26,553	0	0	0	2,395,315
0	0	0	0	0	37,871
39,981	0	0	0	0	80,920
0	0	221,215	0	0	221,215
2,594,002	0	28,534	0	0	4,536,920
276,675	0	0	0	0	276,675
38,631,467	239,163	0	14,789,944	0	53,660,574
0	0	0	0	5,887	5,887
0	0	0	0	623,197	623,197
0	0	0	0	3,885,497	3,885,497
0	0	0	0	148,121	148,121
<u>\$49,350,754</u>	<u>\$453,267</u>	<u>\$1,107,775</u>	<u>\$14,789,944</u>	<u>\$4,662,702</u>	<u>\$87,468,445</u>
\$1,419,613	\$17,853	\$0	\$0	\$0	\$1,764,801
0	0	0	0	0	440,286
79,273	0	0	0	0	166,010
1,011,016	0	0	0	997,739	2,024,651
0	0	673,318	0	0	673,318
1,327,397	0	0	0	2,055	1,603,896
0	0	0	0	0	2,770,405
0	0	213,242	0	0	213,242
31,315	0	0	0	0	32,100
266,960	0	0	0	0	275,530
7,560,000	0	0	0	0	7,560,000
0	151,177	0	0	0	151,177
0	0	221,215	0	0	221,215
3,471,255	0	0	0	707,839	4,536,920
0	0	0	0	105,069	105,069
500,000	0	0	0	2,790,000	3,290,000
0	0	0	0	60,000	60,000
<u>15,666,829</u>	<u>169,030</u>	<u>1,107,775</u>	<u>0</u>	<u>4,662,702</u>	<u>25,888,620</u>
0	0	0	14,789,944	0	14,789,944
5,407,261	0	0	0	0	5,407,261
28,276,664	284,237	0	0	0	28,560,901
0	0	0	0	0	781,040
0	0	0	0	0	145,210
0	0	0	0	0	40,939
0	0	0	0	0	629,084
0	0	0	0	0	1,914,384
0	0	0	0	0	9,311,062
<u>33,683,925</u>	<u>284,237</u>	<u>0</u>	<u>14,789,944</u>	<u>0</u>	<u>61,579,825</u>
<u>\$49,350,754</u>	<u>\$453,267</u>	<u>\$1,107,775</u>	<u>\$14,789,944</u>	<u>\$4,662,702</u>	<u>\$87,468,445</u>

City of Wadsworth, Ohio
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Year December 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Municipal Income Tax	\$0	\$5,253,612	\$0	\$0
Property and Other Taxes	606,576	649,975	0	319,899
Charges for Services	107,683	545,136	0	0
Licenses and Permits	74,772	173,613	0	147,956
Fines and Forfeitures	307,668	151,925	0	0
Intergovernmental	1,694,685	904,228	0	804,002
Special Assessments	0	0	163,165	44,686
Investment Income	302,611	172,076	32,621	0
Other	8,513	108,581	0	12,515
Total Revenues	3,102,508	7,959,146	195,786	1,329,058
Expenditures				
Current:				
General Government	1,359,580	209,670	2,862	4,355
Security of Persons and Property	3,122,694	683,880	0	0
Public Health and Welfare	53,865	0	0	0
Transportation	101,381	1,261,564	0	0
Community Environment	184,781	400	0	25,281
Leisure Time Activities	502,910	813,320	0	0
Economic Development and Assistance	0	0	0	17,000
Other	0	243	0	0
Capital Outlay	199,664	209,290	0	867,632
Debt Service:				
Internal Bonds	0	0	78,015	0
Principal Retirement	0	0	12,000	245,000
Interest and Fiscal Charges	0	5,861	59,423	153,009
Total Expenditures	5,524,875	3,184,228	152,300	1,312,277
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,422,367)	4,774,918	43,486	16,781
Other Financing Sources (Uses)				
Proceeds of Internal Bonds	0	0	0	14,077
Sale of Fixed Assets	2,330	5,318	0	0
Operating Transfers - In	2,739,750	1,379,750	0	804,612
Operating Transfers - Out	(20,350)	(4,630,197)	0	(33,640)
Total Other Financing Sources (Uses)	2,721,730	(3,245,129)	0	785,049
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	299,363	1,529,789	43,486	801,830
Fund Balances at Beginning of Year	2,405,948	5,869,563	585,598	1,210,708
Increase in Reserve for Inventory	0	75,434	0	0
Fund Balances at End of Year	\$2,705,311	\$7,474,786	\$629,084	\$2,012,538

See accompanying notes to the general purpose financial statements

Totals
(Memorandum Only)

\$5,253,612
1,576,450
652,819
396,341
459,593
3,402,915
207,851
507,308
129,609

12,586,498

1,576,467
3,806,574
53,865
1,362,945
210,462
1,316,230
17,000
243
1,276,586

78,015
257,000
218,293

10,173,680

2,412,818

14,077
7,648
4,924,112
(4,684,187)

261,650

2,674,468

10,071,817

75,434

\$12,821,719

City of Wadsworth, Ohio
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Year Ended December 31, 2000

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Municipal Income Tax	\$0	\$0	\$0
Property and Other Taxes	713,040	683,175	(29,865)
Charges for Services	71,320	75,392	4,072
Licenses and Permits	94,911	85,790	(9,121)
Fines and Forfeitures	273,123	298,082	24,959
Intergovernmental	1,352,227	1,599,819	247,592
Special Assessments	0	0	0
Investment Income	110,000	206,102	96,102
Other	1,500	433	(1,067)
Total Revenues	<u>2,616,121</u>	<u>2,948,793</u>	<u>332,672</u>
<u>Expenditures</u>			
Current:			
General Government	1,738,438	1,580,462	157,976
Security of Persons and Property	3,409,243	3,276,609	132,634
Public Health and Welfare	56,100	54,622	1,478
Transportation	117,630	117,625	5
Community Environment	223,214	209,944	13,270
Leisure Time Activities	643,361	578,639	64,722
Other	0	0	0
Capital Outlay	262,960	256,620	6,340
Debt Service:			
Internal Notes	0	0	0
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>6,450,946</u>	<u>6,074,521</u>	<u>376,425</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,834,825)</u>	<u>(3,125,728)</u>	<u>709,097</u>
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	132,995	179,980	46,985
Other Financing Uses	(6,000)	(1,339)	4,661
Proceeds of Internal Bonds	0	0	0
Proceeds of Internal Notes	0	0	0
Sale of Fixed Assets	0	2,330	2,330
Advances - In	81,690	108,690	27,000
Advances - Out	(633,262)	(467,286)	165,976
Operating Transfers - In	2,738,460	2,739,750	1,290
Operating Transfers - Out	(20,350)	(20,350)	0
Total Other Financing Sources (Uses)	<u>2,293,533</u>	<u>2,541,775</u>	<u>248,242</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>(1,541,292)</u>	<u>(583,953)</u>	<u>957,339</u>
Fund Balances at Beginning of Year	2,181,703	2,181,703	0
Prior Year Encumbrances Appropriated	<u>292,530</u>	<u>292,530</u>	<u>0</u>
Fund Balances at End of Year	<u>\$932,941</u>	<u>\$1,890,280</u>	<u>\$957,339</u>

See accompanying notes to the general purpose financial statements

Governmental Fund Types					
Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$5,100,000	\$5,048,321	(\$51,679)	\$0	\$0	\$0
720,370	726,381	6,011	0	0	0
481,467	488,315	6,848	0	0	0
162,422	164,858	2,436	0	0	0
137,471	144,154	6,683	0	0	0
870,832	859,442	(11,390)	0	0	0
0	0	0	163,165	163,165	0
59,253	167,780	108,527	23,524	28,664	5,140
110,552	119,125	8,573	0	0	0
<u>7,642,367</u>	<u>7,718,376</u>	<u>76,009</u>	<u>186,689</u>	<u>191,829</u>	<u>5,140</u>
254,059	153,743	100,316	3,500	2,862	638
873,481	767,734	105,747	0	0	0
0	0	0	0	0	0
1,733,401	1,477,137	256,264	0	0	0
5,220	400	4,820	0	0	0
963,270	890,370	72,900	0	0	0
20,243	243	20,000	0	0	0
332,731	290,232	42,499	0	0	0
0	0	0	0	0	0
105,625	105,625	0	90,015	90,015	0
5,815	5,815	0	59,923	59,923	0
<u>4,293,845</u>	<u>3,691,299</u>	<u>602,546</u>	<u>153,438</u>	<u>152,800</u>	<u>638</u>
3,348,522	4,027,077	678,555	33,251	39,029	5,778
73,280	72,080	(1,200)	0	0	0
(500)	(87,317)	(86,817)	0	0	0
0	0	0	0	0	0
86,875	86,875	0	0	0	0
500	5,318	4,818	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,378,460	1,379,750	1,290	0	0	0
(4,666,860)	(4,630,197)	36,663	0	0	0
<u>(3,128,245)</u>	<u>(3,173,491)</u>	<u>(45,246)</u>	<u>0</u>	<u>0</u>	<u>0</u>
220,277	853,586	633,309	33,251	39,029	5,778
4,711,288	4,711,288	0	588,463	588,463	0
232,103	232,103	0	0	0	0
<u>\$5,163,668</u>	<u>\$5,796,977</u>	<u>\$633,309</u>	<u>\$621,714</u>	<u>\$627,492</u>	<u>\$5,778</u>

(continued)

City of Wadsworth, Ohio
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types (Continued)
For the Year Ended December 31, 2000

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Municipal Income Tax	\$0	\$0	\$0
Property and Other Taxes	364,678	354,170	(10,508)
Charges for Services	0	0	0
Licenses and Permits	133,118	147,809	14,691
Fines and Forfeitures	0	0	0
Intergovernmental	862,835	319,968	(542,867)
Special Assessments	44,686	44,686	0
Investment Income	140	0	(140)
Other	71,505	20,557	(50,948)
Total Revenues	<u>1,476,962</u>	<u>887,190</u>	<u>(589,772)</u>
<u>Expenditures</u>			
Current:			
General Government	5,800	4,355	1,445
Security of Persons and Property	0	0	0
Public Health and Welfare	0	0	0
Transportation	0	0	0
Community Environment	65,022	35,280	29,742
Leisure Time Activities	0	0	0
Other	0	0	0
Capital Outlay	1,892,379	1,500,892	391,487
Debt Service:			
Internal Notes	175,714	244,900	(69,186)
Principal Retirement	175,786	245,000	(69,214)
Interest and Fiscal Charges	145,335	152,213	(6,878)
Total Expenditures	<u>2,460,036</u>	<u>2,182,640</u>	<u>277,396</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(983,074)</u>	<u>(1,295,450)</u>	<u>(312,376)</u>
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	0	0	0
Other Financing Uses	0	0	0
Proceeds of Internal Bonds	43,184	17,162	(26,022)
Proceeds of Internal Notes	270,527	273,438	2,911
Sale of Fixed Assets	0	0	0
Advances - In	583,262	467,286	(115,976)
Advances - Out	(108,690)	(108,690)	0
Operating Transfers - In	901,606	804,612	(96,994)
Operating Transfers - Out	(103,674)	(33,640)	70,034
Total Other Financing Sources (Uses)	<u>1,586,215</u>	<u>1,420,168</u>	<u>(166,047)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	603,141	124,718	(478,423)
Fund Balances at Beginning of Year	1,440,529	1,440,529	0
Prior Year Encumbrances Appropriated	<u>331,835</u>	<u>331,835</u>	<u>0</u>
Fund Balances at End of Year	<u>\$2,375,505</u>	<u>\$1,897,082</u>	<u>(\$478,423)</u>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$5,100,000	\$5,048,321	(\$51,679)
1,798,088	1,763,726	(34,362)
552,787	563,707	10,920
390,451	398,457	8,006
410,594	442,236	31,642
3,085,894	2,779,229	(306,665)
207,851	207,851	0
192,917	402,546	209,629
183,557	140,115	(43,442)
<u>11,922,139</u>	<u>11,746,188</u>	<u>(175,951)</u>
2,001,797	1,741,422	260,375
4,282,724	4,044,343	238,381
56,100	54,622	1,478
1,851,031	1,594,762	256,269
293,456	245,624	47,832
1,606,631	1,469,009	137,622
20,243	243	20,000
2,488,070	2,047,744	440,326
175,714	244,900	(69,186)
371,426	440,640	(69,214)
211,073	217,951	(6,878)
<u>13,358,265</u>	<u>12,101,260</u>	<u>1,257,005</u>
<u>(1,436,126)</u>	<u>(355,072)</u>	<u>1,081,054</u>
206,275	252,060	45,785
(6,500)	(88,656)	(82,156)
43,184	17,162	(26,022)
357,402	360,313	2,911
500	7,648	7,148
664,952	575,976	(88,976)
(741,952)	(575,976)	165,976
5,018,526	4,924,112	(94,414)
(4,790,884)	(4,684,187)	106,697
<u>751,503</u>	<u>788,452</u>	<u>36,949</u>
(684,623)	433,380	1,118,003
8,921,983	8,921,983	0
<u>856,468</u>	<u>856,468</u>	<u>0</u>
<u>\$9,093,828</u>	<u>\$10,211,831</u>	<u>\$1,118,003</u>

City of Wadsworth, Ohio
Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Proprietary Fund Types
For the Year Ended December 31, 2000

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<u>Operating Revenues</u>			
Charges for Services	\$23,430,234	\$1,775,590	\$25,205,824
Tap-In Fees	314,072	0	314,072
Other	23,268	75	23,343
Total Operating Revenues	<u>23,767,574</u>	<u>1,775,665</u>	<u>25,543,239</u>
<u>Operating Expenses</u>			
Personal Services	6,119,879	2,385	6,122,264
Contractual Services	14,441,906	4,547	14,446,453
Claims and Judgments	0	1,546,601	1,546,601
Materials and Supplies	324,459	194,679	519,138
Property Taxes	19	0	19
Other	0	150	150
Depreciation	1,332,089	19,228	1,351,317
Repairs and Maintenance	514,600	1,100	515,700
Total Operating Expenses	<u>22,732,952</u>	<u>1,768,690</u>	<u>24,501,642</u>
Operating Income	<u>1,034,622</u>	<u>6,975</u>	<u>1,041,597</u>
<u>Non-Operating Revenues (Expenses)</u>			
Investment in Joint Venture	24,788	0	24,788
Interest Income	749,528	0	749,528
Gain (Loss) on Disposal of Fixed Assets	2,991	(14,492)	(11,501)
Proceeds of Bonds	3,085	0	3,085
Proceeds of Notes	2,487	0	2,487
Sale of Fixed Assets	21,571	35	21,606
Interest and Fiscal Charges	(615,697)	0	(615,697)
Other Non-Operating Revenues	140,453	0	140,453
Other Non-Operating Expenses	(176)	0	(176)
Total Non-Operating Revenues (Expenses)	<u>329,030</u>	<u>(14,457)</u>	<u>314,573</u>
Income Before Operating Transfers	<u>1,363,652</u>	<u>(7,482)</u>	<u>1,356,170</u>
Operating Transfers - In	363,108	0	363,108
Operating Transfers - Out	(603,033)	0	(603,033)
Net Income (Loss)	1,123,727	(7,482)	1,116,245
Retained Earnings at Beginning of Year	<u>27,152,937</u>	<u>291,719</u>	<u>27,444,656</u>
Retained Earnings at End of Year	<u>28,276,664</u>	<u>284,237</u>	<u>28,560,901</u>
Contributed Capital at Beginning of Year	4,118,464	0	4,118,464
Other Contributions:			
Developers	1,288,797	0	1,288,797
Contributed Capital at End of Year	<u>5,407,261</u>	<u>0</u>	<u>5,407,261</u>
Total Fund Equity at End of Year	<u>\$33,683,925</u>	<u>\$284,237</u>	<u>\$33,968,162</u>

See accompanying notes to the general purpose financial statements

City of Wadsworth, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended December 31, 2000

	Enterprise	Internal Service	Totals
Increase (Decrease) in Cash and Cash Equivalents			
<u>Cash Flows from Operating Activities</u>			
Cash Received from Customers	\$24,155,687	\$1,771,922	\$25,927,609
Cash Payments to Suppliers for Goods and Services	(15,899,202)	(205,778)	(16,104,980)
Cash Payments to Employees for Services	(5,973,059)	(2,385)	(5,975,444)
Cash Payments for Claims	0	(1,573,422)	(1,573,422)
Other Operating Revenues	23,268	0	23,268
Other Operating Expenses	0	(150)	(150)
Other Cash Receipts	0	75	75
Net Cash Provided by (Used for) Operating Activities	<u>2,306,694</u>	<u>(9,738)</u>	<u>2,296,956</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Operating Transfers In	363,108	0	363,108
Operating Transfers Out	(603,033)	0	(603,033)
Advances to Other Funds	(2,594,002)	0	(2,594,002)
Proceeds from Interfund Loans	3,471,255	0	3,471,255
Advances Repaid from Other Funds	2,802,580	0	2,802,580
Other Non-Operating Revenues	55,603	0	55,603
Other Non-Operating Expenses	(176)	0	(176)
Advances Repaid to Other Funds	(3,241,315)	0	(3,241,315)
Interest Payments	(476,599)	0	(476,599)
Net Cash (Used for) Noncapital Financing Activities	<u>(222,579)</u>	<u>0</u>	<u>(222,579)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition of Capital Assets	(4,431,067)	(14,308)	(4,445,375)
Proceeds from Sale of Capital Assets	21,571	35	21,606
Principal Payments	(270,000)	0	(270,000)
Interest Payments	(125,267)	0	(125,267)
Net Cash (Used for) Capital and Related Financing Activities	<u>(4,804,763)</u>	<u>(14,273)</u>	<u>(4,819,036)</u>
<u>Cash Flows from Investing Activities</u>			
Interest on Investments	777,193	0	777,193
Net Cash Provided by Investing Activities	<u>777,193</u>	<u>0</u>	<u>777,193</u>
Net (Decrease) in Cash and Cash Equivalents	(1,943,455)	(24,011)	(1,967,466)
Cash and Cash Equivalents at Beginning of Year	4,523,103	206,119	4,729,222
Cash and Cash Equivalents at End of Year	<u>\$2,579,648</u>	<u>\$182,108</u>	<u>\$2,761,756</u>
Reconciliation of Operating Income (Loss) to Net			
<u>Cash Provided by (Used for) Operating Activities</u>			
Operating Income (Loss)	\$1,034,622	\$6,975	\$1,041,597
Adjustments to Reconcile Operating Income (Loss)			
<u>to Net Cash Provided by (Used for) Operating Activities</u>			
Depreciation	1,332,089	19,228	1,351,317
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	328,469	(3,668)	324,801
(Increase)/Decrease in Due from Other Governments	82,755	0	82,755
(Increase)/Decrease in Prepaid Items	(14,299)	0	(14,299)
(Increase)/Decrease in Materials and Supplies Inventory	(233,735)	3,185	(230,550)
Increase/(Decrease) in Accounts Payable	(134,724)	(8,637)	(143,361)
Increase/(Decrease) in Accrued Wages and Benefits	(50,299)	0	(50,299)
Increase/(Decrease) in Compensated Absences Payable	152,039	0	152,039
Increase/(Decrease) in Intergovernmental Payables	(190,223)	0	(190,223)
Increase/(Decrease) in Claims	0	(26,821)	(26,821)
Total Adjustments	<u>1,272,072</u>	<u>(16,713)</u>	<u>1,255,359</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$2,306,694</u>	<u>(\$9,738)</u>	<u>\$2,296,956</u>

See accompanying notes to the general purpose financial statements

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CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

A. Description of the Entity

The City of Wadsworth, Ohio, (the City) was incorporated in 1866 under the laws of the State of Ohio. The City operates under the Mayor-Council form of government.

For financial reporting purposes, the City's general purpose financial statements include all funds, account groups, agencies, boards, commissions and departments for which the City is financially accountable. Financial accountability, as defined by the Governmental Accounting Standards Board (GASB)'s Statement No. 14, "The Financial Reporting Entity", exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's general purpose financial statements to be misleading or incomplete.

The City provides various services and consists of many different activities and smaller accounting entities. These include police and fire-fighting forces, emergency medical services, sewage and water treatment plants, an electric utility, a cable utility, a street maintenance department, a parks and recreation system, a community access television program, a trash collection service, a municipal airport, planning and zoning, and a staff to provide the necessary support for these services. The City also includes a municipal court with a jurisdiction extending beyond the boundaries of the City. These service departments and the Wadsworth Municipal Court are included as part of the primary reporting entity.

The City is associated with the Ohio Municipal Electric Generation Agency Joint Venture 1 and 5 and the Woodlawn Cemetery, both of which are joint ventures. The City is also associated with the Municipal Energy Services Agency which is defined as a jointly governed organization. These organizations are presented in Notes 22 and 23.

B. Basis of Presentation - Fund Accounting

The City uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

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

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category is then divided into various fund types. The following are the fund types and account groups utilized by the City:

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities, except those accounted for in proprietary and fiduciary funds, are accounted for through governmental funds. The measurement focus is based upon determination of financial position and changes in financial position. The following are the City's governmental fund types:

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

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

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs and special assessment long-term debt principal, interest and related costs.

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

PROPRIETARY FUNDS

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

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

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

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following is the City's fiduciary fund:

Agency Funds - These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

ACCOUNT GROUPS

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

General Fixed Assets Account Group - The general fixed assets account group is used to account for all fixed assets of the City, other than those fixed assets accounted for in the proprietary funds.

General Long-Term Obligations Account Group - The general long-term obligations account group is used to account for all long-term obligations of the City, except those accounted for in the proprietary funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these general purpose financial statements are summarized below. These policies conform to generally accepted accounting principles for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The City applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989 to proprietary activity provided they do not conflict with Governmental Accounting Standards Board Statements and Interpretations.

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the Combined Balance Sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the Combined Balance Sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

The modified accrual basis of accounting is used for reporting purposes by all governmental fund types and agency funds. Under this basis of accounting, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is considered to be 60 days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: municipal income taxes, earnings on investments, federal and state grants, and charges for current services. Major revenue sources not susceptible to accrual include licenses and permits and fines and forfeitures, which are not considered measurable until received.

The City reports deferred revenue on its Combined Balance Sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the Combined Balance Sheet and revenue is recognized. Property taxes measurable as of December 31, 2000 and delinquent property taxes, whose availability is indeterminable and which are not intended to finance the current year operations, have also been recorded as deferred revenue. Levied special assessments are measurable, and have been recorded as a receivable. Since all assessments are due outside of the available period, the entire amount has been deferred.

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than on expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocation of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. Unbilled service charges receivable are recognized as revenue at year end.

B. 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 Annual Appropriation Measure, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Annual Appropriation Measure are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each fund, program, and department. Budgetary modifications may only be made by resolution of the City 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. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. 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.

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing 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 amended further during the year if it is determined by the City, and the Budget Commission agrees, that an estimate needs either to be increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official Certificate of Estimated Resources issued during 2000.

Appropriations:

A temporary appropriation measure to control expenditures may be passed on or around January 1 of each year for the period January 1 to March 31. The Annual Appropriation Measure must be passed by April 1 of each year for the period January 1 to December 31. Appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriations at any level of control. Any revisions that alter the appropriations among object levels within a fund, program and a department must first be approved by City Council. Council may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources.

Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. Appropriation amounts are as originally adopted, or as amended by City Council throughout the year by supplemental appropriations which either reallocate or increase the original appropriated amounts. During the year, supplemental appropriation measures were legally enacted; however, none of these amendments were significant. The budgetary figures which appear in the statement of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances:

As part of the 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. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the object level within each program and department. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and are reported in the notes to the general purpose financial statements for proprietary funds.

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 year and need not be reappropriated.

C. Cash, Cash Equivalents and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the Combined Balance Sheet.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as overnight repurchase agreements are reported at cost.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). 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, 2000.

Following Ohio statutes, the City has, by ordinance, specified the funds to receive an allocation of interest earnings. The following funds received more interest earnings during the year 2000 than they would have received based on their average share of investments:

<u>Fund</u>	<u>Actual Interest Credited</u>	<u>Amount Assigned From Other City Funds</u>
General Fund	\$302,611	\$119,858
Special Revenue:		
EMS	60,000	8,255
Cable Television	52,695	46,427
Motor Vehicle Permissive Tax	18,813	3,947
State Highway	7,959	2,088
Revolving Loan	5,228	801
Enterprise:		
Sewer	100,000	63,561
Water	100,443	57,278
Electric	506,390	281,396
Sanitation	42,695	21,138

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City has segregated bank accounts for monies held separate from the City's central bank accounts. These depository accounts are presented on the Combined Balance Sheet as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the City treasury.

The City utilizes a fiscal agent to hold retainage on construction contracts. The balance in this account is presented on the Combined Balance Sheet as "Cash with Fiscal and Escrow Agents" and represents deposits.

For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

D. Restricted Assets

Restricted assets in the agency funds represent customer utility deposits set aside in a separate depository account. A corresponding liability has been recorded on the Combined Balance Sheet as restricted refundable deposits in the agency funds.

E. Inventory of Supplies

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the payment, and an expenditure/expense is reported in the year in which services are consumed.

G. Interfund Assets and Liabilities

Short-term interfund loans or the short-term portion of advances are classified as "Interfund Receivables/Payables."

**CITY OF WADSWORTH, OHIO
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-term interfund loans are reported as “Advances To/From Other Funds” and are equally offset by a fund balance reserve account which indicates that they do not constitute “available spendable resources” since they are not a component of net current assets.

H. Property, Plant, Equipment and Depreciation

General Fixed Assets Account Group

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group at historical cost or estimated historical cost. Donated fixed assets are capitalized at estimated fair value on the date donated.

Assets in the general fixed assets account group are not depreciated.

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 which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

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

Proprietary Fund Fixed Assets

Property, plant and equipment reflected in the proprietary funds are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Depreciation has been provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	25 to 50 years
Street Lighting	25 years
Substations, Metering and Transformers	25 to 40 years
Equipment	2 to 50 years
Vehicles	8 to 30 years
Underground and Overhead Construction	40 to 75 years
Fiber Optic - In Service	40 years
Cable TV - Headend Costs	40 years

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Valuation

The City's fixed asset values were determined using original acquisition costs when such information was available. In cases when original costs were not practicably determinable, estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at estimated fair market value on the date donated.

I. Compensated Absences

Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences", specifies the methods used to accrue liabilities for leave benefits. Vacation and personal leave 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 employer will compensate employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for sick leave is made to the extent that it 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.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is recorded in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, shared revenues and entitlements are recorded as receivables and revenues when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants, entitlements, or shared revenues received for proprietary fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital.

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available resources. In general, payments made more than sixty days after year end are considered not to have been made with current available financial resources. Bonds, special assessment debt, long-term past service costs, and long-term advances are reported as a liability of the general long-term obligations account group until due.

Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

L. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to enterprise funds that are not subject to repayment. These private sources are recorded at their fair market value on the date contributed. Tap-in fees are recorded as contributed capital to the extent they exceed the actual costs of the connection to the waste water system. Depreciation on those assets acquired or constructed with contributed resources is expended and closed to unreserved retained earnings at year end.

M. Reserves of Fund Equity

The City records reservations for portions of fund balances which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for appropriation for expenditures. Undesignated fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, inventory, advances to other funds, debt service principal payments and prepaid items.

N. Interfund Transactions

During the course of normal operations the City makes numerous transactions between funds. The most significant include operating transfers and reimbursements.

1. Transfers of resources from one fund to another fund through which resources are to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Estimates

The preparation of general purpose financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the general purpose financial statements and accompanying notes. Actual results may differ from those estimates.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned “(Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balances 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, disbursements, appropriations, and encumbrances.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types 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:

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

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (continued)

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

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses) All Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$ 299,363	\$1,529,789	\$43,486	\$ 801,830
Net Adjustment for Revenue Accruals	134,955	(81,815)	(3,957)	301,941
Net Adjustment for Expenditure Accruals	(635,605)	(193,651)	(500)	(600,260)
Encumbrances	<u>(382,666)</u>	<u>(400,737)</u>	<u>0</u>	<u>(378,793)</u>
Budget Basis	<u>\$ (583,953)</u>	<u>\$ 853,586</u>	<u>\$39,029</u>	<u>\$ 124,718</u>

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

Fund Deficits:

The following funds had deficit fund balances/retained earnings caused by the recognition of expenditures/expenses and/or nonrecognition of revenues on the modified accrual basis of accounting and the accrual basis of accounting which substantially differ from those recognized on the cash basis of accounting:

<u>Fund</u>	<u>Deficit</u>
Airport	\$(15,194)
Special Assessments	(158,429)
Community Development Block Grant	(313)
Telephone Equipment	(60,731)
Health Insurance Retention	(60,630)

NOTE 5 - DEPOSITS AND INVESTMENTS

Deposits and investments are restricted by provisions of the Ohio Revised Code. Statutes require the classification of 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.

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

Interim monies are permitted to 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 agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed 30 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 Treasurer's investment pool (STAR Ohio).

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 5 - 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. 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 following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3 “Deposits With Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements”.

Deposits - At year end, the carrying amount of the City’s deposits was \$(18,092) and the bank balance was \$1,133,252. Of the bank balance, \$302,177 was insured by federal depository insurance. \$831,075 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments - City investments are required to be categorized 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 for which the securities are held by the City or its agent in the City’s name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or its agent in the City’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City’s name. STAR Ohio is unclassified since it is not evidenced by securities that exist in physical or book entry form.

	Carrying Amount			Fair Value
	1	2	3	
Overnight Repurchase Agreements	\$ 0	\$0	\$2,430,744	\$ 2,430,744
Federal Agency Securities	<u>0</u>	<u>0</u>	<u>2,060,288</u>	<u>2,060,288</u>
Total	<u>\$ 0</u>	<u>\$0</u>	<u>\$4,491,032</u>	4,491,032
STAR Ohio				<u>9,002,225</u>
Total Investments				<u>\$13,493,257</u>

The classification of cash and cash equivalents and investments on the combined general purpose financial statements is based on criteria set forth in GASB Statement No. 9, “Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting”. A reconciliation between the classification of cash and cash equivalents and investments on the combined general purpose financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$13,475,165	\$ 0
Investments of Cash Management Pool:		
Overnight Repurchase Agreements	(2,430,744)	2,430,744
Federal Agency Securities	(2,060,288)	2,060,288
STAR Ohio	<u>(9,002,225)</u>	<u>9,002,225</u>
GASB Statement No. 3	<u>\$ (18,092)</u>	<u>\$13,493,257</u>

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, property and tangible personal property (used in business) located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semiannually. If paid annually, payment is due January 20; if paid semiannually, the first payment is due January 20, with the remainder payable June 20, unless extended.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Public utility, real, and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31, of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 80 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable as of December 31, 2000. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, 2000, and are not intended to finance 2000 operations. The receivable is therefore offset by a credit to deferred revenue.

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 6 - PROPERTY TAXES (continued)

The full tax rate for all County operations for the year ended December 31, 2000, was \$5.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

<u>Category</u>	<u>Total Assessed Value</u>	<u>%</u>
Real Property Valuation:		
Residential/Agriculture	\$ 225,735,140	70.60
Commercial/Industrial/Mineral	50,978,670	15.94
Public Utilities	5,190	0.00
Tangible Personal Property Valuation:		
General	38,744,380	12.12
Public Utilities	<u>4,292,100</u>	<u>1.34</u>
Total Valuation	<u>\$319,755,480</u>	<u>100.00%</u>

NOTE 7 - INCOME TAX

The City levies and collects an income tax of 1.3% on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit for the tax paid to another municipality to offset 1.0% of the total rate. Residents are required to remit the remaining .3% to the City's tax collection agency. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly.

Corporations and other individual taxpayers are also required to pay their estimated taxes at least quarterly and to file a final return annually.

Income tax revenues are distributed, as needed, to the various funds of the City pursuant to Council resolution. In 2000 income tax revenue was distributed to the following funds: General; Recreation; Street; Capital Improvement; and City Hall.

NOTE 8 - NOTES RECEIVABLE

In previous years, the City made development loans from their revolving loan fund. The amount of notes receivable at December 31, 2000 is as follows:

	<u>Balance</u> <u>01/01/2000</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2000</u>
Revolving Loan Fund Rate 5%	\$48,412	\$0	\$10,541	\$37,871

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 9 - RECEIVABLES

Receivables at December 31, 2000, consisted of taxes, interest, interfund, special assessments, accounts (which include billed and unbilled charged services), and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are considered collectible in full. Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment.

A summary of intergovernmental receivables follows:

Fund	<u>Amount</u>
General Fund	\$106,961
Special Revenue	
Recreation	4,635
Streets	51,354
Court Computerization	1,782
Community Service	139
Municipal Court Improvements	5,740
DARE – Education	1,302
DWI Enforcement and Education	306
Law Enforcement Trust	43
Motor Vehicle Permissive Tax	14,902
State Highway	2,675
Probation Services	<u>2,359</u>
Total Special Revenue	<u>85,237</u>
Capital Projects	
Community Development Block Grant	74,700
Special Assessments	94,000
CHIP Grant	<u>363,647</u>
Total Capital Projects	<u>532,347</u>
Total All Funds	<u>\$724,545</u>

NOTE 10 - SPECIAL ASSESSMENTS

Special assessments include annually assessed service assessments. Service type special assessments are levied against all property owners which benefit from the provided service. Special assessments are payable by the time and in the manner stipulated in the assessing ordinance and are a lien from the date of the passage of the ordinance.

The City's special assessments include the construction, repair or improvement of streets, sidewalks, waterlines and public parking lots which are billed by the County Auditor and collected by the County Treasurer. The County Auditor periodically remits these collections to the City. Special assessments collected in one calendar year are levied and certified in the preceding calendar year.

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 11 - FIXED ASSETS

A summary of the changes in general fixed assets during 2000 follows:

	Balance 01/01/2000	Additions	Deletions	Balance 12/31/2000
Land	\$ 3,058,992	\$51,530	\$ 0	\$ 3,110,522
Buildings	6,175,623	0	0	6,175,623
Equipment	1,701,955	110,566	(38,515)	1,774,006
Vehicles	<u>3,644,365</u>	<u>320,021</u>	<u>(234,593)</u>	<u>3,729,793</u>
	<u>\$14,580,935</u>	<u>\$482,117</u>	<u>\$(273,108)</u>	<u>\$14,789,944</u>

A summary of the proprietary funds' fixed assets at December 31, 2000 follows:

	Enterprise Funds	Internal Service Funds	Total
Land	\$ 448,760	\$ 0	\$ 448,760
Buildings	6,435,269	241,400	6,676,669
Street Lighting	663,956	0	663,956
Substations	10,164,536	0	10,164,536
Metering	817,817	0	817,817
Transformers	2,243,644	0	2,243,644
Equipment	2,500,498	111,903	2,612,401
Vehicles	3,424,934	43,388	3,468,322
Underground and Overhead Construction	22,463,007	0	22,463,007
Fiber Optic – In service	1,665,616	0	1,665,616
Cable TV – Headend Costs	905,771	0	905,771
Construction in Progress	<u>3,221,901</u>	<u>0</u>	<u>3,221,901</u>
Total Cost	54,955,709	396,691	55,352,400
Less: Accumulated Depreciation	(16,324,242)	(157,528)	(16,481,770)
Net Fixed Assets	<u>\$38,631,467</u>	<u>\$239,163</u>	<u>\$38,870,630</u>

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System:

All employees of the City, with the exclusion of City police officers, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the Public Employees Retirement Board. The PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established and may be amended by Chapter 145 of the Ohio Revised Code. The PERS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the PERS. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-466-2085 or 1-800-222-7377.

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 12 - DEFINED BENEFIT PENSION PLANS (continued)

Plan members are required to contribute 8.5% of their annual covered salary to fund pension benefit obligations. The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for local government employers, requiring a contribution by the City of 10.84% of covered payroll. Contributions are authorized by state statute. The contribution rates are determined actuarially. The City's contributions for pension obligations to PERS for the years ended December 31, 2000, 1999 and 1998 were \$874,914, \$1,038,802 and \$957,243, respectively, equal to the required contributions for each year.

B. Ohio Police and Fire Pension Fund:

All City police officers are required to be members of the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by its Board of Trustees. OP&F 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 and may be amended by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available stand-alone financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 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% for police officers and 24% for firefighters. Contributions are authorized by State statute. The City's contributions for pension obligations to OP&F for the years ended December 31, 2000, 1999 and 1998 were \$279,523, \$250,308 and \$245,322, respectively, equal to the required contributions for each year.

NOTE 13 – POST EMPLOYMENT BENEFITS

A. Public Employees Retirement System:

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirants with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Post-Employment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the PERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2000 employer contribution rate was rolled back for the year 2000 and was 10.84% of covered payroll; 4.3% was the portion that was used to fund health care for the year 2000.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 13 - POST-EMPLOYMENT BENEFITS (continued)

OPEB are 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.

As of December 31, 1999 (the latest information available), the unaudited estimated net assets available for future OPEB payments were \$10,805.5 million. The number of active contributing participants was 401,329 at December 31, 2000.

B. Ohio Police and Fire Pension Fund:

The Ohio Police and Fire Pension Fund (OP&F) provides post-retirement health care coverage to any person who received 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 OP&F 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 OP&F'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. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.0% and 7.25% of covered payroll in 1999 and 2000, respectively. The allocation is 7.50% in 2001. 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, 1999, the date of the last actuarial valuation available, was 12,467 for police officers and 9,807 for firefighters. The City's contribution to pay post employment benefits was \$103,983 during 2000. OP&F's total health care expense for the year ended December 31, 1999, the date of the last actuarial valuation available, was \$95,004,633, which was net of member contributions of \$5,518,098.

NOTE 14 - OTHER EMPLOYER BENEFITS - COMPENSATED ABSENCES

City employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has acquired at least one year of service with the City. Accumulated, unused sick leave is paid to a retiring employee up to a maximum of 160 days. As of December 31, 2000, the City's liability for compensated absences was \$2,024,651.

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 15 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft, damage to or destruction of assets; errors and omissions; employee injuries, and natural disasters. By maintaining comprehensive insurance coverage with private carriers, the City has addressed these various types of risk.

The City has elected to provide employee medical, prescription and dental benefits through a self-insurance program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risk of loss in this program. This plan provides a medical plan with a \$200 family and \$100 single deductible. A third party administrator, CoreSource, located in Westerville, Ohio, reviews all claims which are then paid by the City. The City purchases stop-loss coverage of \$50,000 per employee and \$1,086,322 in the aggregate. The City pays into the self-insurance internal service fund, \$8,021 family coverage per year for full-time employees. Individual coverage costs \$3,465 per year for full-time employees. The premium is paid by the fund that pays the salary for the employee. Dental coverage is also provided on a self-insured basis through CoreSource. Premiums for this coverage are included in the premiums listed above for family and single coverage.

The City also provides prescription drug insurance to its employees through a self-insured program. The plan pays the cost of prescriptions with the employee paying a \$2.00 co-payment per prescription. The third party administrator, Paid Prescriptions, reviews the claims, which are then paid by the City. The premium for this coverage is included in the medical plan premium amounts stated above.

The claims liability of \$121,922 reported in the self-insurance internal service fund at December 31, 2000 is based on the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Services" which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the City's third party administrator. A summary of the fund's claims liability during the past two years are as follows:

	Beginning – of Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
1999	\$136,223	\$1,384,445	\$(1,342,670)	\$177,998
2000	177,998	1,546,601	(1,573,422)	151,177

**CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 16 - DEBT OBLIGATIONS

Debt outstanding at December 31, 2000, consisted of the following issues:

	Balance <u>01/01/2000</u>	Additions	Retirements	Balance <u>12/31/2000</u>
ENTERPRISE FUNDS				
Water Treatment Plant				
General Obligation Bonds				
8.875%, Due through 2003	\$ 665,000	\$ 0	\$(165,000)	\$ 500,000
Total Enterprise Debt	<u>665,000</u>	<u>0</u>	<u>(165,000)</u>	<u>500,000</u>
GENERAL LONG-TERM				
OBLIGATIONS ACCOUNT GROUP				
City Hall Construction				
General Obligation Bonds				
8.00%, Due through 2009	3,035,000	0	(245,000)	2,790,000
Downtown Sidewalk Improvement				
Special Assessment Bonds				
9.25%, Due through 2005	72,000	0	(12,000)	60,000
Liability for Police Past Service Cost				
2.36%, Due through 2034	<u>106,301</u>	<u>0</u>	<u>(1,232)</u>	<u>105,069</u>
Total General Long-Term Obligations	<u>3,213,301</u>	<u>0</u>	<u>(258,232)</u>	<u>2,955,069</u>
TOTAL ENTERPRISE AND GENERAL				
LONG-TERM OBLIGATIONS	<u>\$3,878,301</u>	<u>\$0</u>	<u>\$(423,232)</u>	<u>\$3,455,069</u>

Outstanding general obligation bonds were issued to finance water treatment plant construction and renovation and city hall construction and improvements. General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged and are payable from water service charges for the water treatment bonds and from hotel/motel taxes, City income tax monies and utility service charges for the city hall construction bonds.

Special assessment bonds are those which have been issued to fund various improvements within the City. A portion of these costs have been passed along to the property owners benefiting from the improvements. Generally, the property owners have the choice of paying their assessed portion in one sum at the inception of the project or in installments over a period of years, with interest. The City, however, remains fully liable for any debt associated with delinquent property assessments.

The liability for police past service costs relates to the City's liability to certain employees incurred prior to the establishment of the statewide Ohio Police and Fire Pension Fund. The City is required to make payments of approximately \$6,200 annually, which includes interest, through the year 2034. These past service costs are payable from taxes levied on all taxable property in the City.

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 16 - DEBT OBLIGATIONS (continued)

The annual requirements to amortize all bonded debt outstanding as of December 31, 2000, including interest payments of \$89,194 for the water treatment plant general obligation bonds, \$711,190 for the city hall construction general obligation bonds and \$16,650 for the downtown sidewalk special assessment bonds, are as follows:

Year Ending <u>December 31,</u>	Water Treatment Plant General <u>Obligation Bonds</u>	City Hall Construction General Obligation <u>Bonds</u>	Downtown Sidewalk Special <u>Assessment Bonds</u>	<u>Total</u>
2001	\$209,375	\$ 391,478	\$17,550	\$ 618,403
2002	194,731	390,167	16,440	601,338
2003	185,088	388,153	15,330	588,571
2004	0	390,412	14,220	404,632
2005	0	386,695	13,110	399,805
Thereafter	<u>0</u>	<u>1,554,285</u>	<u>0</u>	<u>1,554,285</u>
Total	<u>\$589,194</u>	<u>\$3,501,190</u>	<u>\$76,650</u>	<u>\$4,167,034</u>

The City's enterprise fund notes activity, including amounts outstanding and interest rates, is as follows:

	Balance <u>01/01/2000</u>	<u>Additions</u>	<u>Reduction</u>	Balance <u>12/31/2000</u>
1998 American Municipal Power-Ohio, Inc. 3.35%, Due through 2018	\$3,855,000	\$ 0	\$(105,000)	\$3,750,000
1999 American Municipal Power-Ohio, Inc. 3.35%, Due through 2019	<u>3,810,000</u>	<u>0</u>	<u>0</u>	<u>3,810,000</u>
Total	<u>\$7,665,000</u>	<u>\$ 0</u>	<u>\$(105,000)</u>	<u>\$7,560,000</u>

Each of the notes is backed by the full faith and credit of the City of Wadsworth through promissory notes with American Municipal Power-Ohio, Inc. (AMP-Ohio). The notes liability is reflected in the fund, the electric enterprise fund, which received the proceeds. Each of the notes is involved in a 20-year loan agreement with AMP-Ohio where AMP-Ohio lends the City the proceeds. Under the terms of these agreements, the City must repay the proceeds to AMP-Ohio with interest equal to the rate on electric system improvement bond anticipation notes, or on notes issued to refund the electric system improvement bond anticipation notes, or on electric system improvement bonds to be issued by AMP-Ohio. The City entered into these agreement with AMP-Ohio because AMP-Ohio was able to obtain lower interest rates than the City, and AMP-Ohio provides flexibility with the repayments of the loans, such as permitting the City to skip a principal repayment one year, if necessary, or permitting the City to make additional principal payments during a year. Because of the possibility of changing interest rates and the flexibility issue previously stated, the notes are not included in the schedule of future annual debt service requirements. The notes are payable from electric service charges.

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 16 - DEBT OBLIGATIONS (continued)

During the year ended December 31, 2000, the following changes occurred in liabilities reported in the general long-term obligations account group:

	Balance <u>01/01/2000</u>	Additions	Reductions	Balance <u>12/31/2000</u>
Compensated Absences	\$ 926,117	\$71,622	\$ 0	\$ 997,739
Police Past Service Cost	106,301	0	(1,232)	105,069
Advances from Other Funds	766,207	19,649	(78,017)	707,839
Special Assessment Debt	72,000	0	(12,000)	60,000
General Obligation Bonds	3,035,000	0	(245,000)	2,790,000
Intergovernmental Payable	<u>16,162</u>	<u>2,055</u>	<u>(16,162)</u>	<u>2,055</u>
Total	<u>\$4,921,787</u>	<u>\$93,326</u>	<u>\$(352,411)</u>	<u>\$4,662,702</u>

“Compensated Absences Payable” and “Intergovernmental Payable” will be paid from the fund from which the employee is paid.

NOTE 17 - ADVANCES TO/FROM OTHER FUNDS

The City routinely issues bonds and notes for specific construction and development purposes which are subsequently purchased by other funds of the City. In conformance with generally accepted accounting principles as applied to governmental units, these transactions are reported as advances to other funds in the funds purchasing the debt and as advances from other funds in those issuing the debt. Interest income and expense arising from these transactions during 2000 totaled \$265,992.

Following is a detail of advance activity, by debt issue, during 2000:

	Balance <u>01/01/2000</u>	Additions	Retirements	Balance <u>12/31/2000</u>
SPECIAL REVENUE FUNDS:				
Recreation				
1996 Waterslide Note				
Issue: 05/99, Maturity: 05/00, Rate: 6.00%	\$34,375	\$0	\$(34,375)	\$0
1996 – 2000 Waterslide Note				
Issue: 05/00, Maturity: 05/01, Rate: 7.00%	<u>0</u>	<u>27,500</u>	<u>0</u>	<u>27,500</u>
Total Recreation	<u>\$34,375</u>	<u>\$27,500</u>	<u>\$(34,375)</u>	<u>\$27,500</u>

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 17 - ADVANCES TO/FROM OTHER FUNDS (continued)

	Balance 01/01/2000	Additions	Retirements	Balance 12/31/2000
Street				
1997 Salt Shed Note				
Issue: 11/99, Maturity: 11/00, Rate: 5.50%	\$71,250	\$0	\$(71,250)	\$0
1997 – 2000 Salt Shed Note				
Issue: 11/00, Maturity: 11/01, Rate: 7.00%	_____0	_59,375	_____0	_59,375
Total Street	_71,250	_59,375	_\$(71,250)	_59,375
TOTAL SPECIAL REVENUE FUNDS	\$105,625	_86,875	\$(105,625)	_86,875
CAPITAL PROJECTS FUNDS:				
Telephone Equipment:				
1995 Telephone Equipment Note				
Issue: 03/99, Maturity: 03/00, Rate: 5.50%	\$76,500	\$0	\$(76,500)	\$0
1995 – 2000 Telephone Equipment Note				
Issue: 03/00, Maturity: 03/01, Rate: 7.00%	_____0	_57,375	_____0	_57,375
Total Telephone Equipment Note	\$76,500	\$57,375	\$(76,500)	\$57,375
Airport Improvements:				
1992 Airport Fuel Storage Tank				
Issue: 12/99, Maturity: 12/00, Rate: 5.50%	\$51,500	\$0	\$(51,500)	\$0
1992-2000 Airport Fuel Storage Tank				
Issue: 12/00, Maturity: 12/01, Rate: 7.00%	_____0	_45,076	_____0	_45,076
Total Airport Improvements	\$51,500	\$45,076	\$(51,500)	\$45,076
Special Assessments:				
1993 Durling Drive Improvements				
Issue: 07/99, Maturity: 07/00, Rate: 5.50%	\$55,000	\$0	\$(55,000)	\$0
1993-2000 Durling Drive Improvements				
Issue: 07/00, Maturity: 07/01, Rate: 7.00%	0	55,000	0	55,000
2000 Street Improvements				
Issue: 10/00, Maturity: 10/01, Rate: 5.50%	0	51,500	0	51,500

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 17 - ADVANCES TO/FROM OTHER FUNDS (continued)

	Balance 01/01/2000	Additions	Retirements	Balance 12/31/2000
1999 Sidewalk Improvements				
Issue: 09/00, Maturity: 09/01, Rate: 7.00%	0	24,000	0	24,000
2000 Southeast Parking Lot				
Issue: 10/00, Maturity: 10/01, Rate: 5.50%	0	38,000	0	38,000
1999 Street Improvements				
Issue: 09/99, Maturity: 09/00, Rate: 5.50%	<u>61,900</u>	<u>0</u>	<u>(61,900)</u>	<u>0</u>
Total Special Assessments	<u>\$116,900</u>	<u>\$168,500</u>	<u>\$(116,900)</u>	<u>\$168,500</u>
TOTAL CAPITAL PROJCTS FUNDS	<u>\$244,900</u>	<u>\$270,951</u>	<u>\$(244,900)</u>	<u>\$270,951</u>
<u>ENTERPRISE FUNDS:</u>				
<u>Electric:</u>				
1996 Electric Substation Expansion				
Issue: 11/99, Maturity: 11/00, Rate: 5.50%	\$314,130	\$0	\$(314,130)	\$0
1996-2000 Electric Substation Expansion				
Issue: 11/00, Maturity: 11/01, Rate: 7.00%	0	314,130	0	314,130
1994 Electric Service Building				
Issue: 12/99, Maturity: 12/00, Rate: 5.50%	270,555	0	(270,555)	0
1994-2000 Electric Service Building				
Issue: 12/00, Maturity: 12/01, Rate: 7.00%	0	257,220	0	257,220
1996 Headend Cable Note				
Issue: 07/99, Maturity: 07/00, Rate: 5.50%	565,930	0	(565,930)	0
1996-2000 Headend Cable Note				
Issue: 07/00, Maturity: 07/01, Rate: 7.00%	0	543,300	0	543,300
1995 Broadband Communication System				
Issue: 09/99, Maturity: 09/00, Rate: 5.50%	342,500	0	(342,500)	0
1995-2000 Broadband Communication System				
Issue: 09/00, Maturity: 09/01, Rate: 7.00%	0	342,500	0	342,500

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 17 - ADVANCES TO/FROM OTHER FUNDS (continued)

	Balance 01/01/2000	Additions	Retirements	Balance 12/31/2000
1997 Electric Building Addition Issue: 10/99, Maturity: 10/00, Rate: 5.50%	169,130	0	(169,130)	0
1997-2000 Electric Building Addition Issue: 10/00, Maturity: 10/01, Rate: 7.00%	0	173,880	0	173,880
1997 Electric Substation Expansion Issue: 10/99, Maturity: 10/00, Rate: 5.50%	339,750	0	(339,750)	0
1997-2000 Electric Substation Expansion Issue: 10/00, Maturity: 10/01, Rate: 7.00%	0	339,750	0	339,750
1997 Broadband Communication System Issue: 10/99, Maturity: 10/00, Rate: 5.50%	375,000	0	(375,000)	0
1997-2000 Broadband Communication System Issue: 10/00, Maturity: 10/01, Rate: 7.00%	0	350,000	0	350,000
1998 Broadband Communication System Issue: 09/99, Maturity: 09/00, Rate: 5.50%	293,300	0	(293,300)	0
1998-2000 Broadband Communication System Issue: 09/00, Maturity: 09/01, Rate: 7.00%	0	268,160	0	268,160
1999-2000 Broadband Communication System Issue: 09/00, Maturity: 09/01, Rate: 7.00%	0	304,200	0	304,200
2000 Broadband Communication System Issue: 09/00, Maturity: 09/01, Rate: 7.00%	0	384,000	0	384,000
1999 Broadband Communication System Issue: 09/99, Maturity: 09/00, Rate: 5.50%	<u>338,000</u>	<u>0</u>	<u>(338,000)</u>	<u>0</u>
Total Electric	<u>\$3,008,295</u>	<u>\$3,277,140</u>	<u>\$(3,008,295)</u>	<u>\$3,277,140</u>

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 17 - ADVANCES TO/FROM OTHER FUNDS (continued)

	Balance 01/01/2000	Additions	Retirements	Balance 12/31/2000
<u>Water:</u>				
1994 Water Treatment and Supply Issue: 12/99, Maturity: 12/00, Rate: 5.50%	\$36,000	\$0	\$(36,000)	\$0
1994-2000 Water Treatment and Supply Issue: 12/00, Maturity: 12/01, Rate: 7.00%	0	26,000	0	26,000
1993 Akron Road Waterline Issue: 12/99, Maturity: 12/00, Rate: 5.50%	13,000	0	(13,000)	0
1993-2000 Akron Road Waterline Issue: 12/00, Maturity: 12/01, Rate: 7.00%	0	6,500	0	6,500
1997 Bird Street Tank Painting Issue: 10/99, Maturity: 10/00, Rate: 5.50%	35,250	0	(35,250)	0
1997-2000 Bird Street Tank Painting Issue: 10/00, Maturity: 10/01, Rate: 7.00%	0	29,375	0	29,375
1997 Development of Water Wells Issue: 10/99, Maturity: 10/00, Rate: 5.50%	148,770	0	(148,770)	0
1997-2000 Development of Water Well Issue: 10/00, Maturity: 10/01, Rate: 7.00%	0	132,240	0	132,240
Total Water	<u>\$233,020</u>	<u>\$194,115</u>	<u>\$(233,020)</u>	<u>\$194,115</u>
TOTAL ENTERPRISE FUNDS	<u>\$3,241,315</u>	<u>\$3,471,255</u>	<u>\$(3,241,315)</u>	<u>\$3,471,255</u>

**GENERAL LONG-TERM
OBLIGATIONS**

ACCOUNT GROUP:

1987 West Street Paving Issue: 08/88, Maturity: 08/03, Rate: 7.50%	\$35,778	\$0	\$(7,998)	\$27,780
1993 Great Oaks Extension Issue: 09/94, Maturity: 09/14, Rate: 8.00%	244,547	0	(9,732)	234,815
Grandview Improvement Issue: 09/91, Maturity: 09/06, Rate: 7.00%	72,688	0	(8,399)	64,289

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 17 - ADVANCES TO/FROM OTHER FUNDS (continued)

	Balance 01/01/2000	Additions	Retirements	Balance 12/31/2000
Second and Wood Improvements Issue: 09/89, Maturity: 09/04, Rate: 8.00%	21,071	0	(3,592)	17,479
State Street Waterline Issue: 09/91, Maturity: 09/01, Rate: 7.00%	2,157	0	(1,042)	1,115
S.W. Parking Lot Issue: 05/92, Maturity: 05/02, Rate: 6.00%	14,365	0	(4,512)	9,853
Waverly Improvement Issue: 04/90, Maturity: 04/05, Rate: 8.00%	39,797	0	(5,424)	34,373
Westwood Improvement Issue: 09/90, Maturity: 09/05, Rate: 8.00%	36,710	0	(5,004)	31,706
Wilson Road Waterline Issue: 08/88, Maturity: 08/03, Rate: 7.50%	3,963		(886)	3,077
1994 Seville Road Sanitary Sewer Issue: 07/94, Maturity: 07/09, Rate: 7.00%	5,362	0	(388)	4,974
Archwood Waterline Issue: 09/90, Maturity: 09/05, Rate: 8.00%	10,040	0	(1,369)	8,671
1993 Sidewalk Improvement Issue: 05/95, Maturity: 05/00, Rate: 9.50%	748	0	(748)	0
1994 Street Improvement Issue: 05/95, Maturity: 05/00, Rate: 9.50%	1,923	0	(1,923)	0
1995 Street Improvement Issue: 07/96, Maturity: 07/01, Rate: 6.00%	2,792	0	(1,355)	1,437
1996 Street Improvement Issue: 07/97, Maturity: 07/02, Rate: 6.50%	5,832	0	(1,823)	4,009
1996 Sidewalk Improvement Issue: 07/97, Maturity: 07/02, Rate: 6.50%	10,777	0	(3,368)	7,409

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 17 - ADVANCES TO/FROM OTHER FUNDS (continued)

	Balance 01/01/2000	Additions	Retirements	Balance 12/31/2000
1997 Rittman Road Waterline Issue: 07/97, Maturity: 07/12, Rate: 6.50%	23,531	0	(1,207)	22,324
1997 Street Improvement Issue: 06/98, Maturity: 06/03, Rate: 6.00%	14,973	0	(3,423)	11,550
1997 Sidewalk Improvement Issue: 10/98, Maturity: 10/03, Rate: 6.00%	4,237	0	(969)	3,268
1998 Silvercrest Waterline Issue: 10/98, Maturity: 10/13, Rate: 6.00%	60,861	0	(2,896)	57,965
1999 Silvercrest Sewer Issue: 08/99, Maturity: 08/14, Rate: 6.00%	71,754	0	(3,083)	68,671
1999 Mechanic Street Issue: 08/99, Maturity: 08/09, Rate: 6.00%	56,382	0	(4,278)	52,104
1998 College Street Sidewalk Issue: 08/99, Maturity: 08/04, Rate: 6.00%	11,790	0	(2,091)	9,699
1998 Sidewalk Improvement Issue: 08/99, Maturity: 08/04, Rate: 6.00%	8,979	0	(1,593)	7,386
1998 Street Program Issue: 08/99, Maturity: 08/04, Rate: 6.00%	5,150	0	(914)	4,236
2000 Grace Drive Sanitary Sewer Issue: 09/00, Maturity: 09/15, Rate: 8.00%	0	5,572	0	5,572
1999 Street Program Issue: 08/00, Maturity: 08/05, Rate: 6.00%	<u>0</u>	<u>14,077</u>	<u>0</u>	<u>14,077</u>
TOTAL GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP	<u>\$766,207</u>	<u>\$19,649</u>	<u>\$(78,017)</u>	<u>\$707,839</u>
TOTAL ALL FUNDS AND ACCOUNT GROUPS	<u>\$4,358,047</u>	<u>\$3,848,730</u>	<u>\$(3,669,857)</u>	<u>\$4,536,920</u>

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 17 - ADVANCES TO/FROM OTHER FUNDS (continued)

Following is a summary of advances, by fund, outstanding at December 31, 2000:

<u>Fund</u>	<u>Advances to:</u>	<u>Advances from:</u>
General Fund	\$443,719	\$0
Special Revenue Funds:		
Income Tax	625,539	0
Recreation	0	27,500
Street	140,076	59,375
Motor Vehicle License	94,422	0
State Highway	39,948	0
Ambulance and EMS Division	311,280	0
Cable Television	<u>259,400</u>	<u>0</u>
Total Special Revenue Funds	<u>\$1,470,665</u>	<u>\$86,875</u>
Capital Projects Funds:		
Telephone Equipment	\$0	\$57,375
Special Assessments	0	168,500
Airport Improvements	<u>0</u>	<u>45,076</u>
Total Capital Projects Funds	<u>0</u>	<u>270,951</u>
Enterprise Funds:		
Electric	1,556,402	3,277,140
Sewer	518,800	0
Water	311,280	194,115
Sanitation	<u>207,520</u>	<u>0</u>
Total Enterprise Funds	<u>2,594,002</u>	<u>3,471,255</u>
Agency Fund:		
W.C.O.E. IV	28,534	0
General Long-Term Obligations Account Group	<u>0</u>	<u>707,839</u>
Total	<u>\$4,536,920</u>	<u>\$4,536,920</u>

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 18 - INTERFUND TRANSACTIONS

The account balances by fund of “Interfund Receivable” and “Interfund Payable” as of December 31, 2000 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	<u>\$440,286</u>	<u>\$ 0</u>
Capital Project Funds:		
Community Development Block Grant	0	78,562
Special Assessments	0	95,700
CHIP Grant	<u>0</u>	<u>266,024</u>
Total Capital Project Funds	<u>0</u>	<u>440,286</u>
Total All Funds	<u>\$440,286</u>	<u>\$440,286</u>

NOTE 19 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The government maintains four enterprise funds which are intended to be self-supported through user fees charged for services provided to consumers. Financial information, as of and for the year ended December 31, 2000, is as follows:

	<u>Electric</u>	<u>Sewer</u>	<u>Water</u>	<u>Sanitation</u>	<u>Totals</u>
Operating Revenue	\$19,019,166	\$1,608,470	\$1,817,307	\$1,322,631	\$23,767,574
Operating Expenses Before Depreciation	17,398,883	1,269,886	1,501,991	1,230,103	21,400,863
Depreciation Expense	858,163	210,540	208,489	54,897	1,332,089
Net Non-Operating Revenues	125,216	76,793	76,368	50,653	329,030
Net Operating Transfers – In (Out)	(161,000)	(27,625)	(30,465)	(20,835)	(239,925)
Net Income (Loss)	726,336	177,212	152,730	67,449	1,123,727
Property, Plant and Equipment Additions	4,393,490	327,406	1,001,062	77,140	5,799,098
Net Working Capital	4,296,062	(760,818)	785,898	402,910	4,724,052
Total Assets	28,328,564	10,369,381	9,708,387	944,422	49,350,754
Long-Term Liabilities	11,463,867	151,206	801,869	125,329	12,542,271
Total Equity	15,177,543	9,031,867	8,737,216	737,299	33,683,925
Encumbrances at December 31, 2000	1,117,470	62,333	190,691	42,647	1,413,141

NOTE 20 - RELATED ORGANIZATIONS

Prior to September 1, 2000, the Wadsworth Airmen’s Association operated the Wadsworth Municipal Airport under a franchise agreement with the City. In accordance with the agreement, the Association paid the City \$80.00 rent per year. The Airmen’s Association hired and fired its own staff and did not rely on the City to finance deficits. The City was not financially accountable for the Airmen’s Association nor was the Airmen’s Association financially dependent on the City. The Airmen’s Association serves as its own budgeting and taxing authority. The Wadsworth Municipal Airport Commission oversaw the Airmen’s Association. The Commission consists of a five-member committee appointed by the Mayor of the City of Wadsworth.

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 20 - RELATED ORGANIZATIONS (continued)

An agreement between the Airmen’s Association and the City required the Airmen’s Association to pay a fuel surcharge to the City in the amount of 23 cents per gallon of fuel placed in the Airport’s underground storage tank. The fuel storage charge was to continue until the tax is paid in full.

On August 31, 2000, the Airmen’s Association ceased operation of the Wadsworth Municipal Airport. On February 20, 2001, the City authorized a payment of \$1,760 to the Airmen’s Association for the cost of the fuel remaining in the tank less the fuel storage charge owed to the City.

On July 1, 2001 the City contracted with the Wadsworth Airport Management Corporation to operate the Airport.

NOTE 21 - JOINT VENTURES

OMEGA JV 1 and OMEGA JV 5

The City’s electric enterprise fund has entered into an ongoing joint venture agreement with other Ohio municipal electric systems to form the Ohio Municipal Electric Generation Agency Joint Ventures 1 and 5 (OMEGA JV 1 and OMEGA JV 5) for the purpose of providing electric power and energy to its participants on a cooperative basis. Title to the six diesel-powered generating units in OMEGA JV 1 and title to the hydroelectric project in OMEGA JV 5 located at the existing Belleville Lock was transferred to the municipal electrical systems from American Municipal Power-Ohio, Incorporated (AMP-Ohio), a membership organization comprised of communities throughout Ohio, West Virginia and Pennsylvania that own and operate electric systems. Each participant has a contract which provides for AMP-Ohio to purchase the right to each participant’s share of power and energy that is made available through the joint venture contract. The City’s equity interest in JV 1 and JV 5 is reported in the City’s electric enterprise fund. The City’s undivided ownership of OMEGA JV1 and OMEGA JV5 is 11.24 and 5.62 percent, respectively. The City’s equity interest was \$42,529 and \$234,146 for JV 1 and JV 5, respectively, at December 31, 2000. The following is a summary of unaudited financial information of OMEGA JV 1 and OMEGA JV 5 for the year ended December 31, 2000:

	<u>OMEGA JV 1</u>	<u>OMEGA JV 5</u>
Total Assets	\$402,822	\$231,008,207
Total Liabilities	24,448	226,841,907
Participants Equity	378,374	4,166,300
Total Revenues	175,658	21,618,848
Total Expenses	192,506	20,970,135
Excess (Deficiency) Income Over (Under) Expenses	(16,848)	648,713

Additional financial information can be obtained from AMP-Ohio, 2600 Airport Drive, Columbus, Ohio 43219. OMEGA JV1 and OMEGA JV5 are not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City.

CITY OF WADSWORTH, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 21 - JOINT VENTURES (continued)

Woodlawn Cemetery

The City is a participant along with Wadsworth Township in a joint venture to establish and manage the Woodlawn Cemetery. This establishment is allowable under Ohio Revised Code Section 759.27. This joint venture is considered a separate reporting entity by the City and has not been included in these general purpose financial statements. Complete financial statements for the Woodlawn Cemetery can be obtained from the Secretary-Treasurer of the Cemetery. Unaudited financial information for the Cemetery for the year ended December 31, 2000 was as follows:

Total Receipts	\$ 168,134
Total Disbursements	<u>(146,476)</u>
Excess Receipts over Disbursements	<u>\$ 21,658</u>

The Cemetery has no outstanding debt.

NOTE 22 - JOINTLY GOVERNED ORGANIZATION

Municipal Energy Services Agency (MESA)

The Municipal Energy Services Agency (MESA) is a jointly governed organization among the City and 30 other municipal electric systems. MESA was formed to provide access to a pool of personnel experienced in the planning, management, engineering, construction, safety training and other technical aspects of the operation and maintenance of municipal electric and other utility systems. The continued existence of MESA is not dependent on the City's continued participation and the City does not have an equity interest in or financial responsibility for MESA. MESA has no outstanding debt.

NOTE 23 - CONTINGENT LIABILITIES

Several claims and lawsuits are pending against the City. It is management's opinion that the ultimate liability will be covered by insurance, and/or will not have a material effect on these general purpose financial statements.

Also, the City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, City management believes such disallowances, if any, will not be significant.

NOTE 24 - CORRECTION OF ERRORS

During January, 2002, the City discovered that certain proprietary fund fixed assets were erroneously expensed in the previously issued December 31, 2000 financial statements. The financial statements herein have been restated by \$2,352,668 to properly account for the capitalization of these fixed assets.

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**CITY OF WADSWORTH
MEDINA COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through or Grantor's Number	Receipts	Expenditures
UNITED STATES DEPARTMENT OF JUSTICE				
<i>Direct</i>				
Public Safety Partnership and Community Policing Grants	16.710	1995CFWX3285	\$75,417	\$66,667
UNITED STATES DEPARTMENT OF DEVELOPMENT				
<i>Passed through Ohio Department of Development</i>				
Community Development Block Grants/State's Program	14.228	AF-98-193-1	77,487	74,989
		AF-99-193-1	49,200	72,400
		AC-99-193-1	<u>103,976</u>	<u>102,895</u>
Total Community Development Block Grants/State's Program			230,663	250,284
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed through the Ohio Department of Development (ODOD), Office of Housing and Community Partnerships (OHCP).</i>				
Home Investment Partnership Program	14.239	AC-99-193-2	<u>69,377</u>	<u>75,920</u>
TOTAL			<u>\$375,457</u>	<u>\$392,871</u>

See Notes to Schedule of Receipts and Expenditures of Federal Awards

**CITY OF WADSWORTH
MEDINA COUNTY**

**NOTES TO SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The City has established a revolving loan program to provide low-interest loans to businesses in order to create jobs for persons from low-moderate income households and to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City, passed through the Ohio Department of Development. The initial loan amount is recorded as a disbursement on the accompanying Schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.



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

City of Wadsworth
Medina County
120 Maple Street
Wadsworth, Ohio 44281

To the City Council:

We have audited the general purpose financial statements of the City of Wadsworth, Medina County, (the City) as of and for the year ended December 31, 2000, and have issued our report thereon dated September 13, 2001, except for Note 24 dated February 14, 2002, which describes the restatement of 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated September 13, 2001.

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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 2000-20952-001.

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 believe the reportable condition described above is a material weakness.

City of Wadsworth
Medina 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 management, the 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

September 13, 2001



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

City of Wadsworth
Medina County
120 Maple Street
Wadsworth, OH 44281

To the City Council:

Compliance

We have audited the compliance of the City of Wadsworth, Medina County, (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2000. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000.

Internal Control Over Compliance

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

City of Wadsworth
Medina County
Report on Compliance With Requirements Applicable to Each Major
Federal Program and on 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. However, we noted an immaterial matter involving the internal control over Federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated September 13, 2001.

This report is intended for the information and use of the 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

September 13, 2001

**CITY OF WADSWORTH
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2000**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant, CFDA #14.228
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

Material Weakness

FINDING NUMBER 2000-20952-001

Accounting for Fixed Assets

The City has not developed and implemented an effective uniform system of accounting for the City's fixed assets. As a result, there is a lack of accountability and monitoring controls by the City over the purchase, recording, movement, and disposal of fixed assets.

We recommend the following;

- The City should prepare and maintain a "Fixed Asset Master Listing". The Fixed Asset Master Listing should include the tag numbers, acquisition dates and location of each fixed asset.
- The City should adopt an overall formal fixed asset policy to define management's criteria for fixed asset capitalization threshold; depreciation method; fixed asset useful life by category; treatment of fixed assets purchased in the aggregate; recognition of donated fixed assets, construction in progress and contributed capital.
- The City Auditor's Office should assign an individual to review all fixed assets to determine if the capitalized cost of all fixed assets received by the departments are accurate and meet the capitalization threshold.
- The City should identify whether an asset should be categorized as a fixed asset at the time of purchase or at anytime during the expenditure approval stage. In addition, at year end, the City should perform a reconciliation or review of the expenditures posted to the capital outlay account to determine that all current year additions are complete. This would also lessen the risk that current year additions were not previously recorded as additions in a prior year.
- The City should inform all departmental heads of the difference between an expense and an addition to fixed assets.
- All fixed assets that are moved from their original location should be documented on a "Fixed Asset Transfer Form" with appropriate administrative approval. The "Fixed Asset Listing" should be updated timely using transfer form information. This will allow the City to know where the asset is located.
- The City should tag all assets and record as a fixed asset immediately upon delivery. All existing fixed assets should be tagged for inventory purposes.

Failure to implement the above procedures increases the risk of assets being inaccurately reported or of being misappropriated.

3. FINDINGS FOR FEDERAL AWARDS

None

CITY OF WADSWORTH
MEDINA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-20952-001	Fixed asset accounting procedures have not been established	No	Not corrected



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CITY OF WADSWORTH

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
FEBRUARY 21, 2002**