



**CITY OF ATHENS  
ATHENS COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 1999**



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



**CITY OF ATHENS  
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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

City of Athens  
Athens County  
8 East Washington Street  
Athens, Ohio 45701

To the Members of Council:

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Athens, Athens County, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2000, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

September 6, 2000

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**CITY OF ATHENS, OHIO**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**December 31, 1999**

	<b>GOVERNMENTAL FUND TYPES</b>			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits:</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$1,186,085	\$1,893,595	\$14,127	\$7,353,548
Cash and Cash Equivalents in Segregated Accounts	0	21,772	0	0
Cash with Fiscal and Escrow Agents	0	0	0	0
<b>Receivables:</b>				
Taxes	1,172,003	212,639	0	166,382
Accounts	27,614	41,595	0	0
Special Assessments	4,954	0	0	0
Accrued Interest	10,208	15,381	122	62,937
Due from Other Funds	65,000	35,600	0	0
Due from Other Governments	168,772	118,948	0	136,510
Materials and Supplies Inventory	31,252	25,922	0	0
Notes Receivable	0	118,517	0	0
Loans Receivable	0	749,124	0	0
Prepaid Items	39,783	3,842	0	0
Fixed Assets, (Net where applicable of Accumulated Depreciation)	0	0	0	0
<b>Other Debits:</b>				
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
Amount to be Provided for Payment of Landfill Postclosure Care Costs	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$2,705,671</b>	<b>\$3,236,935</b>	<b>\$14,249</b>	<b>\$7,719,377</b>

See accompanying notes to the general purpose financial statements.



<i>PROPRIETARY FUND TYPES</i>		<i>FIDUCIARY FUND TYPES</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust & Agency	General Fixed Assets	General Long-Term Obligations	1999	1998
\$1,532,817	\$535,292	\$21,804	\$0	\$0	\$12,537,268	\$12,332,381
0	0	146,273	0	0	168,045	144,740
0	0	0	0	0	0	2,441
0	0	0	0	0	1,551,024	1,517,900
323,478	0	0	0	0	392,687	337,806
0	0	0	0	0	4,954	6,683
13,192	4,607	32	0	0	106,479	0
0	0	0	0	0	100,600	65,000
0	0	0	0	0	424,230	167,687
209,653	0	0	0	0	266,827	215,055
0	0	0	0	0	118,517	138,542
0	0	0	0	0	749,124	190,140
10,352	639	0	0	0	54,616	55,767
19,673,541	2,407	0	15,097,613	0	34,773,561	33,126,974
0	0	0	0	14,249	14,249	15,643
0	0	0	0	688,604	688,604	671,526
0	0	0	0	40,751	40,751	54,357
0	0	0	0	46,975	46,975	49,653
<u>\$21,763,033</u>	<u>\$542,945</u>	<u>\$168,109</u>	<u>\$15,097,613</u>	<u>\$790,579</u>	<u>\$52,038,511</u>	<u>\$49,092,295</u>

(Continued)

**CITY OF ATHENS, OHIO**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**December 31, 1999**

	<b>GOVERNMENTAL FUND TYPES</b>			
	General	Special Revenue	Debt Service	Capital Projects
<b>Liabilities:</b>				
Accounts Payable	\$72,486	\$32,486	\$0	\$6,800
Contracts Payable	6,384	119,494	0	455,458
Accrued Wages and Benefits	240,247	20,988	0	0
Compensated Absences Payable	20,446	2,370	0	0
Due to Other Funds	0	0	0	35,600
Due to Other Governments	79,133	20,380	0	0
Deferred Revenue	651,854	2,184	0	0
Deposits Held and Due to Others	0	0	0	0
Matured Bonds and Interest Payable	0	0	0	0
Accrued Interest Payable	0	0	0	103,411
Notes Payable	0	0	0	6,665,000
Insurance Claims Payable	0	0	0	0
Current OWDA Loans Payable	0	0	0	0
Police & Fire Pension Liability	0	0	0	0
Noncurrent OWDA Loans Payable	0	0	0	0
Special Assessment Debt with Governmental Commitment	0	0	0	0
Landfill Postclosure Care Cost Liability	0	0	0	0
<b>Total Liabilities</b>	<u>1,070,550</u>	<u>197,902</u>	<u>0</u>	<u>7,266,269</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
<b>Retained Earnings:</b>				
Unreserved	0	0	0	0
<b>Fund Balance:</b>				
Reserved for Encumbrances	102,876	221,080	0	4,435,133
Reserved for Inventory	31,252	25,922	0	0
Reserved for Notes Receivable	0	97,780	0	0
Reserved for Loans Receivable	0	653,622	0	0
<b>Unreserved:</b>				
Undesignated	1,500,993	2,040,629	14,249	(3,982,025)
<b>Total Fund Equity and Other Credits</b>	<u>1,635,121</u>	<u>3,039,033</u>	<u>14,249</u>	<u>453,108</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<u>\$2,705,671</u>	<u>\$3,236,935</u>	<u>\$14,249</u>	<u>\$7,719,377</u>

See accompanying notes to the general purpose financial statements.

<i>PROPRIETARY FUND TYPES</i>		<i>FIDUCIARY FUND TYPES</i>	<i>ACCOUNT GROUPS</i>			Totals (Memorandum Only)	
Enterprise	Internal Service	Trust & Agency	General Fixed Assets	General Long-Term Obligations	1999	1998	
\$52,907	\$272	\$0	\$0	\$0	\$164,951	\$184,619	
98,734	12,499	0	0	0	692,569	432,739	
42,000	5,643	0	0	0	308,878	452,866	
181,013	21,384	0	0	565,331	790,544	708,782	
65,000	0	0	0	0	100,600	65,000	
63,874	851	0	0	123,273	287,511	397,224	
1,990	0	0	0	0	656,028	767,868	
0	0	164,321	0	0	164,321	130,737	
0	0	0	0	0	0	2,441	
135,781	0	0	0	0	239,192	182,522	
198,396	0	0	0	0	6,863,396	5,470,169	
0	87,022	0	0	0	87,022	97,929	
299,860	0	0	0	0	299,860	290,281	
0	0	0	0	0	0	60,427	
4,768,409	0	0	0	0	4,768,409	5,068,265	
0	0	0	0	55,000	55,000	70,000	
0	0	0	0	46,975	46,975	49,653	
<u>5,907,964</u>	<u>127,671</u>	<u>164,321</u>	<u>0</u>	<u>790,579</u>	<u>15,525,256</u>	<u>14,431,522</u>	
0	0	0	15,097,613	0	15,097,613	13,188,695	
3,641,321	0	0	0	0	3,641,321	3,631,259	
12,213,748	415,274	0	0	0	12,629,022	12,730,545	
0	0	0	0	0	4,759,089	564,601	
0	0	0	0	0	57,174	40,567	
0	0	0	0	0	97,780	118,517	
0	0	0	0	0	653,622	119,012	
0	0	3,788	0	0	(422,366)	4,267,577	
<u>15,855,069</u>	<u>415,274</u>	<u>3,788</u>	<u>15,097,613</u>	<u>0</u>	<u>36,513,255</u>	<u>34,660,773</u>	
<u>\$21,763,033</u>	<u>\$542,945</u>	<u>\$168,109</u>	<u>\$15,097,613</u>	<u>\$790,579</u>	<u>\$52,038,511</u>	<u>\$49,092,295</u>	

**CITY OF ATHENS, OHIO**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Year Ended December 31, 1999**

	<b>GOVERNMENTAL FUND TYPES</b>		
	General	Special Revenue	Debt Service
<b>Revenues:</b>			
Taxes	\$4,140,347	\$1,871,361	\$0
Charges for Services	396,193	217,869	0
Licenses and Permits	341,179	70,961	0
Fines and Forfeitures	952,357	175,370	0
Intergovernmental	1,474,949	1,445,979	0
Special Assessments	3,090	0	18,795
Interest Earnings	81,820	90,984	1,024
Other Revenue	83,787	345,529	0
<i>Total Revenues</i>	<u>7,473,722</u>	<u>4,218,053</u>	<u>19,819</u>
<b>Expenditures:</b>			
<i>Current:</i>			
General Government	3,062,696	194,339	0
Security of Persons and Property	4,207,340	16,998	0
Transportation	284,969	1,899,643	0
Community Development	363,656	379,156	0
Leisure Time Activities	0	536,505	0
Capital Outlay	0	0	0
<i>Debt Service:</i>			
Principal Retirement	0	0	15,000
Interest and Fiscal Charges	0	0	6,213
<i>Total Expenditures</i>	<u>7,918,661</u>	<u>3,026,641</u>	<u>21,213</u>
Excess of Revenues Over (Under) Expenditures	(444,939)	1,191,412	(1,394)
<b>Other Financing Sources (Uses):</b>			
Operating Transfers - In	352,855	485,000	0
Operating Transfers - Out	(119,246)	(594,519)	0
<i>Total Other Financing Sources (Uses)</i>	<u>233,609</u>	<u>(109,519)</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(211,330)	1,081,893	(1,394)
Fund Balances (Deficit) at Beginning of Year	1,846,720	1,940,264	15,643
Increase (Decrease) in Reserve for Inventory	(269)	16,876	0
Fund Balances (Deficit) at End of Year	<u>\$1,635,121</u>	<u>\$3,039,033</u>	<u>\$14,249</u>

See accompanying notes to the general purpose financial statements.

<i><b>FIDUCIARY FUND TYPE</b></i>		Totals (Memorandum Only)	
Capital Projects	Expendable Trust	1999	1998
\$1,287,247	\$0	\$7,298,955	\$7,046,463
0	0	614,062	588,094
0	0	412,140	406,807
0	0	1,127,727	951,028
488,741	0	3,409,669	2,376,513
5,451	0	27,336	71,575
402,351	188	576,367	278,710
12,129	0	441,445	472,815
<u>2,195,919</u>	<u>188</u>	<u>13,907,701</u>	<u>12,192,005</u>
0	0	3,257,035	2,982,614
0	0	4,224,338	3,892,933
0	0	2,184,612	1,881,096
0	0	742,812	623,807
0	0	536,505	600,836
2,795,192	0	2,795,192	1,255,758
0	0	15,000	10,000
251,666	0	257,879	45,479
<u>3,046,858</u>	<u>0</u>	<u>14,013,373</u>	<u>11,292,523</u>
(850,939)	188	(105,672)	899,482
60,000	0	897,855	449,000
(60,000)	0	(773,765)	(555,653)
<u>0</u>	<u>0</u>	<u>124,090</u>	<u>(106,653)</u>
(850,939)	188	18,418	792,829
1,304,047	3,600	5,110,274	4,324,178
<u>0</u>	<u>0</u>	<u>16,607</u>	<u>(6,733)</u>
<u>\$453,108</u>	<u>\$3,788</u>	<u>\$5,145,299</u>	<u>\$5,110,274</u>

**CITY OF ATHENS, 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, 1999**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$4,058,643	\$4,104,590	\$45,947
Charges for Services	390,575	396,193	5,618
Licenses and Permits	338,525	341,179	2,654
Fines and Forfeitures	831,500	884,080	52,580
Intergovernmental	1,391,824	1,470,038	78,214
Special Assessments	1,200	3,090	1,890
Interest Earnings	70,000	71,353	1,353
Other Revenue	43,500	23,714	(19,786)
<i>Total Revenues</i>	<u>7,125,767</u>	<u>7,294,237</u>	<u>168,470</u>
<b>Expenditures:</b>			
<i>Current:</i>			
General Government	3,585,334	3,224,625	360,709
Security of Persons and Property	4,599,093	4,342,262	256,831
Transportation	317,021	296,828	20,193
Community Development	453,617	376,685	76,932
Leisure Time Activities	0	0	0
Capital Outlay	0	0	0
<i>Debt Service:</i>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>8,955,065</u>	<u>8,240,400</u>	<u>714,665</u>
Excess of Revenues Over (Under) Expenditures	(1,829,298)	(946,163)	883,135
<b>Other Financing Sources (Uses):</b>			
Proceeds of Notes	0	0	0
Operating Transfers - In	329,534	352,855	23,321
Operating Transfers - Out	(119,246)	(119,246)	0
Advances - In	65,000	0	(65,000)
Advances - Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>275,288</u>	<u>233,609</u>	<u>(41,679)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,554,010)	(712,554)	841,456
Fund Balances (Deficit) at Beginning of Year	1,473,621	1,473,621	0
Prior Year Encumbrances Appropriated	<u>220,385</u>	<u>220,385</u>	<u>0</u>
Fund Balances (Deficit) at End of Year	<u>\$139,996</u>	<u>\$981,452</u>	<u>\$841,456</u>

See accompanying notes to the general purpose financial statements.

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,848,556	\$1,874,348	\$25,792	\$0	\$0	\$0
241,200	217,869	(23,331)	0	0	0
58,000	43,703	(14,297)	0	0	0
115,930	139,077	23,147	0	0	0
1,699,818	1,398,021	(301,797)	0	0	0
0	0	0	19,950	18,795	(1,155)
58,150	75,601	17,451	1,000	902	(98)
403,339	422,247	18,908	0	0	0
<u>4,424,993</u>	<u>4,170,866</u>	<u>(254,127)</u>	<u>20,950</u>	<u>19,697</u>	<u>(1,253)</u>
225,000	205,905	19,095	0	0	0
49,189	30,124	19,065	0	0	0
2,220,650	2,040,871	179,779	0	0	0
1,173,596	1,143,047	30,549	0	0	0
563,815	559,553	4,262	0	0	0
0	0	0	0	0	0
0	0	0	15,000	15,000	0
0	0	0	7,100	6,213	887
<u>4,232,250</u>	<u>3,979,500</u>	<u>252,750</u>	<u>22,100</u>	<u>21,213</u>	<u>887</u>
192,743	191,366	(1,377)	(1,150)	(1,516)	(366)
0	0	0	0	0	0
55,000	485,000	430,000	0	0	0
(594,609)	(594,519)	90	0	0	0
0	0	0	0	0	0
0	(35,600)	(35,600)	0	0	0
<u>(539,609)</u>	<u>(145,119)</u>	<u>394,490</u>	<u>0</u>	<u>0</u>	<u>0</u>
(346,866)	46,247	393,113	(1,150)	(1,516)	(366)
1,374,342	1,374,342	0	15,643	15,643	0
141,455	141,455	0	0	0	0
<u>\$1,168,931</u>	<u>\$1,562,044</u>	<u>\$393,113</u>	<u>\$14,493</u>	<u>\$14,127</u>	<u>(\$366)</u>

(Continued)

**CITY OF ATHENS, 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, 1999**

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$1,238,189	\$1,252,008	\$13,819
Charges for Services	0	0	0
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	495,705	299,479	(196,226)
Special Assessments	5,451	5,451	0
Interest Earnings	257,850	339,414	81,564
Other Revenue	6,123	88,611	82,488
<i>Total Revenues</i>	2,003,318	1,984,963	(18,355)
<b>Expenditures:</b>			
<i>Current:</i>			
General Government	0	0	0
Security of Persons and Property	0	0	0
Transportation	0	0	0
Community Development	0	0	0
Leisure Time Activities	0	0	0
Capital Outlay	8,167,273	7,337,055	830,218
<i>Debt Service:</i>			
Principal Retirement	5,220,000	5,220,000	0
Interest and Fiscal Charges	201,207	199,772	1,435
<i>Total Expenditures</i>	13,588,480	12,756,827	831,653
Excess of Revenues Over (Under) Expenditures	(11,585,162)	(10,771,864)	813,298
<b>Other Financing Sources (Uses):</b>			
Proceeds of Notes	6,665,000	6,665,000	0
Operating Transfers - In	60,000	60,000	0
Operating Transfers - Out	(60,000)	(60,000)	0
Advances - In	35,600	35,600	0
Advances - Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	6,700,600	6,700,600	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,884,562)	(4,071,264)	813,298
Fund Balances (Deficit) at Beginning of Year	6,089,706	6,089,706	0
Prior Year Encumbrances Appropriated	437,717	437,717	0
Fund Balances (Deficit) at End of Year	\$1,642,861	\$2,456,159	\$813,298

See accompanying notes to the general purpose financial statements.



Totals  
(Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$7,145,388	\$7,230,946	\$85,558
631,775	614,062	(17,713)
396,525	384,882	(11,643)
947,430	1,023,157	75,727
3,587,347	3,167,538	(419,809)
26,601	27,336	735
387,000	487,270	100,270
452,962	534,572	81,610
<u>13,575,028</u>	<u>13,469,763</u>	<u>(105,265)</u>
3,810,334	3,430,530	379,804
4,648,282	4,372,386	275,896
2,537,671	2,337,699	199,972
1,627,213	1,519,732	107,481
563,815	559,553	4,262
8,167,273	7,337,055	830,218
5,235,000	5,235,000	0
208,307	205,985	2,322
<u>26,797,895</u>	<u>24,997,940</u>	<u>1,799,955</u>
(13,222,867)	(11,528,177)	1,694,690
6,665,000	6,665,000	0
444,534	897,855	453,321
(773,855)	(773,765)	90
100,600	35,600	(65,000)
0	(35,600)	(35,600)
<u>6,436,279</u>	<u>6,789,090</u>	<u>352,811</u>
(6,786,588)	(4,739,087)	2,047,501
8,953,312	8,953,312	0
799,557	799,557	0
<u>\$2,966,281</u>	<u>\$5,013,782</u>	<u>\$2,047,501</u>

**CITY OF ATHENS, OHIO**  
**Combined Statement of Revenues,**  
**Expenses and Changes in Fund Equity**  
**All Proprietary Fund Types**  
**For the Year Ended December 31, 1999**

	<u>PROPRIETARY FUND TYPES</u>		Totals	
	Enterprise	Internal Service	(Memorandum Only)	
			1999	1998
<b>Operating Revenues:</b>				
Charges for Services	\$5,062,565	\$1,061,166	\$6,123,731	\$5,999,344
Other Operating Revenues	7,552	0	7,552	37,848
<i>Total Operating Revenues</i>	<u>5,070,117</u>	<u>1,061,166</u>	<u>6,131,283</u>	<u>6,037,192</u>
<b>Operating Expenses:</b>				
Personal Services	1,562,839	149,577	1,712,416	1,671,390
Fringe Benefits	512,471	40,445	552,916	577,514
Contractual Services	1,049,165	192,789	1,241,954	1,342,142
Claims and Judgements	0	868,929	868,929	1,122,886
Materials and Supplies	418,155	7,899	426,054	640,015
Utilities	383,696	1,324	385,020	369,463
Depreciation	793,373	428	793,801	730,247
<i>Total Operating Expenses</i>	<u>4,719,699</u>	<u>1,261,391</u>	<u>5,981,090</u>	<u>6,453,657</u>
Operating Income (Loss)	350,418	(200,225)	150,193	(416,465)
<b>Nonoperating Revenues (Expenses):</b>				
Interest Income	78,254	24,474	102,728	123,597
Loss on Disposal of Fixed Assets	(2,388)	0	(2,388)	(1,361)
Interest and Fiscal Charges	(277,435)	0	(277,435)	(48,590)
Other Nonoperating Revenues	46,870	4,181	51,051	316,734
Other Nonoperating Expenses	(461)	(1,121)	(1,582)	(6,217)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(155,160)</u>	<u>27,534</u>	<u>(127,626)</u>	<u>384,163</u>
Income (Loss) Before Operating Transfers	195,258	(172,691)	22,567	(32,302)
Operating Transfers - In	15,000	272,785	287,785	681,600
Operating Transfers - Out	(384,529)	(27,346)	(411,875)	(574,947)
Net Income (Loss)	(174,271)	72,748	(101,523)	74,351
Retained Earnings at Beginning of Year	<u>12,388,019</u>	<u>342,526</u>	<u>12,730,545</u>	<u>12,656,194</u>
Retained Earnings at End of Year	12,213,748	415,274	12,629,022	12,730,545
Contributed Capital at End of Year	<u>3,641,321</u>	<u>0</u>	<u>3,641,321</u>	<u>3,631,259</u>
Total Fund Equity at End of Year	<u>\$15,855,069</u>	<u>\$415,274</u>	<u>\$16,270,343</u>	<u>\$16,361,804</u>

See accompanying notes to the general purpose financial statements.

**CITY OF ATHENS, OHIO**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types**  
**For the Year Ended December 31, 1999**

	<b>PROPRIETARY FUND TYPES</b>		Totals (Memorandum Only)	
	Enterprise	Internal Service	1999	1998
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$5,042,747	\$1,061,166	\$6,103,913	\$6,006,562
Cash from Other Receipts	7,552	0	\$7,552	38,368
Cash Payments to Employees	(2,126,350)	(212,139)	(\$2,338,489)	(2,189,075)
Cash Payments for Contractual Services	(1,014,882)	(182,809)	(\$1,197,691)	(1,298,678)
Cash Payments for Insurance Claims	0	(879,836)	(\$879,836)	(1,043,737)
Cash Payments for Supplies and Materials	(474,102)	(4,289)	(\$478,391)	(607,993)
Cash Payments for Other Expenses	(427,836)	(2,635)	(\$430,471)	(342,846)
Other Nonoperating Receipts	45,714	6,046	\$51,760	315,355
Other Nonoperating Payments	(461)	(1,122)	(\$1,583)	(6,217)
<i>Net Cash from Operating Activities</i>	1,052,382	(215,618)	836,764	871,739
<b>Cash Flows from Noncapital Financing Activities:</b>				
Advances - In from Other Funds	0	0	0	65,000
Transfers - In from Other Funds	15,000	272,785	287,785	681,600
Transfers - Out to Other Funds	(384,529)	(27,345)	(411,874)	(574,947)
<i>Net Cash from Noncapital Financing Activities</i>	(369,529)	245,440	(124,089)	171,653
<b>Cash Flows from Capital &amp; Related Financing Activities:</b>				
Proceeds Received from Notes	68,227	0	68,227	250,169
Interest Paid on Notes and Loans	(283,745)	0	(283,745)	(58,513)
Principal Paid on Notes and Loans	(410,277)	0	(410,277)	(404,354)
Cash Paid to Acquire/Construct Capital Assets	(684,651)	(1,850)	(686,501)	(873,157)
Cash Received from Special Assessments	10,062	0	10,062	0
<i>Net Cash from Capital &amp; Related Financing Activities</i>	(1,300,384)	(1,850)	(1,302,234)	(1,085,855)
<b>Cash Flows from Investing Activities:</b>				
Interest Received on Investments	65,062	19,867	84,929	123,597
<i>Net Cash from Investing Activities</i>	65,062	19,867	84,929	123,597
Net Increase (Decrease) in Cash & Cash Equivalents	(552,469)	47,839	(504,630)	81,134
Cash & Cash Equivalents at Beginning of Year	2,085,286	487,453	2,572,739	2,491,605
Cash & Cash Equivalents at End of Year	\$1,532,817	\$535,292	\$2,068,109	\$2,572,739

See accompanying notes to the general purpose financial statements.

**CITY OF ATHENS, OHIO**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types**  
**For the Year Ended December 31, 1999**

	<u>PROPRIETARY FUND TYPES</u>		Totals	
	<u>Enterprise</u>	<u>Internal Service</u>	(Memorandum Only) <u>1999</u>	<u>1998</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:</b>				
Operating Income (Loss)	\$350,418	(\$200,225)	\$150,193	(\$416,465)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:</b>				
Depreciation Expense	793,373	428	793,801	730,247
Nonoperating Cash Receipts	46,870	4,181	51,051	316,734
Nonoperating Cash Payments	(461)	(1,122)	(1,583)	(6,217)
<b>Changes in Assets &amp; Liabilities:</b>				
(Increase) Decrease in Accounts Receivable	(19,274)	1,865	(17,409)	20,635
(Increase) Decrease in Due from Other Governments	0	0	0	653
(Increase) Decrease in Material & Supply Inventory	(38,844)	3,679	(35,165)	27,535
(Increase) Decrease in Prepaid Items	(3,479)	10,604	7,125	(9,773)
Increase (Decrease) in Accounts Payable	(48,705)	(2,948)	(51,653)	37,074
Increase (Decrease) in Contracts Payable	16,470	1,051	17,521	3,602
Increase (Decrease) in Accrued Wages & Benefits	(35,964)	(3,834)	(39,798)	12,805
Increase (Decrease) in Compensated Absences	13,249	(14,015)	(766)	16,882
Increase (Decrease) in Due to Other Governments	(6,319)	(4,375)	(10,694)	57,585
Increase (Decrease) in Deferred Revenue	(14,952)	0	(14,952)	18,508
Increase (Decrease) in Insurance Claims Payable	0	(10,907)	(10,907)	61,934
<b>Net Cash from Operating Activities</b>	<u>\$1,052,382</u>	<u>(\$215,618)</u>	<u>\$836,764</u>	<u>\$871,739</u>

See accompanying notes to the general purpose financial statements.

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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**NOTE 1 - DESCRIPTION OF THE CITY OF ATHENS**

The City of Athens, Ohio (the City) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The City was incorporated in 1811 and is a statutory municipal corporation under the laws of the State of Ohio. The City operates under a Council-Mayor form of government and provides various services including police and fire protection, parks and recreation, planning, zoning, street maintenance, and other governmental services. In addition, the City owns and operates a water treatment and distribution system, a wastewater treatment and collection system, and a public parking garage, which are reported as enterprise funds. Refuse collection services are also accounted for as an enterprise operation.

As required by generally accepted accounting principles, the combined financial statements present the City of Athens (the primary government) and any component units. In determining whether to include a governmental department, agency, commission or organization as a component unit, the City must evaluate each entity as to whether they are legally separate and financially accountable based on criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of (1) its corporate name, (2) the right to sue or be sued and (3) the right to buy, sell, lease and mortgage property. Financial accountability is based on (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of a specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the City.

Based on the foregoing criteria, the following governmental entity is not considered legally separate and is financially accountable to the City. Therefore, it is included as part of the reporting entity of the City.

Athens Municipal Court - The City budgets and appropriates for the operation of the Court, establishes the compensation for certain Court employees and is ultimately responsible for any operating deficits sustained by the Court. The operations of the Court are presented as a separate Agency Fund in the City's financial statements.

However, the following organizations are not part of the City of Athens reporting entity and are excluded from the City's combined financial statements.

Athens City School District - The Athens City School District encompasses the City of Athens. The members of the Board of Education of the District are elected by the voters within the District. The Board is a legally separate body politic and corporate, capable of suing, contracting, possessing, acquiring, and disposing of real property. The Board controls its own operations and budget and has no financial accountability to the City.

Athens Public Library - The Library provides library services for the citizens of Athens County. The Library is a legally separate entity with no financial accountability to the City. It has a separately selected governing authority and a separate designation of management. The City has no ability to impose its will upon the Library. Additionally, the Library provides no financial benefit to nor does it impose any financial burden upon the City.

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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**NOTE 1 - DESCRIPTION OF THE CITY OF ATHENS (Continued)**

Athens Cable Access Center - The Center is a nonprofit organization that operates a public access channel for the citizens of Athens County and surrounding areas. It is a legally separate entity that appoints its own governing board. Although the City contributes a portion of its cable franchise fee revenue toward the operation of the Center, the City cannot impose its will upon the Center. While this organization is excluded from the reporting entity of the City, the contributions made to the Center are reflected in a separate Special Revenue Fund.

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units.

**NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

The City uses the following fund types and account groups:

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

- ◆ General Fund: The General Fund is the operating fund of the City. This fund accounts for all financial resources not accounted for in another fund. The major sources of revenue are income tax, property tax, state and local government fund revenues, and interest earnings.
- ◆ Special Revenue Funds: These funds are used to account for specific governmental revenues (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative actions.
- ◆ Debt Service Fund: This fund is used to account for the accumulation of resources for, and the payment of principal and interest on general obligation and special assessment debt with governmental commitment reported in the City's General Long-Term Obligations Account Group.

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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

- ◆ Capital Projects Funds: These funds are used to account for the acquisition or construction of major capital facilities and capital improvements other than those financed by Proprietary Funds. They include projects financed by special assessments.

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

- ◆ Enterprise Funds: These funds account for the acquisition, operation, and maintenance of City facilities which are financed primarily by user charges.
- ◆ Internal Service Funds: These funds are used to account for the financing of goods or services provided by one department to other departments of the City or to other governments on a cost-reimbursement basis.

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

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

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

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

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

Basis of Accounting

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

**CITY OF ATHENS, OHIO**  
*Notes to the General Purpose Financial Statements*  
*For the Year Ended December 31, 1999*

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

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

Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", the City does not apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, to its proprietary activities.

**Budgetary Accounting and Control**

Under Ohio law, City Council must adopt an appropriations budget by January 1st of a given year, or adopt a temporary appropriation measure with final passage of a permanent budget by April 1st, for all funds except Fiduciary Fund Types. Budgets are adopted for each organizational unit by major expenditure/expense category.

Each City department prepares a budget which is approved by City Council. All modifications made throughout the year to the original budgets must be requested by the departmental management and approved through ordinance by City Council. Each revised budget presented in the combined financial statements includes all modifications and supplemental appropriations that were necessary during the year.

The City maintains budgetary control within an organizational unit and fund by not permitting expenditures/expenses and encumbrances to exceed appropriations for each fund, function, department and object level. Unencumbered and unexpended appropriations lapse at year-end in all annually budgeted funds. Prior year encumbrances and corresponding prior year appropriations are carried forward as part of the budgetary authority for next year and are included in the revised budget amounts shown in the budget-to-actual comparisons.

The City's budgetary process accounts for certain transactions on a budgetary basis instead of a GAAP basis. The major differences between the budget basis and the GAAP basis are that revenues are recorded when actually received (budget basis) as opposed to when susceptible to accrual (GAAP basis), and expenditures/expenses are recorded when paid (budget basis) as opposed to when incurred (GAAP basis). Additionally, the City reflects outstanding encumbrances as expenditures/expenses on the budgetary basis.

The actual results of operations compared to the revised appropriation for budgeted Governmental Funds are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types.



**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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

Cash and Cash Equivalents

The City Treasurer pools and invests all active and inactive City funds. Active City funds are invested in interest bearing demand accounts with commercial banks. Inactive funds are invested in certificates of deposit with commercial banks and the State Treasury Assets 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, 1999. The City pools its cash for investment purposes to capture the highest rate of return. Investment income is distributed to various funds based upon their average daily balances.

Material & Supplies Inventory

Inventories on hand at year-end is reported for all funds and valued at cost using the first-in, first-out method. Costs of inventory are charged as expenditures in the Governmental Funds at the time of acquisition and as expenses in the Proprietary Funds when used.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Fixed Assets and Depreciation

All fixed assets which are acquired or constructed for general governmental purposes are reported as expenditures in the fund that finances the asset acquisition and are capitalized in the General Fixed Assets Account Group if they meet the City's capitalization criteria. All fixed assets are recorded at actual or estimated historical cost, if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date received. General infrastructure fixed assets that are public domain assets such as roads, bridges, streets, sidewalks, curbs and gutters, drainage systems, and lighting systems, are not capitalized in the General Fixed Assets Account Group of the City. Infrastructure fixed assets related to proprietary funds are capitalized based on the City's valuation policy within the appropriate Proprietary Fund.

Depreciation is not reflected in the General Fixed Assets Account Group. Depreciation on Proprietary Fund fixed assets is charged as an expense against current operations by allocating the cost of the asset over the estimated useful life using the straight line method. The estimated useful life of the various fixed asset classes are as follows:

Furniture, fixtures, machinery and equipment	3-20 years
Buildings	20-40 years
Improvements other than buildings	30-50 years

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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

Capitalization of Interest

It is the City's policy to capitalize net interest costs on funds borrowed to finance Proprietary Fund construction projects until substantial completion of the project. For 1999, the City had no capitalized net interest costs.

Contributed Capital

Contributed capital is not subject to repayment and primarily represents assets contributed to Proprietary Funds by other City funds and donations. It also includes grants that are restricted for Proprietary Fund capital acquisitions, and assets acquired through general government resources. These assets are recorded at their fair value on the date contributed. Depreciation on all contributed assets is included in the determination of net income and closed to retained earnings.

Long-Term Liabilities

In accordance with GAAP, long-term liabilities are not recognized within the governmental funds. Instead, they are reported as liabilities in the General Long-Term Obligations Account Group. Long-term liabilities used to finance Proprietary Fund operations and directly payable from revenue of those funds are reported in the applicable Proprietary Fund.

Interfund Transactions

During the normal course of operations, the City has numerous transactions between funds. Operating transfers represent transfers of resources from a fund receiving revenue to a fund through which those resources will be expended. Interfund transactions that would be treated as revenues and expenditures/expenses if they involve organizations external to the City are similarly treated when involving other funds of the City.

Intergovernmental Revenues

Intergovernmental revenues, such as local government revenues are recognized when measurable and available. Other federal and state grants and assistance awards, made on the basis of entitlement, are recorded as intergovernmental receivables and revenues when entitlement occurs. Federal and state reimbursement-type grants for the acquisition or construction of fixed assets in certain Proprietary Funds are recorded as receivables and contributed capital when the related expenses are incurred. All other federal and state reimbursement-type grants are recorded as receivables and revenues when the related expenditures/expenses are incurred.

Compensated Absences

The City records a liability in accordance with GASB Statement No. 16, "Accounting for Compensated Absences", for accumulated unpaid sick, vacation and compensatory time benefits when earned by employees. For Governmental Funds, the portion of the liability which is not currently due and payable is recorded in the General Long-Term Obligations Account Group.

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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

Employees earn vacation time at varying rates depending on the duration of their employment. Employees with a minimum of one (1) year of service become vested in accumulated unpaid vacation time. Vacation leave is to be taken by the employee in the year accrued unless administrative approval has been obtained to carry-over the accumulated time to the following year. Ohio law requires that vacation time not be accumulated for more than three (3) years. Unused vacation time is payable upon termination of employment. It is deemed that each employee will remain with the City for at least one year, therefore, the City accrues a liability for each employee based on their unused vacation time.

Unused sick leave may be accumulated until retirement. Employees with a minimum of ten (10) years of service under Public Employee Retirement System (PERS) and fifteen (15) years under Police and Fire Pension and Disability Fund System (PFPDF) are entitled to payment for accumulated sick leave credit upon retirement. Payment may be made at twenty-five (25) percent, up to a maximum of thirty (30) days, of accrued sick leave credit. The City uses a termination method to accrue a liability based on average sick leave rates paid to retirees and years worked by current employees.

Employees are awarded compensatory time off in lieu of overtime pay when overtime hours are worked, except in certain departments where employees have the option of being compensated for overtime hours worked. Compensatory time off must be used within a specified period of time. Upon termination of employment or retirement, employees may be entitled to payment for unused compensatory time in those departments which provide for payment of overtime hours. The City accrues a liability for each employee with unused compensatory time.

All vacation, sick leave and compensatory time benefits are compensated at the employees current wage rate at retirement or termination.

Self-Insurance Program

The City is self-insured for certain employee health care benefits, however, the City's exposure to risk is limited to \$55,000 per individual and \$1,000,000 in the aggregate through Guarantee Mutual Company. The program is administered, in part, by independent service agents who assist with the claims reviewing and processing. The self-insurance program is accounted for in the Internal Service Fund. Self-insurance liabilities reported at year-end include incurred but unreported claims.

Fund Equity

The City reserves portions of fund equity which are legally segregated for specific future uses or which do not represent available, spendable resources and therefore, are not available for appropriations for expenditures. Designation of fund equity are amounts that have been designated by management for a specific use, which are not legally segregated. Unreserved/undesignated fund equity indicates that a portion of fund equity which is available for appropriations in future periods.

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 3 - RECONCILIATION OF BUDGET BASIS TO GAAP BASIS**

A reconciliation of the results of operations for the year ended December 31, 1999 on the budget basis to the GAAP basis follows:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
<u>Description</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget Basis	(\$712,554)	\$46,247	(\$1,516)	(\$4,071,264)
<i>Increases (Decreases) -</i>				
<i>Due to Revenues:</i>				
Taxes	35,757	(2,987)	0	35,239
Licenses & Permits	0	27,258	0	0
Fines & Forfeitures	68,277	36,293	0	0
Intergovernmental	4,911	47,958	0	189,262
Interest Earnings	10,467	15,383	122	62,937
Other Revenues	60,073	(76,718)	0	(64,353)
<i>Due to Expenditures:</i>				
General Government	161,929	11,566	0	0
Security of Persons & Property	134,922	13,126	0	0
Transportation	11,859	141,228	0	0
Community Environment	13,029	763,891	0	0
Leisure Time Activities	0	23,048	0	0
Capital Outlay	0	0	0	4,541,863
<i>Debt Service:</i>				
Principal Retirement	0	0	0	5,220,000
Interest & Fiscal Charges	0	0	0	(51,894)
Other Sources (Uses)	0	35,600	0	(6,712,729)
GAAP Basis	(\$211,330)	\$1,081,893	(\$1,394)	(\$850,939)

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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**NOTE 4 - CASH DEPOSITS AND INVESTMENTS**

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

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

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

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

- (1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 3) Written repurchase agreements in the securities listed above, provided that the 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; and
- (6) The State Treasury Assets Reserve of Ohio (STAR Ohio).

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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**NOTE 4 - CASH DEPOSITS AND INVESTMENTS (Continued)**

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

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

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

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

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

The amounts available for deposit and investment are as follows:

* Cash and Cash Equivalents (Carrying Amount)	\$12,537,268
* Cash and Cash Equivalents in Segregated Accounts (Carrying Amount)	168,045
* Reconciling Items (Net) to Arrive at Bank Balances of Deposits	<u>930,798</u>
Total Available for Deposit and Investment (Bank Balance of Deposits/Carrying Amount of Investments)	<u><u>\$13,636,111</u></u>

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

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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**NOTE 4 - CASH DEPOSITS AND INVESTMENTS (Continued)**

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

GASB Statement No. 9 requires the City to report cash flows for its' Proprietary Funds. For purposes of the Statement of Cash Flows, Proprietary Fund participation in the State Treasury Assets Reserve of Ohio (STAR Ohio) is treated as a demand account and reported as a cash equivalent on the Balance Sheet. In addition, all highly liquid investments held with a maturity of three months or less when purchased, are considered cash equivalents. Only separate investments with a maturity of greater than three months are reported as investments on the Balance Sheet.

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

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

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

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

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

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

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

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 4 - CASH DEPOSITS AND INVESTMENTS (Continued)**

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

	Category		Bank Balance	Carrying Amount	Fair Value
	1	3			
<i>Deposits:</i>					
Demand Deposits	\$3,409,114	\$97,518	\$3,506,632	\$2,575,834	
Certificates of Deposit	0	6,000,000	6,000,000	6,000,000	
Total Deposits	<u>\$3,409,114</u>	<u>\$6,097,518</u>	<u>\$9,506,632</u>	<u>\$8,575,834</u>	
<i>Investments:</i>					
STAR Ohio*				\$4,129,479	\$4,129,479
Total Investments				<u>\$4,129,479</u>	<u>\$4,129,479</u>

\* The City's investment in the STAR Ohio is not categorized because it is not evidenced by securities that exist in physical or book entry form.

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

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

	Cash and Cash Equivalents	Investments
Per Combined Balance Sheet	\$12,705,313	\$0
State Treasury Assets Reserve of Ohio (STAR Ohio)	(4,129,479)	4,129,479
Per GASB Statement No. 3	<u>\$8,575,834</u>	<u>\$4,129,479</u>



**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 5 - FIXED ASSETS**

A summary of changes in general fixed assets for the year ended December 31, 1999 follows:

	Balance January 1, 1999	Additions/ Transfers	Deletions/ Transfers	Balance December 31, 1999
Land	\$2,058,047	\$44,168	\$0	\$2,102,215
Buildings	4,579,155	713,419	6,947	5,285,627
Machinery, Equipment and Vehicles	5,190,317	493,954	193,536	5,490,735
Construction in Progress	1,361,176	1,490,740	632,880	2,219,036
<b>Totals</b>	<b>\$13,188,695</b>	<b>\$2,742,281</b>	<b>\$833,363</b>	<b>\$15,097,613</b>

The total additions/transfers of 2,742,281 and deletions/transfers of \$833,363 both include \$3,195 of fixed asset transfers between asset classes and departments.

A summary of the Proprietary Fund fixed assets as of December 31, 1999 follows:

	Water	Sewer	Parking Garage	Garbage	Internal Service	Totals
Land	\$37,110	\$103,710	\$295,774	\$14,675	\$0	\$451,269
Buildings	2,274,213	5,129,957	1,767,772	0	0	9,171,942
Machinery, Equipment and Vehicles	901,131	1,204,775	24,899	173,704	3,200	2,307,709
Infrastructure	9,684,935	11,130,706	0	0	0	20,815,641
Construction in Progress	64,995	16,036	29,571	0	0	110,602
	12,962,384	17,585,184	2,118,016	188,379	3,200	32,857,163
Less: Accumulated Depreciation	6,074,262	5,915,444	1,088,792	101,924	793	13,181,215
<b>Total</b>	<b>\$6,888,122</b>	<b>\$11,669,740</b>	<b>\$1,029,224</b>	<b>\$86,455</b>	<b>\$2,407</b>	<b>\$19,675,948</b>

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 6 - NOTES PAYABLE**

The Ohio Revised Code provides that notes, including renewal notes, issued in anticipation of the issuance of general obligation bonds, may be issued and outstanding from time to time up to a maximum period of twenty (20) years from the date of issuance of the original notes (the maximum maturity for notes anticipating general obligation bonds payable from special assessments is five (5) years). Any period in excess of five (5) years must be deducted from the permitted maximum maturity of bonds anticipated, and portions of the principal amount of notes outstanding for more than five (5) years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five (5) year period.

Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or available funds of the City, or a combination of these sources. All notes are backed by the full faith and credit of the City and are reported as a liability in the fund which received the note proceeds.

The City had the following general obligation bond anticipation notes outstanding at December 31, 1999:

Purpose/Description	Maturity Date	Interest Rate	Balance January 1, 1999	Issued (Retired)	Balance December 31, 1999
<u>Capital Projects Funds:</u>					
Community Center	2/5/99	4.00%	\$375,000	(\$375,000)	\$0
Community Center	2/5/99	3.95%	700,000	(700,000)	0
Community Center	12/21/99	3.25%	3,900,000	(3,900,000)	0
Community Center	11/23/00	4.25%	0	3,900,000	3,900,000
Community Center	2/4/00	3.50%	0	2,600,000	2,600,000
Armory Building / Hudson Street Building	4/16/99	3.65%	245,000	(245,000)	0
Armory Building / Hudson Street Building	4/15/00	3.30%	0	165,000	165,000
<b>Total Capital Projects Funds</b>			<b>\$5,220,000</b>	<b>\$1,445,000</b>	<b>\$6,665,000</b>
<u>Enterprise Funds:</u>					
Carriage Hill Booster	12/21/99	3.10%	\$120,000	(\$120,000)	\$0
EPA Litigation - Water	2/6/00	3.75%	130,169	68,227	198,396
<b>Total Enterprise Funds</b>			<b>\$250,169</b>	<b>(\$51,773)</b>	<b>\$198,396</b>

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 7 - LONG-TERM DEBT AND OTHER OBLIGATIONS**

The following is a summary of long-term bond and loan obligations of the City as of December 31, 1999:

Purpose/ Description	Maturity Date	Interest Rate	Balance January 1, 1999	Issued (Retired)	Balance December 31, 1999
<i><u>OWDA Loans Payable from Enterprise Revenues:</u></i>					
Loan No. 751	2006	8.97%	\$206,043	(\$20,470)	\$185,573
Loan No. 813	2007	7.86%	233,909	(20,403)	213,506
Loan No. 129	2011	5.00%	2,977,319	(167,416)	2,809,903
Loan No. 146	2013	5.20%	1,072,749	(48,721)	1,024,028
Loan No. 324	2016	4.16%	868,526	(33,267)	835,259
Total OWDA Loans Payable			<u>\$5,358,546</u>	<u>(\$290,277)</u>	<u>\$5,068,269</u>
<i><u>Special Assessment Bonds Payable from Special Assessment Revenues:</u></i>					
S.R. 56 Improvement	2003	8.875%	\$70,000	(\$15,000)	\$55,000
Total Special Assessment Bonds Payable			<u>\$70,000</u>	<u>(\$15,000)</u>	<u>\$55,000</u>

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 7 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)**

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 1999 follows.

Enterprise Funds	
Year Ended December 31	OWDA Loans
2000	\$557,627
2001	563,018
2002	563,018
2003	563,018
2004	563,018
2005-2009	2,581,787
2010-2014	1,379,864
2015-2016	134,368
Totals	6,905,718
Less: Interest Requirements	1,837,449
Principal Due	\$5,068,269

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 7 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)**

General Long-Term Obligations Account Group	
Year Ended December 31	Special Assessment Bonds
2000	\$19,881
2001	13,550
2002	17,662
2003	16,331
Totals	67,424
Less: Interest Requirements	12,424
Principal Due	\$55,000

Defeased Debt: In December 1991, the City defeased an outstanding \$4,280,000 of Sewer Mortgage Revenue Bonds and fully funded the defeasance through the purchase of U.S. Government Securities which have amounts and maturities that are sufficient to generate a cash flow that will meet the principal and interest payments as they become due over the remaining life of the bonds. The investments and uninvested cash are being held in an irrevocable trust by Star Bank, Cincinnati, Ohio and as of December 31, 1999 there was \$3,917,471 held in trust with the Bank.

The amount of debt considered to be defeased for the Sewer Mortgage Revenue Bonds at December 31, 1999 is \$3,910,000. Accordingly, the trust account and corresponding debt are not included in the combined financial statements.

Long-Term Bonds and Loans: All long-term debt issued for governmental purposes of the City (including special assessment debt with governmental commitment) is retired through the Debt Service Fund. OWDA enterprise loans are retired through the respective Enterprise Funds. OWDA loans are secured by revenues generated from enterprise operations. Special assessment bonds are secured by an unvoted property tax levy (special assessment), which constitutes a lien on assessed properties. In the event of default by the assessed property owners, the City would be obligated to pay the special assessment debt. These bonds are also backed by the full faith and credit of the City as additional security.

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 7 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)**

The following is a summary of changes in the remaining components of the General Long-Term Obligations Account Group:

Obligations	January 1, 1999	Additions	Deductions	December 31, 1999
Compensated Absences	\$480,900	\$84,431	\$0	\$565,331
Due to Other Governments	130,199	0	6,926	123,273
Police & Fire Pension	60,427	0	60,427	0
Landfill Postclosure Care	49,653	0	2,678	46,975
<b>Totals</b>	<b>\$721,179</b>	<b>\$84,431</b>	<b>\$70,031</b>	<b>\$735,579</b>

Compensated Absences: Upon retirement, employees with credited service are paid twenty-five (25) percent, up to a maximum of thirty (30) days, of their accrued sick leave. Vacation time is vested for employees after a minimum of one (1) year of credited service. Unused vacation may be accumulated up to three (3) years according to Ohio law. Compensatory time may also be accumulated by employees but must be used within specified limits. However, some employees have the option of being compensated for overtime worked in lieu of compensatory time off. All sick leave, vacation and compensatory time is compensated at the employee's current rate of pay at the time of retirement or termination. The liability reflected above as part of the General Long-Term Obligations Account Group represents the long-term portion of accumulated sick leave, vacation and compensatory time. The current portion of this liability is reflected within each of the appropriate funds.

Due to Other Governments: The City's obligation to the worker's compensation group rating plan at December 31, 1999 represents a Governmental Fundtype obligation incurred at year end that is not paid during the available period. This amount is reported in the General Long-Term Obligations Account Group since available financial resources are not used to pay this obligation.

Police and Fire Pension: In April of 1999, the City paid this accrued liability in full at a discounted rate offered by the Police and Firemen's Disability & Pension Fund.

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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**NOTE 8 - PENSION OBLIGATIONS**

Public Employees Retirement System

Plan Description: The City of Athens contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established and amended by state statute per Chapter 145 of the Ohio Revised Code. The PERS issues a stand-alone, publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Funding Policy: Plan members are required to contribute 8.5% of their annual covered salary and the City is required to contribute 13.55%. The Ohio Revised Code provides statutory authority for employee and employer contribution rates. The City's required contributions to PERS for the years ending December 31, 1999, 1998 and 1997 were \$629,132, \$598,651 and \$576,298, respectively; 86.4% has been contributed for 1999 and 100% for years 1998 and 1997. Of the 1999 amount, \$85,584 was unpaid at December 31, 1999 and is recorded as a liability within the respective funds.

Postemployment Benefits: The PERS of Ohio also provides postemployment health care benefits to age and service retirees with ten (10) or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care which is considered an Other Postemployment Benefit (OPEB). The Ohio Revised Code provides statutory authority for employer contributions and requires public employers to fund postretirement health care through their contributions to PERS. Of the 13.55% employer contribution rate for the City, 4.2% was used to fund health care for the year 1999 which amounted to \$195,031. Through the contributions of employers and the investment earnings thereon, the amount allocated to retiree health care is expected to be sufficient to maintain the program indefinitely.

During 1999, the expenditures for OPEB were \$523,599,349. As of December 31, 1999 the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641 and the number of recipients eligible for OPEB payments were 118,062. During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. This was effective January 1, 1998 and under this new method employer contributions equal to 4.2% of member covered payroll will be used to fund health care expense. Under the prior method, accrued liabilities and normal cost rates were determined for retirees health care coverage.

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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**NOTE 8 - PENSION OBLIGATIONS** (Continued)

Ohio Police and Fire Pension Fund

Plan Description: The City of Athens contributes to the Ohio Police and Fire Pension Fund of Ohio (OPFPF), a cost-sharing multiple-employer defined benefit pension plan administered by the State. OPFPF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OPFPF issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Ohio Police & Fire Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43125-5164.

Funding Policy: Plan members (both policemen and firemen) are required to contribute 10.0% of their annual covered salary and employers are required to contribute 19.5% of annual covered payroll for policemen and 24.0% of annual covered payroll for firemen. The City's contributions to PFDPF for the years ending December 31, 1999, 1998 and 1997 were \$257,518, \$242,974, and \$238,885 for police; \$254,521, \$246,108, and \$230,378 for firemen, respectively; 64.4% has been contributed for 1999 and 100% for years 1998 and 1997 for police; and 66.4% has been contributed for 1999 and 100% for years 1998 and 1997 for firemen. Of the 1999 amount, for police, \$91,752 and, for firemen, \$85,402 was unpaid at December 31, 1999 and are recorded as a liability within the General Fund.

Postemployment Benefits: The OPFPF System of Ohio provides postemployment health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of eighteen (18) whether or not the child is attending school or under the age of twenty-two (22) if attending school full-time or on a two-thirds (2/3) basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB). The Ohio Revised Code provides that health care cost paid from the funds of the PFDPF shall be included in the employer's contribution rate which is 19.5% for police and 24.0% for firefighters of covered payroll. Of these employer contribution rates for the City, 7% was used to pay health care benefits for the year 1999 which amounted to \$92,449 for policemen and \$74,320 for firefighters.

The Ohio Revised Code provides the statutory authority allowing the PFDPF Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you go basis. Currently, 7% of covered payroll, as defined by the Board of Trustees, is used to pay retiree health care expenses. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage by a deduction from their monthly benefit payment.

As of December 31, 1998 the number of participants eligible to receive health care benefits was 11,424 for police and 9,186 for fire. The Fund's total health care expenses for the year ended December 31, 1998 were \$78,596,790.

**NOTE 9 - DEFERRED COMPENSATION**

City employees and elected officials may participate in a state-wide deferred compensation plan and a deferred compensation plan administered by the Aetna Life Insurance Company. Both plans are created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis.



**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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**NOTE 9 - DEFERRED COMPENSATION (Continued)**

The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

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

**NOTE 10 - ENCUMBRANCES**

Encumbrance accounting for purchase orders and contracts is used during the normal course of operations to reserve portions of appropriations in City funds as an extension of budgetary control. An encumbrance is a reserve on the available spending authority due to a commitment related to nonperformed contracts for goods or services and does not represent a GAAP expenditure or liability. Reserves for encumbrances are reported separately for each Governmental Fund Type.

**NOTE 11 - PROPERTY TAX REVENUE**

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value by property classification upon which the 1999 tax levy was based follows:

	<u>Assessed Values</u>
Real Property	\$178,877,570
Tangible Personal Property	21,890,352
Public Utility Property	<u>11,307,330</u>
Total Assessed Valuation	<u><u>\$212,075,252</u></u>

Real property taxes (other than public utility) are collected in one calendar year on assessed values as of January 1 of the preceding year, the lien date. Assessed values are established by the County Auditor at thirty-five (35) percent of appraised market value. All property is required to be revalued every six (6) years. The last revaluation was completed for tax year 1996. Real property taxes are payable annually or semi-annually. If paid annually, payment is due by January 31; if paid semi-annually, the first payment is due during February, with the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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**NOTE 11 - PROPERTY TAX REVENUE (Continued)**

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 the 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 twenty-five (25) percent of its' true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single-county taxpayers may pay annually or semi-annually, 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 100 percent of its' true value. All public utility property taxes are payable on the same dates as real property taxes described previously.

Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Presently, the City levies 2.60 mills of the first 10 mills of assessed value for the General Fund.

The County Treasurer collects property taxes on behalf of the City. The County Auditor periodically remits to the City their portion of the taxes collected. Accrued property taxes receivable represent current taxes which were levied, measurable and unpaid, as well as, delinquent taxes outstanding as of December 31, 1999. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are intended to finance the subsequent year's operations. Therefore, the total property taxes receivable at year end are credited to deferred revenue.

**NOTE 12 - INCOME TAX REVENUE**

The City levies a tax of 1.65% on all salaries, wages, commissions, other compensation and net profits earned within the City, as well as, on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employees compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. In 1999, the income tax generated a total of \$6,686,388 in income tax revenue.

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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**NOTE 13 - INTERGOVERNMENTAL REVENUE**

The following is a summary of major intergovernmental revenue:

General Fund:

Local Government Distributions	\$745,667
Estate Tax Distributions	274,354
Other Distributions	454,928
Total General Fund	<u><u>\$1,474,949</u></u>

Special Revenue Funds:

Transportation Assistance Grants	\$225,200
Motor Vehicle and Gasoline Tax Distributions	266,936
Permissive Wheel Tax Distributions	136,259
Community Development Grants	766,100
Other Grants and Distributions	51,484
Total Special Revenue Funds	<u><u>\$1,445,979</u></u>

Capital Projects Funds:

Capital Improvement Grant	\$19,442
Street Rehabilitation Grant	76,481
East State Street/ARC Grant	77,408
Community Center Grant	35,714
Issue II Grant	279,696
Total Capital Projects Funds	<u><u>\$488,741</u></u>

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 14 - INTERFUND TRANSFERS**

A summary of operating transfers by fund type follows:

Fund	Transfers In	Transfers Out
<u>General Fund:</u>	\$352,855	\$119,246
 <u>Special Revenue Funds:</u>		
Transportation Assistance Fund	\$55,000	\$0
Street Fund	0	129,750
Community Development Block Grant Fund	0	430,000
C D B G Revolving Loan Fund	430,000	0
Community Center Fund	0	34,769
Total Special Revenue Funds	\$485,000	\$594,519
 <u>Capital Projects Funds:</u>		
Capital Improvement Fund	\$0	\$60,000
Armory/Hudson Street Buildings Fund	60,000	0
Total Capital Projects Funds	\$60,000	\$60,000
 <u>Enterprise Funds:</u>		
Parking Garage Fund	\$15,000	\$18,477
Water Fund	0	181,223
Sewer Fund	0	184,829
Total Enterprise Funds	\$15,000	\$384,529
 <u>Internal Service Funds:</u>		
Internal Service Fund	\$272,785	\$27,346
Total Internal Service Funds	\$272,785	\$27,346
Total - All Funds	\$1,185,640	\$1,185,640

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The City maintains four Enterprise Funds which account for the parking garage, water, sewer, and garbage collection services provided to the residents of the City. Segment information for the year ended December 31, 1999 follows:

	Parking Garage	Water	Sewer	Garbage	Totals
Operating Revenues	\$310,338	\$2,045,019	\$2,176,853	\$537,907	\$5,070,117
Operating Expenses Before Depreciation	183,085	1,733,082	1,499,011	511,148	3,926,326
Depreciation Expense	62,106	310,116	401,794	19,357	793,373
Operating Income	65,147	1,821	276,048	7,402	350,418
Operating Transfers-In	15,000	0	0	0	15,000
Operating Transfers-Out	18,477	181,223	184,829	0	384,529
Net Income (Loss)	81,227	(197,622)	(74,254)	16,378	(174,271)
Increase in Current Capital Contribution	0	10,062	0	0	10,062
Fixed Assets:					
Additions	21,371	129,982	375,709	5,000	532,062
Disposals	0	1,363	1,078	0	2,441
Net Working Capital	375,541	300,273	82,408	191,715	949,937
Total Assets	1,480,206	7,679,398	12,285,461	317,968	21,763,033
Bonds and Other Long- Term Obligations Payable From Operating Revenues (Net of Current Portion)	0	354,764	4,413,645	0	4,768,409
Total Equity	1,404,765	6,833,631	7,338,503	278,170	15,855,069

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 16 - CONTRIBUTED CAPITAL**

During the year ended December 31, 1999, the following changes occurred in contributed capital:

	Water	Sewer	Garbage	Totals
Balance at January 1, 1999	\$285,193	\$3,344,599	\$1,467	\$3,631,259
Contributions from Special Assessments	10,062	0	0	10,062
Balance at December 31, 1999	<u>\$295,255</u>	<u>\$3,344,599</u>	<u>\$1,467</u>	<u>\$3,641,321</u>

**NOTE 17 - 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. The City has addressed these various types of risk by participating in a risk-sharing pool and by purchasing comprehensive insurance through a commercial carrier.

General liability insurance is maintained in the amount of \$7,000,000 in the aggregate, which includes \$7,000,000 law enforcement professional liability, \$2,000,000 for public official errors and omissions liability, \$7,000,000 for automobile liability, and \$100,000 for uninsured and \$100,000 for underinsured motorist liability.

In addition, the City maintains replacement cost insurance on buildings and contents in the amount of \$52,458,964. Other property insurance includes the following: \$672,984 for contractor's equipment. Supplemental boiler and machinery coverage is carried in the amount of \$100,000 with business interruption and extra expense/actual loss provisions.

Insurance deductibles on any of the above coverages do not exceed \$1,000.

The City participates in a medical self-insurance plan for employees which covers medical claims and prescription drugs. The medical portion is a limited risk health plan with a third party administrator, Harrington Benefit Services. The prescription drug coverage is administered by Claimspro, with the employee paying a deductible amount, then Claimspro paying the balance and billing the City. All claims are paid by the third party administrator under policies established by the City. The City pays an administrative fee to Harrington Benefit to service the claims. All funds contribute to the Medical Internal Service Fund based on fees legislatively set by Council to insure historical and anticipated claims coverage in relation to the number of employees paid from each fund. This fund is presented in the financial statements and reflects all fees paid into the fund and all claims and administrative costs paid out of the fund. The City also carries a specific excess coverage (stop-loss) policy for medical claims in excess of \$55,000 per person and \$1,000,000 in the aggregate. The specific and aggregate excess loss insurance is carried with Guarantee Mutual Company through the third party administrator.

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 17 - RISK MANAGEMENT - (Continued)**

The City maintains a minimum reserve for claims in the Medical Internal Service Fund that is set legislatively by Council at one-fourth of the projected annual claims, based on actuarial forecasts developed by the third party administrator.

Changes in the fund's claims liability in 1998 and 1999 were as follows:

	Beginning Year Balance	Current Year Claims	Claim Payments	Ending Year Balance
1998	\$35,995	\$1,105,671	\$1,043,737	\$97,929
1999	97,929	868,929	879,836	87,022

The City carries a separate coverage for life insurance with a private commercial carrier, Great West Life Assurance Company, for each employee. The amounts of coverage are \$25,000 for life insurance and \$25,000 for AD & D insurance for all employees.

The City participates in the Workers' Compensation Group Rating Plan sponsored by the Ohio Municipal League. Eligibility and continued participation of member municipalities is determined annually based on the members' claims. It is a rating plan only with no risk assumed directly by the City. Claims are paid directly by the Ohio Bureau of Workers' Compensation. In 1998 (the latest information available), the savings under this plan totaled \$50,886 compared to the regular premium rates.

The City has had no significant reductions in any of its insurance coverage from that which was maintained in the prior year. Additionally, there have been no insurance settlements that have exceeded insurance coverage in any of the past three years.

**NOTE 18 - COMPLIANCE AND ACCOUNTABILITY**

Fund Deficits

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

	<u>Deficit Balance</u>
<u>Capital Projects Funds:</u>	
Community Center Fund	\$831,835
Armory/Hudson Street Buildings Fund	144,688

The deficit fund balance in the Community Center Fund is the result of the issuance of general obligation notes to finance the construction of a new community center and the purchase of equipment for the Center. The deficit fund balance in the Armory/Hudson Street Buildings Fund is the result of the issuance of general obligation notes to finance the acquisition of two buildings. Once the notes are retired, these deficit balances will be eliminated.

**CITY OF ATHENS, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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**NOTE 19 - LANDFILL CLOSURE AND POST CLOSURE CARE COSTS**

The City owns one landfill which was closed prior to 1975. State and federal laws and regulations require that certain maintenance and monitoring functions at landfill sites be performed for 20 to 30 years. In 1995, the City was required to begin maintenance and monitoring functions at the landfill site for 20 years. While there were some preliminary planning costs in 1995, the City installed its monitoring system in 1996 and 1997, but began monitoring in 1996. The City is required to obtain quarterly monitoring samples for the first five years, and semi-annual monitoring samples for the next 15 years. The sampling costs for 2000 are expected to be \$3,500. The City has projected costs, with built-in inflation, for the remaining 17 years.

The City has recorded a liability of \$46,975 as an estimate of future post closure care costs of the landfill. The actual cost of postclosure care may be higher depending upon results from surveying and required well testing, changes in technology, or changes in landfill laws and regulations. The City has partially funded this liability through the Internal Service Fund and Capital Improvements Fund.

**NOTE 20 - CONTINGENCIES**

The City is a defendant in several claims and legal proceedings which may be classified as routine litigation in which minimal damages are being sought. The City believes that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

In addition, the City participates in several federal and state assisted grants and programs that are subject to financial and compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The City believes that disallowed claims, if any, will not have a material adverse effect on the City's financial condition.

Finally, an administrative complaint was filed against the City by the United States Environmental Protection Agency (EPA) alleging that the City violated regulations applicable to hazardous waste treatment, storage and disposal facilities. The City disagrees with the complaint and has actively defending its position. There has been a finding against the City and a determination of the penalty assessed of \$98,888. However, the EPA is seeking a redetermination of the penalty at this point in time. The City Law Director feels that this matter will not have a material adverse effect on the financial position of the City. The City has not accrued any liability for this penalty since it is not deemed to be a probable amount that will be paid.



**CITY OF ATHENS, OHIO**  
**Combining Statement of Changes in Assets and Liabilities -**  
**All Agency Funds**  
**For the Year Ended December 31, 1999**

	Balance 1-1-99	Additions	Reductions	Balance 12-31-99
<b><u>Municipal Court Fund</u></b>				
<b><u>Assets:</u></b>				
Cash and Cash Equivalents in Segregated Accounts	\$127,564	\$1,879,850	\$1,861,141	\$146,273
<b>Total Assets</b>	<b>\$127,564</b>	<b>\$1,879,850</b>	<b>\$1,861,141</b>	<b>\$146,273</b>
<b><u>Liabilities:</u></b>				
Deposits Held and Due to Others	\$127,564	\$1,879,850	\$1,861,141	\$146,273
<b>Total Liabilities</b>	<b>\$127,564</b>	<b>\$1,879,850</b>	<b>\$1,861,141</b>	<b>\$146,273</b>
<b><u>Emergency Shelter Fund</u></b>				
<b><u>Assets:</u></b>				
Cash and Cash Equivalents	\$0	\$43,075	\$28,800	\$14,275
<b>Total Assets</b>	<b>\$0</b>	<b>\$43,075</b>	<b>\$28,800</b>	<b>\$14,275</b>
<b><u>Liabilities:</u></b>				
Deposits Held and Due to Others	\$0	\$43,075	\$28,800	\$14,275
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$43,075</b>	<b>\$28,800</b>	<b>\$14,275</b>

(Continued)

**CITY OF ATHENS, OHIO**  
**Combining Statement of Changes in Assets and Liabilities -**  
**All Agency Funds**  
**For the Year Ended December 31, 1999**

	Balance 1-1-99	Additions	Reductions	Balance 12-31-99
<b><u>Mansfield House Maintenance Fund</u></b>				
<b><u>Assets:</u></b>				
Cash and Cash Equivalents	\$3,173	\$600	\$0	\$3,773
<b>Total Assets</b>	<b>\$3,173</b>	<b>\$600</b>	<b>\$0</b>	<b>\$3,773</b>
<b><u>Liabilities:</u></b>				
Deposits Held and Due to Others	\$3,173	\$600	\$0	\$3,773
<b>Total Liabilities</b>	<b>\$3,173</b>	<b>\$600</b>	<b>\$0</b>	<b>\$3,773</b>
<b><u>All Agency Funds</u></b>				
<b><u>Assets:</u></b>				
Cash and Cash Equivalents	\$3,173	\$43,675	\$28,800	\$18,048
Cash and Cash Equivalents in Segregated Accounts	127,564	1,879,850	1,861,141	146,273
<b>Total Assets</b>	<b>\$130,737</b>	<b>\$1,923,525</b>	<b>\$1,889,941</b>	<b>\$164,321</b>
<b><u>Liabilities:</u></b>				
Deposits Held and Due to Others	\$130,737	\$1,923,525	\$1,889,941	\$164,321
<b>Total Liabilities</b>	<b>\$130,737</b>	<b>\$1,923,525</b>	<b>\$1,889,941</b>	<b>\$164,321</b>

**CITY OF ATHENS, OHIO**  
**Schedule of General Fixed Assets**  
**By Source**  
**As of December 31, 1999**

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**General Fixed Assets:**

Land	\$2,102,215
Buildings	5,285,627
Machinery, Equipment and Vehicles	5,490,735
Construction in Progress	2,219,036
<i>Total General Fixed Assets</i>	<u><u>\$15,097,613</u></u>

**Investment in General Fixed Assets:**

General Fixed Assets Accumulated Prior to December 31, 1988	\$5,238,122
General Fund Revenues	313,592
Special Revenue Fund Revenues	1,424,328
Capital Project Fund Revenues	7,518,529
Enterprise Fund	176,518
Internal Service Fund	26,616
Donations	399,908
<i>Total Investment in General Fixed Assets</i>	<u><u>\$15,097,613</u></u>

**CITY OF ATHENS, OHIO**  
**Schedule of Changes in General Fixed Assets**  
**By Function and Activity**  
**For the Year Ended December 31, 1999**

Function and Activity	Balance 1-1-99	Additions/ Transfers	Deletions/ Transfers	Balance 12-31-99
<b>General Government</b>				
Mayor	\$331,904	\$27,918	\$3,671	\$356,151
Auditor	109,660	3,887	0	113,547
Treasurer	5,036	0	0	5,036
Law Director	63,122	3,461	0	66,583
City Council	17,091	1,925	1,795	17,221
Municipal Court	150,990	15,104	0	166,094
Animal Control	13,183	0	0	13,183
Land and Buildings	5,240,279	653,224	610,966	5,282,537
General Administration	152,303	20,718	0	173,021
Cable Access	111,907	7,831	1,136	118,602
<i>Total General Government</i>	<u>6,195,475</u>	<u>734,068</u>	<u>617,568</u>	<u>6,311,975</u>
<b>Security of Persons &amp; Property</b>				
Police Department	814,179	158,185	138,509	833,855
Fire Department	1,962,991	82,384	34,950	2,010,425
<i>Total Security of Persons &amp; Property</i>	<u>2,777,170</u>	<u>240,569</u>	<u>173,459</u>	<u>2,844,280</u>
<b>Transportation</b>				
Streets, Meters and Transportation	1,940,651	202,390	30,951	2,112,090
<i>Total Transportation</i>	<u>1,940,651</u>	<u>202,390</u>	<u>30,951</u>	<u>2,112,090</u>
<b>Community Development</b>				
Code Enforcement	99,490	16,252	6,289	109,453
<i>Total Community Development</i>	<u>99,490</u>	<u>16,252</u>	<u>6,289</u>	<u>109,453</u>
<b>Leisure Time Activities</b>				
Parks & Recreation	2,175,909	1,549,002	5,096	3,719,815
<i>Total Leisure Time Activities</i>	<u>2,175,909</u>	<u>1,549,002</u>	<u>5,096</u>	<u>3,719,815</u>
<b>Total General Fixed Assets</b>	<u><u>\$13,188,695</u></u>	<u><u>\$2,742,281</u></u>	<u><u>\$833,363</u></u>	<u><u>\$15,097,613</u></u>

**CITY OF ATHENS, OHIO**  
**Schedule of General Fixed Assets**  
**By Function and Activity**  
**For the Year Ended December 31, 1999**

Function and Activity	Land	Buildings	Machinery, Equipment & Vehicles	Construction in Progress	Total
<b>General Government</b>					
Mayor	\$0	\$172,720	\$183,431	\$0	\$356,151
Auditor	0	0	113,547	0	113,547
Treasurer	0	0	5,036	0	5,036
Law Director	0	0	66,583	0	66,583
City Council	0	0	17,221	0	17,221
Municipal Court	0	0	166,094	0	166,094
Animal Control	0	0	13,183	0	13,183
Land and Buildings	1,704,612	3,535,955	35,010	6,960	5,282,537
General Administration	0	9,071	163,950	0	173,021
Cable Access	0	0	118,602	0	118,602
<i>Total General Government</i>	<u>1,704,612</u>	<u>3,717,746</u>	<u>882,657</u>	<u>6,960</u>	<u>6,311,975</u>
<b>Security of Persons &amp; Property</b>					
Police Department	0	7,722	826,133	0	833,855
Fire Department	37,971	344,099	1,628,355	0	2,010,425
<i>Total Security of Persons &amp; Property</i>	<u>37,971</u>	<u>351,821</u>	<u>2,454,488</u>	<u>0</u>	<u>2,844,280</u>
<b>Transportation</b>					
Streets, Meters and Transportation	17,568	486,739	1,607,783	0	2,112,090
<i>Total Transportation</i>	<u>17,568</u>	<u>486,739</u>	<u>1,607,783</u>	<u>0</u>	<u>2,112,090</u>
<b>Community Development</b>					
Code Enforcement	0	0	109,453	0	109,453
<i>Total Community Development</i>	<u>0</u>	<u>0</u>	<u>109,453</u>	<u>0</u>	<u>109,453</u>
<b>Leisure Time Activities</b>					
Parks & Recreation	342,064	729,321	436,354	2,212,076	3,719,815
<i>Total Leisure Time Activities</i>	<u>342,064</u>	<u>729,321</u>	<u>436,354</u>	<u>2,212,076</u>	<u>3,719,815</u>
<b>Total General Fixed Assets</b>	<u><u>\$2,102,215</u></u>	<u><u>\$5,285,627</u></u>	<u><u>\$5,490,735</u></u>	<u><u>\$2,219,036</u></u>	<u><u>\$15,097,613</u></u>

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**CITY OF ATHENS  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Disbursements
<b><u>UNITED STATES DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</u></b>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grant	14.228		
Small Cities Grant Program		A-F-98-086-1	\$ 120,700
ARC/DRC		A-P-98-086-1	200,000
Economic Development		A-E-99-086-1	<u>440,000</u>
Total Community Development Block Grant			<u>760,700</u>
Emergency Shelter Grant Program	14.231	A-L-98-086-1	<u>28,800</u>
Total United States Department of Housing & Urban Development			<u>789,500</u>
<b><u>UNITED STATES DEPARTMENT OF JUSTICE</u></b>			
<i>Direct from the Federal Government:</i>			
Public Safety Partnership and Community Policing Grant	16.710	95-CFW-X-2983	158,336
<i>Pass through the Governor's Office of Criminal Justice Services:</i>			
Violence Against Women Formula Grants	16.588	96-DVW-X-0238	79,239
Law Enforcement Block Grant	16.592	98-LE-LEB-3120	<u>22,744</u>
Total United States Department of Justice			<u>260,319</u>
<b><u>UNITED STATES DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Passed Through Ohio Department of Transportation:</i>			
Public Transportation for Nonurbanized Areas	20.509	RPT-4005-015-981	99,873
Public Transportation for Nonurbanized Areas -Capital		RPT-0005-017-982	<u>32,000</u>
Total Public Transportation for Nonurbanized Areas			131,873
<i>Passed Through the Governor's Highway Safety Representative:</i>			
State and Community Highway Safety	20.600	FFY 1999	<u>33,526</u>
Total United States Department of Transportation			<u>165,399</u>
<b><u>APPALACHIA REGIONAL COMMISSION</u></b>			
<i>Passed Through Ohio Department of Transportation:</i>			
Appalachian Local Access Roads	23.008	ATH-APL-2	<u>90,887</u>
Total Appalachia Regional Commission			<u>90,887</u>
<b>Total Federal Awards Expenditures</b>			<b><u>\$ 1,306,105</u></b>

*The accompanying notes to this Schedule are an integral part of this Schedule.*

**CITY OF ATHENS**  
**NOTES TO THE SCHEDULE OF FEDERAL AWARD EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - SUBRECIPIENTS**

The City passes through certain Federal Emergency Shelter Grants Program assistance from the State Department of Development to Good Works, Inc., a not-for-profit corporation. As described in Note A, the City records expenditures of federal awards to subrecipients when paid in cash.

The subrecipient agency has certain compliance responsibilities related to administering this federal program. Under OMB Circular A-133, the City is responsible for monitoring subrecipients to help assure that federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grants agreements, and that performance goals are achieved.

**NOTE C - COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG) REVOLVING LOAN PROGRAM**

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low to moderate income households. The Federal Department of Housing and Urban Development (HUD) grants the money for these loans to the City, passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the 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.

These loans are collateralized by accounts receivable, equipment, inventory, mortgages, and vehicles. At December 31, 1999, the gross amount of loans outstanding under this program were \$720,286. Delinquent amounts due were \$12,107. Amounts written off during 1999 were \$13,209.

**NOTE 4 - MATCHING REQUIREMENTS**

Certain federal programs require that the City contribute non-federal funds (matching funds) to support federally-funded programs. The City has complied with the matching requirements. The expenditure of non-federal matching funds is not included on this Schedule.





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Athens Mall, Suite B  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

City of Athens  
Athens County  
8 East Washington Street  
Athens, Ohio 45701

To the Members of Council:

We have audited the general purpose financial statements of the City of Athens, Athens County, Ohio, (the City) as of and for the year ended December 31, 1999, and have issued our report thereon dated August 8, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City'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 6, 2000.

**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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated September 6, 2000.

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

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

**Jim Petro**  
Auditor of State

September 6, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

City of Athens  
Athens County  
8 East Washington Street  
Athens, Ohio 45701

To the Members of Council:

**Compliance**

We have audited the compliance of the City of Athens, Athens County, Ohio, (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, 1999. 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 generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City'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, 1999.

**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.

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

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

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

**Jim Petro**  
Auditor of State

September 6, 2000

**CITY OF ATHENS  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
DECEMBER 31, 1999**

**1. SUMMARY OF AUDITOR'S RESULTS**

(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)?	No
(d)(1)(ii)	Were there any other reportable conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance 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?	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

**CITY OF ATHENS  
 SCHEDULE OF PRIOR AUDIT FINDINGS  
 OMB CIRCULAR A-133 §.315(b)  
 DECEMBER 31, 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid
1998-20705-001	A material noncompliance citation was issued regarding the failure to abide by the fifteen day disbursement rule for the Community Development Block Grant.	Yes	N/A



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**CITY OF ATHENS**

**ATHENS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 14, 2000**