

**CITY OF READING, OHIO**

General Purpose Financial Statements

December 31, 2003





**Auditor of State  
Betty Montgomery**

Members of Council  
City of Reading

We have reviewed the Independent Auditor's Report of the City of Reading, Hamilton County, prepared by Plattenburg & Associates, Inc. for the audit period January 1, 2003 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Reading is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

May 9, 2005

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**PLATTENBURG & ASSOCIATES, INC./CERTIFIED PUBLIC ACCOUNTANTS**

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October 15, 2004

The Honorable Mayor and Members of the  
City Council of the City of Reading

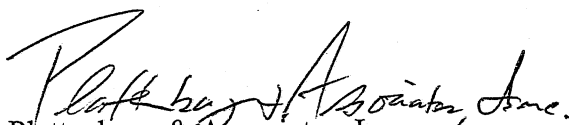
**REPORT OF INDEPENDENT ACCOUNTANTS**

We have audited the accompanying general purpose financial statements of the City of Reading, Ohio, (the City) as of and for the year ended December 31, 2003. These general purpose financial statements are the responsibility of the management of the City. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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, as of December 31, 2003, and the results of its operations and cash flows of its proprietary fund type 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 a report dated October 15, 2004 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.

  
Plattenburg & Associates, Inc.  
Certified Public Accountants

City of Reading, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 December 31, 2003

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency
<b>ASSETS AND OTHER DEBITS:</b>						
<b>Assets:</b>						
Pooled cash and investments	\$215,186	\$557,014	\$25,899	\$3,547,208	\$182,835	\$388,210
Receivables (net of allowance for uncollectables):						
Taxes	448,914	943,761	0	326,082	0	0
Accounts	57,646	16,249	0	15,017	120,311	0
Intergovernmental	174,291	532,572	0	68,239	0	0
Interfund	0	0	0	113,960	69,755	0
Fixed assets (net, where applicable of accumulated depreciation)	0	0	0	0	920,343	0
Amount to be provided for retirement of general long-term obligations	0	0	0	0	0	0
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$896,037</b>	<b>\$2,049,596</b>	<b>\$25,899</b>	<b>\$4,070,506</b>	<b>\$1,293,244</b>	<b>\$388,210</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>						
<b>Liabilities:</b>						
Accounts payable	\$198,329	\$576	\$0	\$1,835	\$69,922	\$0
Accrued wages and benefits	399,672	30,592	0	0	22,601	0
Interest payable	5,823	3,490	3,825	3,490	6,308	0
Interfund payable	113,960	0	64,950	0	0	4,805
Compensated absences	180,863	6,629	0	0	16,316	0
Due to others	0	0	0	0	0	363,906
Deferred revenue	513,260	1,018,741	0	394,321	0	0
General obligation bonds payable	0	0	0	0	616,000	0
Capital lease obligations	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>1,411,907</b>	<b>1,060,028</b>	<b>68,775</b>	<b>399,646</b>	<b>731,147</b>	<b>368,711</b>
<b>Equity and Other Credits:</b>						
Investment in general fixed assets	0	0	0	0	0	0
Retained earnings - unreserved	0	0	0	0	562,097	0
<b>Fund Balances:</b>						
Reserved for encumbrances	0	3,424	0	41,711	0	0
Unreserved, undesignated	(515,870)	986,144	(42,876)	3,629,149	0	19,499
<b>Total Equity and Other Credits</b>	<b>(515,870)</b>	<b>989,568</b>	<b>(42,876)</b>	<b>3,670,860</b>	<b>562,097</b>	<b>19,499</b>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$896,037</b>	<b>\$2,049,596</b>	<b>\$25,899</b>	<b>\$4,070,506</b>	<b>\$1,293,244</b>	<b>\$388,210</b>

See accompanying notes.

Account Groups		Totals
General Fixed Assets	General Long-Term Obligations	(Memorandum Only)
\$0	\$0	\$4,916,352
0	0	1,718,757
0	0	209,223
0	0	775,102
0	0	183,715
4,990,688	0	5,911,031
0	2,669,139	2,669,139
<u>\$4,990,688</u>	<u>\$2,669,139</u>	<u>\$16,383,319</u>

\$0	\$0	\$270,662
0	0	452,865
0	0	22,936
0	0	183,715
0	487,759	691,567
0	0	363,906
0	0	1,926,322
0	2,000,000	2,616,000
0	181,380	181,380
0	2,669,139	6,709,353

4,990,688	0	4,990,688
0	0	562,097
0	0	45,135
0	0	4,076,046
<u>4,990,688</u>	<u>0</u>	<u>9,673,966</u>
<u>\$4,990,688</u>	<u>\$2,669,139</u>	<u>\$16,383,319</u>

City of Reading, Ohio  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 All Governmental Fund Types and  
 Expendable Trust Funds  
 For the Year Ended December 31, 2003

	Governmental Fund Types				Fiduciary	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
<b>REVENUES:</b>						
Taxes	\$402,336	\$4,110,517	\$0	\$0	\$0	\$4,512,853
Fines, licenses and permits	295,257	3,650	0	0	0	298,907
Intergovernmental	446,346	493,668	0	487,342	0	1,427,356
Charges for services	323,557	3,585	0	175,217	0	502,359
Donations	0	0	0	1,645	0	1,645
Interest	18,185	0	0	0	0	18,185
Other	23,833	6,183	0	0	0	30,016
<b>Total Revenues</b>	<b>1,509,514</b>	<b>4,617,603</b>	<b>0</b>	<b>664,204</b>	<b>0</b>	<b>6,791,321</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government	1,323,104	249,873	0	0	47,732	1,620,709
Public safety	3,874,295	35,326	0	0	0	3,909,621
Public health and welfare	53,180	0	0	0	0	53,180
Leisure time activities	480,070	0	0	0	0	480,070
Community development	158,219	0	0	0	0	158,219
Basic utility service	363,989	0	0	0	0	363,989
Transportation and street repair	7,791	433,262	0	0	0	441,053
Capital outlay	0	1,976	0	1,287,249	0	1,289,225
<b>Debt service:</b>						
Principal	0	0	100,000	0	0	100,000
Interest	13,823	3,490	31,622	6,425	0	55,360
<b>Total Expenditures</b>	<b>6,274,471</b>	<b>723,927</b>	<b>131,622</b>	<b>1,293,674</b>	<b>47,732</b>	<b>8,471,426</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,764,957)</b>	<b>3,893,676</b>	<b>(131,622)</b>	<b>(629,470)</b>	<b>(47,732)</b>	<b>(1,680,105)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds of notes and bonds	0	0	0	2,100,000	0	2,100,000
Operating transfers - in	4,592,000	0	132,214	0	37,590	4,761,804
Operating transfers - (out)	(37,590)	(3,813,280)	0	(910,934)	0	(4,761,804)
Proceeds of capital leases	0	0	0	181,380	0	181,380
<b>Total Other Financing Sources (Uses)</b>	<b>4,554,410</b>	<b>(3,813,280)</b>	<b>132,214</b>	<b>1,370,446</b>	<b>37,590</b>	<b>2,281,380</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>(210,547)</b>	<b>80,396</b>	<b>592</b>	<b>740,976</b>	<b>(10,142)</b>	<b>601,275</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>(305,323)</b>	<b>909,172</b>	<b>(43,468)</b>	<b>2,929,884</b>	<b>29,641</b>	<b>3,519,906</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>(\$515,870)</b>	<b>\$989,568</b>	<b>(\$42,876)</b>	<b>\$3,670,860</b>	<b>\$19,499</b>	<b>\$4,121,181</b>

See accompanying notes.



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City of Reading, Ohio  
 Combined Statement of Revenues,  
 Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Basis)  
 All Governmental Fund Types  
 For the Year Ended December 31, 2003

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>						
Local taxes	\$340,100	\$342,905	\$2,805	\$4,120,000	\$4,077,391	(\$42,609)
Intergovernmental revenues	487,800	442,740	(45,060)	596,000	444,349	(151,651)
Charges for services	409,950	383,403	(26,547)	3,000	3,585	585
Fines, licenses and permits	268,300	288,491	20,191	1,000	1,425	425
Interest revenue	16,000	18,185	2,185	0	0	0
All other revenues	217,891	23,833	(194,058)	12,000	6,387	(5,613)
<b>Total Revenues</b>	<b>1,740,041</b>	<b>1,499,557</b>	<b>(240,484)</b>	<b>4,732,000</b>	<b>4,533,137</b>	<b>(198,863)</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
Public safety	3,676,444	3,615,632	60,812	49,000	35,345	13,655
Public health and welfare	62,478	58,105	4,373	0	0	0
Leisure time activities	502,209	482,839	19,370	0	0	0
Community development	200,036	170,219	29,817	0	0	0
Basic utility services	363,400	363,326	74	0	0	0
Transportation and street repair	9,575	7,791	1,784	794,893	460,901	333,992
General government	1,493,851	1,411,755	82,096	269,881	249,089	20,792
Capital outlay	0	0	0	6,000	1,976	4,024
<b>Debt service:</b>						
Principal	500,000	500,000	0	0	0	0
Interest and fiscal charges	13,202	13,202	0	0	0	0
<b>Total Expenditures</b>	<b>6,821,195</b>	<b>6,622,869</b>	<b>198,326</b>	<b>1,119,774</b>	<b>747,311</b>	<b>372,463</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,081,154)	(5,123,312)	(42,158)	3,612,226	3,785,826	173,600
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers - in	4,592,000	4,592,000	0	0	0	0
Operating transfers - (out)	(37,590)	(37,590)	0	(3,813,280)	(3,813,280)	0
Proceeds of bonds and notes	500,000	500,000	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>5,054,410</b>	<b>5,054,410</b>	<b>0</b>	<b>(3,813,280)</b>	<b>(3,813,280)</b>	<b>0</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(26,744)	(68,902)	(42,158)	(201,054)	(27,454)	173,600
Fund Balance at Beginning of Year	258,092	258,092	0	570,072	570,072	0
<b>Fund Balance at End of Year</b>	<b>\$231,348</b>	<b>\$189,190</b>	<b>(\$42,158)</b>	<b>\$369,018</b>	<b>\$542,618</b>	<b>\$173,600</b>

See accompanying notes.

Debt Service Fund			Capital Projects Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0	\$4,460,100	\$4,420,296	(\$39,804)
0	0	0	342,000	488,987	146,987	1,425,800	1,376,076	(49,724)
0	0	0	108,000	171,744	63,744	520,950	558,732	37,782
0	0	0	0	0	0	269,300	289,916	20,616
0	0	0	0	0	0	16,000	18,185	2,185
0	0	0	0	0	0	229,891	30,220	(199,671)
0	0	0	450,000	660,731	210,731	6,922,041	6,693,425	(228,616)
0	0	0	0	0	0	3,725,444	3,650,977	74,467
0	0	0	0	0	0	62,478	58,105	4,373
0	0	0	0	0	0	502,209	482,839	19,370
0	0	0	0	0	0	200,036	170,219	29,817
0	0	0	0	0	0	363,400	363,326	74
0	0	0	0	0	0	804,468	468,692	335,776
0	0	0	0	0	0	1,763,732	1,660,844	102,888
0	0	0	3,474,889	1,232,679	2,242,210	3,480,889	1,234,655	2,246,234
100,000	100,000	0	759,900	759,900	0	1,359,900	1,359,900	0
30,300	30,300	0	6,424	6,424	0	49,926	49,926	0
130,300	130,300	0	4,241,213	1,999,003	2,242,210	12,312,482	9,499,483	2,812,999
(130,300)	(130,300)	0	(3,791,213)	(1,338,272)	2,452,941	(5,390,441)	(2,806,058)	2,584,383
807,000	132,214	(674,786)	0	0	0	5,399,000	4,724,214	(674,786)
(669,915)	0	669,915	(910,934)	(910,934)	0	(5,431,719)	(4,761,804)	669,915
0	0	0	1,100,000	2,100,000	1,000,000	1,600,000	2,600,000	1,000,000
137,085	132,214	(4,871)	189,066	1,189,066	1,000,000	1,567,281	2,562,410	995,129
6,785	1,914	(4,871)	(3,602,147)	(149,206)	3,452,941	(3,823,160)	(243,648)	3,579,512
21,452	21,452	0	3,674,148	3,674,148	0	4,523,764	4,523,764	0
\$28,237	\$23,366	(\$4,871)	\$72,001	\$3,524,942	\$3,452,941	\$700,604	\$4,280,116	\$3,579,512

City of Reading, Ohio  
 Combined Statement of Revenues, Expenses  
 and Changes in Retained Earnings  
 Proprietary Fund Type  
 For the Year Ended December 31, 2003

	Proprietary Fund Type
	<u>Enterprise</u>
OPERATING REVENUES:	
Charges for services	<u>\$1,228,517</u>
Total Operating Revenue	<u>1,228,517</u>
OPERATING EXPENSES:	
Personal services	260,578
Fringe benefits	72,956
Supplies and materials	890,663
Depreciation	<u>31,399</u>
Total Operating Expenses	<u>1,255,596</u>
OPERATING INCOME (LOSS)	<u>(27,079)</u>
NONOPERATING REVENUES (EXPENSES):	
Interest expense	<u>(25,870)</u>
Total Nonoperating Revenues (Expenses)	<u>(25,870)</u>
NET INCOME (LOSS)	(52,949)
RETAINED EARNINGS BEGINNING OF YEAR	<u>615,046</u>
RETAINED EARNINGS END OF YEAR	<u>\$562,097</u>

See accompanying notes.

City of Reading, Ohio  
 Combined Statement of Cash Flows  
 Proprietary Fund Type  
 For the Year Ended December 31, 2003

	Proprietary Fund Type
	<u>Enterprise</u>
OPERATING ACTIVITIES:	
Operating income (loss)	(\$27,079)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	31,399
Changes in assets and liabilities:	
(Increase) decrease in receivables	(13,629)
Increase (decrease) in accounts payable	1,089
Increase (decrease) in accrued liabilities	(1,521)
Increase (decrease) in other liabilities	<u>2,588</u>
Net Cash Provided (Used) by Operating Activities	<u>(7,153)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from issuance of debt	225,000
Principal paid	(293,000)
Interest paid	<u>(26,509)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(94,509)
NET INCREASE (DECREASE) IN CASH	(101,662)
CASH BEGINNING OF YEAR	<u>284,497</u>
CASH END OF YEAR	<u>\$182,835</u>

See accompanying notes.

## CITY OF READING, OHIO

### Notes To Financial Statements December 31, 2003

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Reading, Ohio have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

##### A. Reporting Entity

The City operates under a seven-member council. An elected City Auditor is responsible for fiscal control of the resources of the City. Services provided by the City include public services, public safety, recreation, and development.

For financial reporting purposes, the City's financial statements include all funds and account groups of the primary government (the City). Potential component units were considered for inclusion in the financial statements. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e. the City) are financially accountable. The City would consider an organization to be a component unit if:

- 1 The City appoints a voting majority of the organization's governing body; and (a) is able to impose its will on that organization; or (b) there is a potential for the organization to provide specific financial burdens on the City; or
- 2 The organization is fiscally dependent upon the City; or
- 3 The nature of the relationship between the City and the organization is such that the exclusion from the financial reporting entity would render the financial statements of the City misleading.

The City included no component units in the financial statements.

##### B. Basis of Presentation

The financial reporting practices of the City conform to generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

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

### Governmental Fund Types:

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

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

Debt Service Funds - The debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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

### Proprietary Fund Type:

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

### Fiduciary Fund Types:

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

### Account Groups:

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

General Fixed Assets Account Group - This account group accounts for all fixed assets required for general City purposes, excluding fixed assets of the proprietary and fiduciary fund types.

General Long-Term Obligations Account Group - This account group accounts for long-term obligations of the City, except those accounted for in the proprietary and fiduciary fund types.

### **C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The measurement focus of governmental funds and expendable trust funds is upon the flow of current financial resources. Governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become available and measurable. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period which for City purposes is considered to be 30 days after year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The proprietary fund's and nonexpendable trust fund's measurement focus is upon the flow of economic resources. The proprietary funds and nonexpendable trust funds are accounted for using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

### **D. Budget**

A budget of estimated cash receipts and disbursements 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. Annual budgets are adopted for all funds.

Estimated Resources - The county budget commission certifies its actions to the City by September 1. As part of this examination the City receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.



Appropriations - A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented by City Council during the year, as new information becomes available. (The budget may be revised by management without City Council approval if the revised budget does not exceed total appropriations at the fund level). Appropriations may not exceed estimated resources.

Expenditures may not legally exceed appropriations at the fund level for all budgeted funds. During the year, various supplemental appropriations were necessary.

Unencumbered appropriation balances lapse at year-end and revert to the respective funds from which they were originally appropriated, thus becoming available for future appropriation.

Encumbrances - The City of Reading is required to use the encumbrances method of accounting by Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

Encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balances and do not represent expenditures or liabilities.

#### Budget Basis of Accounting

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

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - All Governmental Fund Types are presented on the budgetary basis to provide a relevant comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

- \* Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- \* Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

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

	<u>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis (as reported)	(\$210,547)	\$80,396	\$592	\$740,976
Adjustments:				
Revenue Accruals, Net	490,043	(84,466)	0	(184,853)
Expenditure Accruals, Net	<u>(348,398)</u>	<u>(23,384)</u>	<u>1,322</u>	<u>(705,329)</u>
BUDGET BASIS	<u>(\$68,902)</u>	<u>(\$27,454)</u>	<u>\$1,914</u>	<u>(\$149,206)</u>

**E. Inventory**

Inventory is stated at cost, which approximates market, using the first-in, first-out (FIFO) method of identification. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

**F. Fixed Assets**

Fixed assets used in governmental fund type operations are accounted for in the general fixed assets account group. No depreciation is recorded for general fixed assets.

Fixed assets used in proprietary fund type operations are recorded in the enterprise fund. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The following lives are used:

Automobiles and trucks	5-20 years
Machinery and equipment	5-20 years
Buildings and improvements	15-40 years

Public domain assets (infrastructure) such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems are not capitalized.

Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value at the time received. Interest on constructed fixed assets is capitalized.

## **G. Interfund Transactions**

During the course of normal operations, the City has numerous transactions among funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by City management.

## **H. Fund Balance Reserves**

Reserves indicate portions of fund equity legally segregated for a specific future use and/or not appropriate for expenditures.

## **I. Grants and Other Intergovernmental Revenues**

Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

## **J. Compensated Absences**

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences", the City records a liability for vacation time and sick leave when the obligation is probable and can be reasonably determined. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "compensated absences payable". The remaining portion of the liability is reported in the General Long-Term Obligations Account Group.

Compensated absences are expensed in the Water Enterprise Fund when earned, and the related liability is reported within the fund.

## **K. Cash and Cash Equivalents**

Cash balances of the City's funds, except cash held by a trustee or fiscal agent, are pooled and invested in short-term investments in order to provide improved cash management. Investments are stated at cost, which approximates market value except for investments for deferred compensation, which are stated at market value. For purposes of the statement of cash flows and for presentation on the combined balance sheet, investments with original maturities of three months or less are considered to be cash and cash equivalents.

## **L. Total Columns on Combined Financial Statements**

Total columns on the combined 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 changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund elimination's have not been made in the aggregation of this data.

## **M. Proprietary Fund Accounting**

In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting", the City applies all GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

## **2. PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property, and tangible personal property used in business, located in the City. Real property taxes are levied each January 1 on the assessed value listed as of the prior January 1.

Assessed values are established by the County Auditor at 35% of appraised market value for real property. A revaluation of all real property is required to be completed every six years, with a statistical update every third year. The last revaluation was completed in 2000. Public utility property taxes on tangible personal property are assessed at true value (generally net book value). Tangible personal property used in business (except public utility business) is assessed at 25% of average value for inventories and 25% of true value for all other personal property.

The property tax calendar is as follows:

Levy date	April 1, 2002
Lien date	January 1, 2002
Tax bill mailed	January 20, 2003
First installment payment due	February 15, 2003
Second installment payment due	July 15, 2003

The assessed valuation upon which the 2003 levy was based is as follows:

	<u>Assessed Value</u>
Real property (other than public utility)	\$170,481,930
Public utility real and personal tangible property	<u>45,161,890</u>
Total Assessed Valuation	<u>\$215,643,820</u>

In accordance with NCGA Statement 1 property taxes that are measurable but not available at fiscal year end are recorded as a receivable with the corresponding revenue deferred until available. Delinquent property tax amounts, net of allowance for uncollectibles, are recorded if material in amount.

### 3. PENSION PLANS

#### **Ohio Public Employees Retirement System**

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Members have a choice of three separate pension plans, a Traditional Pension Plan (TP), a Member-Directed Plan (MD) and a Combined Plan (CO). The TP Plan is a cost-sharing multiple-employer defined benefit pension plan. The MD Plan is a defined contribution plan in which member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustment to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 13.55 percent of covered payroll. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2003, 2002 and 2001 were \$249,420, \$248,660, and \$152,831, respectively. The full amount has been contributed for 2002 and 2001 and 75 percent has been contributed for 2003.

### **Ohio Police and Fire Pension Fund**

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer public employee retirement system administered by the OP&F's Board of Trustees. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police and 24.0 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for the years ending December 31, 2003, 2002 and 2001 were \$441,545, \$425,011 and \$376,932, respectively. The full amount has been contributed for 2002 and 2001 and 73 percent has been contributed for 2003.

## **4. POST EMPLOYMENT BENEFITS**

### **Ohio Public Employees Retirement System**

The Public Employees Retirement System of Ohio (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The current year employer contribution rate was 13.55 percent of covered payroll; 5.00 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

At year end 2003, the number of active contributing participants in the Traditional and Combined Plans totaled 364,881. The City's actual contributions for the current year, which were used to fund postemployment benefits were \$92,037. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

### **Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during the current year. 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 City's actual contributions for the current year that were used to fund postemployment benefits were \$87,164 for police and \$71,762 for fire. The OP&F's total health care expenses for the year ended December 31, 2002, (the latest information available) were \$141,028,006, which was net of member contributions of \$12,623,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2002, was 13,527 for police and 10,396 for firefighters.

## 5. DEBT

	Balance			Balance
<u>Short-term:</u>	<u>01/01/03</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/03</u>
Bond Anticipation Note:				
Enterprise:				
Water systems improvements, 2.19% renewal	\$225,000	\$ 0	(\$225,000)	\$ 0
Capital Projects:				
Various purpose, 3.09% renewal	\$534,900	\$ 0	(\$534,900)	\$ 0
Parking improvement, 3.09% renewal	225,000	0	(225,000)	0
Total	<u>\$759,900</u>	<u>\$ 0</u>	<u>(\$759,900)</u>	<u>\$ 0</u>
Revenue Anticipation Note:				
General:				
Various Purpose, 3.49%	\$ 0	\$500,000	(\$500,000)	\$ 0

	Balance			Balance
<u>Long-term:</u>	<u>01/01/03</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/03</u>
Bonds:				
Water system improvements II	\$459,000	\$ 0	(\$43,000)	\$416,000
Water system improvements I	0	225,000	(25,000)	200,000
Various purpose bonds	0	1,100,000	(100,000)	1,000,000
Street scape bond	0	1,000,000	0	1,000,000
Total Bonds	<u>\$459,000</u>	<u>\$2,325,000</u>	<u>(\$168,000)</u>	<u>\$2,616,000</u>

The annual requirements to pay principal and interest on long-term debt at December 31, 2003 are as follows:

<u>General Obligation Bonds</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2004	\$201,577	\$100,638
2005	205,026	95,268
2006	209,542	82,688
2007	203,128	70,849*
2008	217,786	66,491*
2009-2013	968,591	239,392*
2014-2018	271,079	116,306*
2019-2023	339,271	48,113*
Total	<u>\$2,616,000</u>	<u>\$819,745*</u>

\*On March 23, 2006, the rate for the water system improvements I will be readjusted to the then the current rate of interest on five year treasury investments plus 20 basis points.



## 6. CAPITAL LEASES

The City has entered into capital leases for vehicles.

The lease for the vehicles meet the criteria of capital lease as defined by statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee. Capital lease payments for the vehicles will be made from the Capital Projects fund.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of fiscal year end.

Fiscal Year Ending June 30,	Long-Term Debt
2004	\$63,566
2005	63,566
2006	<u>63,563</u>
Total Minimum Lease Payments	190,695
Less: Amount Representing Interest	<u>(9,315)</u>
Present Value of Minimum Lease Payments	<u>\$181,380</u>

Capital assets acquired under capital leases in accordance with Statement of Financial Accounting Standards No. 13 are as follows:

Vehicles	\$181,380
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## 7. FIXED ASSETS

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

	<u>Balance</u> 01/01/03	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> 12/31/03
Land	\$ 941,293	\$ 0	\$ 0	\$ 941,293
Buildings & Improvements	1,167,859	315,000	0	1,482,859
Machinery & Equipment	<u>2,397,496</u>	<u>373,766</u>	<u>(204,726)</u>	<u>2,566,536</u>
Total	<u>\$4,506,648</u>	<u>\$688,766</u>	<u>(\$204,726)</u>	<u>\$4,990,688</u>

A summary of enterprise fund fixed assets is as follows:

	<u>Balance</u> <u>01/01/03</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/03</u>
Land	\$10,467	\$0	\$0	\$10,467
Buildings & Improvements	1,671,494	0	0	1,671,494
Machinery & Equipment	<u>172,570</u>	<u>0</u>	<u>(18,745)</u>	<u>153,825</u>
Total	<u>1,854,531</u>	<u>0</u>	<u>(18,745)</u>	<u>1,835,786</u>
Accumulated Depreciation	<u>(902,789)</u>	<u>(31,399)</u>	<u>18,745</u>	<u>(915,443)</u>
Net fixed assets	<u>\$ 951,742</u>	<u>(\$31,399)</u>	<u>\$ 0</u>	<u>\$920,343</u>

## 8. CASH AND INVESTMENTS

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

### A. Legal Requirements

Statutes require the classification of monies held by the City into three categories.

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

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

Category 3 consists of "interim" monies, those monies which are not needed for immediate use but which will be needed before the end of the current period of depositories.

State legislation permits interim monies 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 and 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 thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eight days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

## **B. Deposits**

At year-end, the carrying amount of the City's deposits was \$3,100,481 and the bank balance was \$3,231,897. Of the bank balance:

1. \$128,636 was covered by federal depository insurance.
2. All remaining deposits were covered by collateral held by third-party trustees pursuant to Section 135.181, Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions. The entire amount above is defined by GASB statement No. 3 as being collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

**C. Investments**

The Governmental Accounting Standards Board has established risk categories for investments as follows:

Category 1 - Insured or registered, or securities held by the City or its agent in the City's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

Unclassified - Investments in Star Money Fund are unclassified since they are not evidenced by securities that exist in physical or book entry form.

At year-end the carrying amount and market value of investments were as follows:

<u>Description</u>	<u>Category</u>	<u>Total Carrying Value</u>	<u>Total Market Value</u>
Repurchase Agreement	3	<u>\$1,815,871</u>	<u>\$1,815,871</u>
		<u>\$1,815,871</u>	<u>\$1,815,871</u>

**9. CONTINGENCIES**

The City is a party to various legal proceedings, which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect on the financial condition of the City.

**10. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial general liability insurance against these risks and all other risks of loss, including workers' compensation and employee health and accident insurance.

There have been no significant reductions in insurance coverage from that of prior years and settlements have not exceeded insurance coverage for any of the past three fiscal years.

**11. ACCOUNTABILITY AND COMPLIANCE**

Fund Deficits:

The General Fund has a deficit fund balance of \$515,870.

Debt Service Fund has a deficit fund balance of \$42,876.

Non Compliance:

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated resources. During the year, the City had appropriations exceeding estimated resources in the following funds: Special Assessment Fund \$40,894, Water Note Fund \$158,958 and the Water Trust Fund \$76,970.

Ohio Revised Code Section 5705.41B states that no subdivision or taxing unit is to expend money unless it has been appropriated. During the year, the City had disbursements exceeding appropriations in the following funds: Police and Fire Fund \$4,256, Capital Improvement Fund \$802,356, Economic Development Fund \$21,282. At the end of the year the City had disbursements exceeding appropriations in the following funds: Municipal Road Fund \$100,000, Water Trust Fund \$778, Economic Development Fund \$14,964, Sewage Disposal Trust Fund \$116,231 and the Accrued Sick and Vacation Pay Fund \$2,732.

**12. PRIOR PERIOD ADJUSTMENT**

The beginning Fund Balance of the General Fixed Assets Account Group has been adjusted to reflect corrections to the City's Fixed Asset records as follows:

Balance previously stated, December 31, 2002	\$4,464,315
Prior Period Adjustment	<u>42,333</u>
As restated, January 1, 2003	<u>\$4,506,648</u>

**CITY OF READING, OHIO**

**Yellow Book Report**

**December 31, 2003**



**Report on compliance and on internal control over financial reporting  
based on an audit of financial statements performed in accordance with  
*Government Auditing Standards***

October 15, 2004

The Honorable Mayor and Members of the  
City Council of the City of Reading

We have audited the general purpose financial statements of the City of Reading, Ohio (the City), as of and for the year ended December 31, 2003, and have issued our report thereon dated October 15, 2004. 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 two instances of non-compliance required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2003-1 and 2003-2.

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.

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 over financial reporting that might be material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Auditor of State and the Honorable City Council of the City of Reading, Ohio and is not intended to be and should not be used by anyone other than these specified parties.

  
Plattenburg & Associates, Inc.  
Certified Public Accountants



**Schedule of Findings  
December 31, 2003**

Finding Number 2003-1

Non Compliance Citation

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated resources. During the year, the City had appropriations exceeding estimated resources in the following funds: Special Assessment Fund \$40,894, Water Note Fund \$158,958 and the Water Trust Fund \$76,970.

Finding Number 2003-2

Non Compliance Citation

Ohio Revised Code Section 5705.41B states that no subdivision or taxing unit is to expend money unless it has been appropriated. During the year, the City had disbursements exceeding appropriations in the following funds: Police and Fire Fund \$4,256, Capital Improvement Fund \$802,356, Economic Development Fund \$21,282. At the end of the year the City had disbursements exceeding appropriations in the following funds: Municipal Road Fund \$100,000, Water Trust Fund \$778, Economic Development Fund \$14,964, Sewage Disposal Trust Fund \$116,231 and the Accrued Sick and Vacation Pay Fund \$2,732.





**Auditor of State  
Betty Montgomery**

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Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CITY OF READING**

**HAMILTON 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  
MAY 19, 2005**