



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF WILMINGTON
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STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

City of Wilmington
Clinton County
69 N. South Street
Wilmington, Ohio 45177

To the City Council:

We have audited the accompanying financial statements of the City of Wilmington, Clinton County, Ohio (the City), as of and for the year ended December 31, 1999. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these 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 Wilmington, Clinton County, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund 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 August 23, 2000, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

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Jim Petro
Auditor of State

August 23, 2000

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CITY OF WILMINGTON, OHIO
 CLINTON COUNTY
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1999

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets:			
Equity in Pooled Cash And Investments	\$ 2,293,817	\$ 2,276,119	\$ 1,414
Cash With Fiscal/Escrow Agents			
Receivables:			
Taxes	1,115,023	974,041	
Accounts	19,248		
Loans		503,214	
Due From Others	242,589	57,840	
Accrued Interest		6,711	
Intergovernmental Receivable		29,580	
Restricted Assets:			
Cash Equivalents			
Property, Plant & Equipment			
Accumulated Depreciation			
Amount to be Provided for Payment for Compensated Absences			
Amount to be Provided for General Obligation Debt			
Amount to be Provided for Police and Fire Pension			
	\$ 3,670,677	\$ 3,847,505	\$ 1,414

See the accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		Enterprise	Trust and Agency	
\$ 7,366,794	\$ 39,027 283,106		\$	\$ 11,977,171 283,106
				2,089,064
247,186				266,434
				503,214
				300,429
				6,711
				29,580
4,031,141				4,031,141
45,253,563		9,920,556		55,174,119
(11,990,847)				(11,990,847)
			322,004	322,004
			3,320,000	3,320,000
			117,527	117,527
<u>\$ 44,907,837</u>	<u>\$ 322,133</u>	<u>\$ 9,920,556</u>	<u>\$ 3,759,531</u>	<u>\$ 66,429,653</u>

CITY OF WILMINGTON, OHIO
CLINTON COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Liabilities:			
Accounts Payable	\$ 199,761	\$ 167,756	\$
Accrued Wages & Benefits	50,004	87,322	
Compensated Absences Payable	48,782	32,819	
Due to Others	17,323		
Accrued interest payable			
Deferred Revenues	323,125	959,622	
Bond Anticipation Notes Payable			
General Obligation Bonds Payable			
Mortgage Revenue Bonds Payable			
Unamortized Bond Issuance Costs			
Estimated Liability for Compensated Absences			
Estimated Liability for Landfill Closure & Postclosure Care			
Police & Fire Pension Payable			
Total Liabilities	\$ 638,995	\$ 1,247,519	\$ 0
Fund Equity:			
Investment in general fixed assets			
Contributed Capital			
Retained Earnings:			
Reserved			
Other			
Revenue Bonds-Debt Service			
Revenue Bonds-Replacement & Improvement			
EDA Grant-Caesar Creek Project			
Unreserved			
Fund Balance:			
Reserved for Encumbrances	23,959	419,048	
Reserved for Revolving Loan		503,214	
Unreserved-Undesignated	3,007,723	1,677,724	1,414
Total Fund Equity	3,031,682	2,599,986	1,414
Total Liabilities and Fund Equity	\$ 3,670,677	\$ 3,847,505	\$ 1,414

See the accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups			Totals (Memorandum Only)
		Enterprise	Trust and Agency	General Fixed Asset	
\$ 143,989				\$ 511,506	
49,487				186,813	
				81,601	
	283,106			300,429	
119,186				119,186	
				1,282,747	
1,750,000				1,750,000	
270,000			3,320,000	3,590,000	
19,675,000				19,675,000	
(873,073)				(873,073)	
151,935			322,004	473,939	
1,416,125				1,416,125	
			117,527	117,527	
<u>\$ 22,702,649</u>	<u>\$ 283,106</u>	<u>\$ 0</u>	<u>\$ 3,759,531</u>	<u>\$ 28,631,800</u>	
		9,920,556		9,920,556	
9,059,344				9,059,344	
				0	
				0	
502,179				502,179	
1,510,117				1,510,117	
248,350				248,350	
10,885,198				10,885,198	
				443,007	
				503,214	
	39,027			4,725,888	
<u>22,205,188</u>	<u>39,027</u>	<u>9,920,556</u>	<u>0</u>	<u>37,797,853</u>	
<u>\$ 44,907,837</u>	<u>\$ 322,133</u>	<u>\$ 9,920,556</u>	<u>\$ 3,759,531</u>	<u>\$ 66,429,653</u>	

CITY OF WILMINGTON, OHIO
CLINTON COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
DECEMBER 31, 1999

Revenues:	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Taxes	\$ 3,731,756	\$ 1,108,795	\$	\$
Special Revenues	71,989	80,803		
Licenses and Permits	93,007	1,875		
Intergovernmental	812,849	1,982,161		
Charges for Services	222,073	157,693		
Investment Income	221,744	89,860		
Fines and Forfeitures	595,965	137,064		
Other	290,089	115,408		1,205
Total revenues	<u>6,039,472</u>	<u>3,673,659</u>	<u>0</u>	<u>1,205</u>
Expenditures:				
Current:				
Security of Persons & Property	402,453	2,674,424		
Public Health & Welfare Services		71,262		
Leisure Time Activities		362,881		
Community Environment		88,141		
Transportation		1,802,421		
General Government	2,726,964	39,243		
Debt Service:				
Principal Retirement			105,000	
Interest Payments			202,085	
Capital Outlay	136,047	717,677		
Total expenditures	<u>3,265,464</u>	<u>5,756,049</u>	<u>307,085</u>	<u>0</u>
Excess of Revenues Over(Under) Expenditures	2,774,008	(2,082,390)	(307,085)	1,205
Other Financing Sources(Uses):				
Operating Transfer-in		2,151,925	307,085	
Operating Transfers-out	(2,459,010)			
Total Other Financing Sources(Uses)	<u>(2,459,010)</u>	<u>2,151,925</u>	<u>307,085</u>	<u>0</u>
Excess of Revenues & Sources Over (Under) Expenditures and Other Uses	314,998	69,535	0	1,205
Fund Balance 1-1-99(As Restated, Note 15)	<u>2,716,684</u>	<u>2,530,451</u>	<u>0</u>	<u>209</u>
Fund Balance 12-31-99	<u>\$ 3,031,682</u>	<u>\$ 2,599,986</u>	<u>\$ 0</u>	<u>\$ 1,414</u>

See the accompanying notes to the general purpose financial statements

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CITY OF WILMINGTON, OHIO
CLINTON COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 1999

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 3,837,140	\$ 3,795,757	\$ (41,383)	\$ 1,090,451	\$ 1,098,037	\$ 7,586
Special Revenues	71,000	71,989	989	80,803	80,803	0
Licenses and Permits	59,750	93,007	33,257	1,814	1,875	61
Intergovernmental	653,202	812,850	159,648	1,931,461	2,006,067	74,606
Charges for Services	228,100	222,073	(6,027)	155,912	157,693	1,781
Investment Income	220,000	221,744	1,744	53,147	90,334	37,187
Fines and Forfeitures	665,000	449,826	(215,174)	96,547	96,547	0
Other	254,772	288,164	33,392	195,736	169,729	(26,007)
Total Revenues	<u>5,988,964</u>	<u>5,955,410</u>	<u>(33,554)</u>	<u>3,605,871</u>	<u>3,701,085</u>	<u>95,214</u>
Expenditures:						
Security of Persons & Property	432,298	389,208	43,090	2,887,383	2,790,477	96,906
Public Health & Welfare Services			0	1,800	0	1,800
Leisure Time Activities			0	365,821	359,356	6,465
Community Environment			0	170,092	166,060	4,032
Transportation			0	2,330,766	2,088,004	242,762
General Government	3,089,999	2,701,637	388,362	67,993	50,161	17,832
Principal Retirement			0			0
Interest Payments			0			0
Capital Outlay	84,374	70,716	13,658	858,865	747,536	111,329
Total Expenditures	<u>3,606,671</u>	<u>3,161,561</u>	<u>445,110</u>	<u>6,682,720</u>	<u>6,201,594</u>	<u>481,126</u>
Excess of Revenues Over(Under) Expenditures	<u>2,382,293</u>	<u>2,793,849</u>	<u>411,556</u>	<u>(3,076,849)</u>	<u>(2,500,509)</u>	<u>576,340</u>
Other Financing Sources(Uses):						
Operating Transfers-in				2,223,686	2,151,925	(71,761)
Operating Transfers-out	(2,790,385)	(2,521,523)	268,862	(20,945)	(20,945)	0
Total Other Financing Sources (Uses)	<u>(2,790,385)</u>	<u>(2,521,523)</u>	<u>268,862</u>	<u>2,202,741</u>	<u>2,130,980</u>	<u>(71,761)</u>
Excess of Revenues & Sources Over (Under) Expenditures and Other Uses	<u>(408,092)</u>	<u>272,326</u>	<u>680,418</u>	<u>(874,108)</u>	<u>(369,529)</u>	<u>504,579</u>
Fund Balance 1-1-99	1,751,589	1,751,589	0	1,577,865	1,577,865	0
Prior Year Encumbrances	200,648	200,648	0	649,593	649,593	0
Fund Balance 12-31-99	<u>\$ 1,544,145</u>	<u>\$ 2,224,563</u>	<u>\$ 680,418</u>	<u>\$ 1,353,350</u>	<u>\$ 1,857,929</u>	<u>\$ 504,579</u>

See accompanying notes to the general purpose financial statements

Debt Service Fund			Capital Projects Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$	\$	\$	\$	\$	\$
			1,205	1,205	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,205</u>	<u>1,205</u>	<u>0</u>
135,000	135,000	0			
229,460	229,460	0			
<u>364,460</u>	<u>364,460</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(364,460)	(364,460)	0	1,205	1,205	0
<u>364,460</u>	<u>364,460</u>	<u>0</u>			
<u>364,460</u>	<u>364,460</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	1,205	1,205	0
0	0	0	209	209	0
0	0	0	0	0	0
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,414</u>	<u>\$ 1,414</u>	<u>\$ 0</u>

CITY OF WILMINGTON, OHIO
CLINTON COUNTY
COMBINED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Non-Expendable Trust	(Memorandum Only)
Operating Revenues:			
Charges for Services	\$ 5,877,249	\$	\$ 5,877,249
Investment Income		1,515	1,515
Total Operating Revenue	<u>5,877,249</u>	<u>1,515</u>	<u>5,878,764</u>
Operating Expenses:			
Personal Services	1,739,685		1,739,685
Contractual Services	1,443,166		1,443,166
Materials & Supplies	476,046		476,046
Depreciation	944,639		944,639
Closure and Postclosure Care	(19,152)		(19,152)
Other Operating Expenses	2,392		2,392
Total Operating Expenses	<u>4,586,776</u>	<u>0</u>	<u>4,586,776</u>
Operating Income(Loss)	<u>1,290,473</u>	<u>1,515</u>	<u>1,291,988</u>
Non-Operating Revenues(Expenses):			
Interest income	627,025		627,025
Loss on fixed asset disposal	(51,285)		(51,285)
Increase(decrease) in fair value of Investments	(24,705)		(24,705)
Interest and Fiscal Charges	(1,158,530)		(1,158,530)
State of Ohio Grant	20,945		20,945
Total Non-Operating Revenues (Expenses)	<u>(586,550)</u>	<u>0</u>	<u>(586,550)</u>
Net Income(Loss)	703,923	1,515	705,438
Depreciation on Contributed Capital Assets	253,540		253,540
Retained Earnings/Fund Balance 1-1-99(As Restated, Note 15)	<u>12,188,381</u>	<u>37,512</u>	<u>12,225,893</u>
Retained Earnings/Fund Balance 12-31-99	<u>\$ 13,145,844</u>	<u>\$ 39,027</u>	<u>\$ 13,184,871</u>

See accompanying notes to the general purpose financial statements

CITY OF WILMINGTON, OHIO
CLINTON COUNTY
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Non-Expendable Trust	(Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income	\$ 1,290,473	\$ 1,515	\$ 1,291,988
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation & amortization	944,639		944,639
Landfill Closure and Postclosure Cost	(19,152)		(19,152)
Changes in assets & liabilities:			
(Increase)Decrease in accounts receivable	(15,334)		(15,334)
Increase(Decrease) in accounts payable	86,164		86,164
Increase(Decrease) in accrued wages/benefits	19,117		19,117
Increase(Decrease) in accrued interest	26,184		26,184
Net cash provided by operating activities	<u>2,332,091</u>	<u>1,515</u>	<u>2,333,606</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Increase(Decrease) in fair value of investments	(24,705)		(24,705)
Interest	627,025		627,025
Net cash provided by investing activities	<u>602,320</u>	<u>0</u>	<u>602,320</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital expenditures	(7,727,975)		(7,727,975)
Proceeds From State of Ohio Grant	20,945		20,945
Proceeds From Bond Anticipation Note	1,750,000		1,750,000
General Obligation Bond Principal Payment	(30,000)		(30,000)
Mortgage Revenue Bond Principal Payment	(260,000)		(260,000)
Interest & Fiscal Charges	(1,095,680)		(1,095,680)
Net Cash Used by Capital and Related Financing Activities	<u>(7,342,710)</u>	<u>0</u>	<u>(7,342,710)</u>
NET INCREASE(DECREASE) IN CASH	(4,408,299)	1,515	(4,406,784)
CASH-Janaury 1	<u>15,806,234</u>	<u>37,512</u>	<u>15,843,746</u>
CASH-December 31	<u>\$ 11,397,935</u>	<u>\$ 39,027</u>	<u>\$ 11,436,962</u>

See accompanying notes to the general purpose financial statements

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CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

The City of Wilmington (the "City") is a political body incorporated and established for the purpose of exercising the rights and privileges conveyed to it by constitutions and laws of the State of Ohio. Wilmington, the county seat, is the only City in Clinton County. It is the major commercial and marketing center in the primarily agricultural county. The City was incorporated into a Village in 1828 and was reorganized as a City in 1921 under the general plan of the General (now revised) Code of Ohio. The City operates under the council-mayor form of government.

The City provides various services including police and fire protection, emergency medical, parks, recreation, planning, zoning, street maintenance, water, sewer, refuse collection, and other governmental services.

A. Reporting Entity

The reporting entity is comprised of the primary government. The primary government consists of all funds and departments which are not legally separate. They provide various services including police and fire protection, parks and recreation, planning zoning, street maintenance and repair, community development, public health and welfare, water, sewer, electric and refuse collection. The City Council has direct responsibility for these activities.

The Clinton County Municipal Court has been included in the City's financial statements as an agency fund. The Clerk of Courts has a fiduciary responsibility for the collection and distribution of court fees and fines.

Potential Component Units

The City considered potential component units for inclusion in the financial statements. Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt or the levying of taxes.

The City includes no component units in the financial statements.

CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

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

Jointly Governed Organization

The Clinton County General Health District, a jointly governed organization, provides health services within the County. The Board of Health, which consists of a representative from each of the participating governments, oversees the operation of the District. The City does not have any financial interest in, or responsibility for, the Health District. The County Commissioners serve as the taxing authority, and the County Auditor and Treasurer serve as fiscal officers.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds:

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

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

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

Debt Service Fund - This fund is used to account for financial resources to be used for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs; and for the payment of interest on general obligation notes payable, as required by Ohio law.

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

CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

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

B. Basis of Presentation - Fund Accounting (Continued)

2. Proprietary Funds:

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that cost (expenses, including depreciation) of providing services to the general public on a continuing basis be recovered or financed primarily through user charges or where it has been decided that a periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

3. Fiduciary Funds:

Trust and Agency Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agency for individuals, private organizations, other governmental units, and/or other funds. These can include Non-expendable Trust Funds, Expendable Trust, and Agency Funds. The City's fiduciary funds include Non-expendable Trust and Agency Funds.

4. Account Groups:

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

General Fixed Assets Account Group - to account for fixed assets other than those accounted for in the proprietary fund.

General long-term Obligation Account Group - to account for all long-term indebtedness of the City that is not a specific liability of the proprietary fund.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local government units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The City applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 to its proprietary activities provided they do not conflict with or contradict GASB pronouncements.

CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

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

1. Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current period or within sixty days thereafter): investment earnings, fines and forfeitures, inheritance taxes collected by the county auditor but not yet distributed, state-levied locally- shared taxes (including motor vehicle license fees and gasoline tax), income taxes withheld by employers, and reimbursements due from federally-funded projects for which corresponding expenditures have been made.

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

Property taxes and special assessments measurable as of December 31, 1999, but not due within the available period are recorded as a receivable and a deferred revenue.

2. Expenditure Recognition

Governmental Fund Type

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

Proprietary Fund Type and Nonexpendable Trust Funds:

The proprietary funds and nonexpendable trust fund are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred, if measurable. Unbilled service charges receivable are recognized as revenue at year-end.

CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Accounting (Continued)

Agency Fund

Agency fund assets and liabilities are recognized on the modified accrual basis of accounting.

B. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year.

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year.

The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and object level. The appropriation ordinance may be amended during the year, as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council. The budget figures, which appear in the statement of budgetary comparisons, represent the final appropriation amounts, including all amendments and modifications.

4. Encumbrances

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

5. Lapsing of Appropriations:

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

C. Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balances on the basis of Generally Accepted Accounting Principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts and disbursements. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- 1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- 2) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- 3) Outstanding year-end encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the governmental funds:

	<u>Excess of Revenues and Other Sources</u> <u>Over (Under) Expenditures and Other Uses</u>		
	<u>General</u> <u>Fund</u>	<u>Special Revenue</u> <u>Fund</u>	<u>Capital Project</u> <u>Fund</u>
GAAP Basis (As reported)	\$ 314,998	\$ 69,535	\$ 1,205
Adjustments:			
Revenue Accruals	(84,062)	27,426	-
Expenditure Accruals	65,349	(47,442)	-
Encumbrances	<u>(23,259)</u>	<u>(419,048)</u>	<u> </u>
Budget Basis	<u>\$ 272,326</u>	<u>\$(369,529)</u>	<u>\$ 1,205</u>

D. Cash and Investments

The provisions of the Ohio Revised Code restrict investment procedures. Cash balances of the City's funds, except cash held by a trustee or fiscal agent, are pooled for investment purposes. During fiscal year 1999, investments were limited to U.S. treasury notes, money market mutual funds, repurchase agreements and non-negotiable certificate of deposit. Except for nonparticipating investments, investments are reported at fair market value which is based on quoted market prices. Nonparticipating investments such as repurchase agreements and certificates of deposit are reported at cost. See Note 3, Equity in Pooled Cash and Investments. For purposes of the combined statement of cash flows, the proprietary fund types' and non-expendable trust fund's portion of pooled cash and cash equivalents is considered a cash equivalent because the City is able to withdraw resources from these funds without prior notice or penalty.

CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Restricted Assets

Restricted assets in the enterprise funds represent cash and cash equivalents set aside for the purpose of future debt payments in satisfaction of bond indenture requirements and for the payment of contractors. Reserved retained earnings reflect the restricted assets funded from enterprise operations.

F. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by its ultimate use. General Fixed Assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds type and capitalized (recorded and accounted for) in the General Fixed Asset Account Group.

Infrastructure fixed assets such as streets, storm sewers and drains, and traffic signals and signs are not capitalized by the City and are not reported as part of the General Fixed Asset Group.

The fixed asset values were initially determined at December 31, 1987 by identifying historical costs when such information was available. In cases where information supporting original costs was not practicably determinable, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at estimated fair value on the date donated. During the initial development of the fixed asset records, it was not practical to determine the source of the fixed asset financing.

Fixed assets utilized in the proprietary funds are capitalized in the respective Enterprise Funds. The valuation bases for the proprietary fund fixed assets are the same as those used for the general fixed assets. Donated fixed assets are capitalized at estimated fair value on the date donated.

The City has elected not to record depreciation in the General Fixed Asset Account Group.

Depreciation for the Proprietary Fund is determined by allocating the cost of fixed assets over the estimated useful lives of the assets on a straight-line basis. The estimated useful lives are as follows:

CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Machinery and Equipment	6 - 30 years
Buildings and Improvements	45 years
Improvements other than Buildings	20 years
Sewer Lines	30 years
Water Lines	30 years

G. Long-term Debt Obligations:

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
Mortgage Revenue Bonds	Sewer and Water
General Obligation Bonds	Water and General
Police Pension Liability	Police Pension
Firemen's Pension Liability	Fire Pension

H. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. The most significant are operating transfers.

I. Compensated Absences

The City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered, the obligation is probable and the amount of the obligations can be reasonably determined. For Governmental Funds, the current portion of unpaid leave is reported as an expenditure in the fund from which the individuals earning the leave are paid, with a corresponding liability reflected in the account "accrued benefits payable". In the proprietary funds, compensated absences are expensed when earned. The entire amount of unpaid compensated absences is reported as a fund liability.

CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Contributed Capital

Contributed capital represents resources from other funds, federal and state grants, other governments, and private sources provided to the City's proprietary funds which are not subject to repayment. Because the City has not prepared its financial statements in accordance with generally accepted accounting principles in previous years the exact amount of contributed capital at December 31, 1999 pertaining to years prior to 1988 cannot be determined. Fund equity amounts pertaining to the proprietary funds are classified as retained earnings in the accompanying financial statements.

K. Intergovernmental Revenues

In governmental funds, grants awarded on a non-reimbursement basis, shared revenues, and entitlements are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursable grants are recorded as intergovernmental receivables and revenues when the related expenditures are made. Grants received for proprietary fund operations are recognized as revenues when measurable and earned. Such resources restricted for the construction of capital assets are recorded as contributed capital.

L. Total Column on Combined Statements

Total columns on the Combined Statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in aggregation of this data.

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS

The City maintains a cash and investment pool used by all funds except the Trustee-held Water and Sewer Funds, and Agency Funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments".

CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

The investment and deposit of City monies are governed by the provisions of the Codified Ordinances of the City and the Ohio Revised Code. In accordance with these provisions, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The provisions also permit the City to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool (STAR OHIO) and obligations of the United States government or certain agencies thereof. The City may also enter into repurchase agreements with any eligible depository for a period not exceeding thirty days.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities the face value of which is at least 110% of the total value of public monies on deposit at the institution.

Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require that security for public deposits and investments are maintained in the name of the City.

Deposits

At year-end, the carrying amount of the City's deposits was \$14,161,806 and the bank balance was \$14,960,929. Of the bank balance:

1. \$600,000 was covered by federal depository insurance, by collateral held by the City, or collateral held by a qualified third party trustee in the name of the City;
2. \$14,360,929 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised code, in collateralized pools securing all public funds on deposit with specific depository institutions.

CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments

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

	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Repurchase Agreement	\$ 591,656	\$ 591,656	\$ 591,656
Money Market Mutual Funds	-	1,256,721	1,256,721
Treasury Note	280,035	280,035	280,035
Total Investments	\$ 871,691	\$ 2,128,412	\$ 2,128,412

The City's investments in mutual funds and deferred compensation are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Cash on Hand

The City's petty cash funds totaled \$1,200 on December 31, 1999.

NOTE 4 - TAXES

Property Taxes

Property Taxes include amounts levied against all real and public utility property, and tangible personal property which is used in business, located in the City. Real property taxes are collected in the year subsequent to the year in which they are levied. Tangible personal property taxes are levied and attached as a lien on January 1 of the current year. Real property taxes are payable annually or semi-annually. The first payment is due December 31, with the remainder payable by June 20. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, the first payment is due April 30 with the remainder payable by September 20.

CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

(Continued)

NOTE 4 - TAXES - (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in Clinton County including the City of Wilmington. The County Auditor periodically remits to the City its portion of taxes collected.

Assessed values are established by the state statutes at 35 percent of appraised market value for real property and 25 percent for tangible personal property. A reappraisal of all property is required to be completed no less than every six years, with triennial updates. The last reappraisal took place in 1999. The assessed value upon which the 1999 levy was based was \$213,912,088. This amount constitutes \$151,894,800 in real property assessed value, \$9,929,590 in public utility assessed value, and \$52,087,698 in tangible personal property assessed value. The tax rate applicable to 1998 was \$7.35 per \$1000 of assessed valuation.

Income Taxes

The City increased its municipal income tax from .8 percent to 1.0 percent effective January 1, 1991. The tax is levied on all salaries, wages, commissions and other compensation, and net profits earned within the City, as well as incomes of residents earned outside of the City. In the later case, the City allows a credit of 100% of the tax to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee 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. The General Fund receives all income tax proceeds.

NOTE 5 - FIXED ASSETS

A summary of general fixed assets at December 31, 1999 is as follows:

	<u>Balances</u> <u>12/31/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/99</u>
GENERAL FIXED ASSETS:				
Land and Buildings	\$5,252,089	\$ 263,469	\$ -	\$5,515,558
Improvements other than buildings	277,826	-	-	277,826
Machinery and Equipment	1,673,783	408,763	-	2,082,546
Office Furniture and fixtures	139,288	3,197	-	142,485
Vehicles	<u>1,796,738</u>	<u>105,403</u>	-	<u>1,902,141</u>
Total	<u>\$9,139,724</u>	<u>\$ 780,832</u>	<u>\$ -</u>	<u>\$9,920,556</u>
ENTERPRISE FIXED ASSETS:				
Construction in Progress	\$3,957,809	\$7,637,087	\$ -	\$11,594,896
Land and Buildings	10,424,737	-	-	10,424,737
Improvements other than buildings	19,635,586	-	237,591	19,397,995
Machinery and Equipment	3,023,665	89,413	-	3,113,078
Office Furniture and Fixtures	44,825	1,475	-	46,300
Vehicles	<u>676,557</u>	-	-	<u>676,557</u>
Total	<u>\$37,763,179</u>	<u>\$7,727,975</u>	<u>\$ 237,591</u>	<u>\$45,253,563</u>

CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(continued)

NOTE 6 - PENSIONS

Public Employees Retirement System

Full-time permanent employees of the City, except non-administrative full-time uniformed police officers and full-time firefighters, are eligible to participate in the Public Employees Retirement System of Ohio ("System"), a multiple employer public employee retirement system. Contributions to this plan are based on a percentage of employees salaries, calculated annually by the plan's actuaries. The payroll for employees covered by the System for the year ended December 31, 1999, was \$3,626,797.80; the City's total payroll was \$5,169,301.12.

All City employees, except the firemen and police personnel, are eligible to participate in the System. Employees may retire at or after age 60 with 5 years of credited service. They are entitled to a retirement benefit payable monthly for life, equal to 2.1% of their final average salary for each year of credited service. Final average salary is the employee's average salary over the highest 3 years of earning. Benefits fully vest upon reaching 5 years of service. Employees may retire at any age with 30 years of service, at age 60 with a minimum of 5 years of credited service and at age 55 with a minimum of 25-year service. Those individuals retiring with less than 30 years of service or less than age 65 receive reduced retirement benefits. Benefits are established by state statute.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate was 8.5%. The 1999 employer contribution rate was 13.55% of which 8.44% was used to fund pension obligations. The difference between the total employer rate and the portion used to fund pension obligations is the amount used to fund health care programs. The retirement contribution requirement for the year ended December 31, 1999, was \$811,346.74 which consisted of \$308,277.77 from employees and \$503,068.97 from the City; these contributions represented 8.5% and 13.55% of covered payroll respectively.

The "Pension Benefit Obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future, as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the system's funding status on a going-concern basis, assess progress made in the accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The system does not make separate measurements of assets and pension benefits obligation for individual employers. The pension benefit obligation at December 31, 1999 for the System as a whole, determined through an actuarial valuation performed as of that date was \$57,945 million.

CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(continued)

NOTE 6 - PENSIONS (continued)

The System's net assets available for benefits on that date was \$46,782 million leaving an unfunded pension benefit obligation of \$646 million. The System does not hold any securities in the form of notes, bonds or other instruments (including loans to the employer) issued by the entities contributing to the System. Historical trend information showing the System's progress in accumulating sufficient assets to pay benefit when due is presented in the System's December 31, 1999 Comprehensive Annual Financial Report.

Police and Firemen's Disability and Pension Fund

All non-administrative full-time police officers and firemen participate in the Police and Firemen's Disability and Pension Fund of Ohio (System), a multiple-employer cost-sharing public employees retirement system operated by the State of Ohio. Contributions to these plans are based on a percentage of employee's salaries, calculated annually by the plans' actuaries. The payroll for employees covered by the system for the year ended December 31, 1999, was \$1,371,186.33 and the City's total payroll was \$5,169,301.12.

The System operates under the authority of the Ohio Revised Code. The System provides pension, disability, and health care to qualified police and firemen and survivor and death benefits to qualified spouses, children and dependent parents, when due. Members become partially vested after 15 years of service and fully vested after 25 years of service. Members are eligible for normal retirement benefits at age 48 with 25 years of service credit or at age 62 with 15 years of service credit. The normal retirement benefit is equal to 2.5% of annual earnings for each of the first 20 years of service, 2.0% of each of the next 5 years of service and 1.5% for each year of service thereafter. However, this normal retirement benefit is not to exceed 72% of the member's average annual earnings for the 3 years during which the total earnings were greatest. Early retirement with reduced benefits is available upon reaching age 48 with 15 years of service credit or 25 years from the date the member became a qualified employee.

CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(continued)

NOTE 6 - PENSIONS (continued)

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

The Ohio Revised Code provides statutory authority of employee and employer contributions. Contribution rates as a percentage of covered payrolls established for the year ended December 31, 1994 were as follows:

	<u>Determined by Statute</u>		<u>Actuarially Determined</u>	
	<u>Police</u>	<u>Firemen</u>	<u>Police</u>	<u>Firemen</u>
Employee Contribution Rate	10.0%	10.0%	n/a	n/a
Employer Contribution Rate	<u>19.5%</u>	<u>24.0%</u>	—	—
Less portion to fund health care (Actuarially determined)	<u>(5.89)</u>	<u>(5.89)</u>	<u>(5.89)</u>	<u>(5.89)</u>
Contribution rate to fund pension obligations	<u>23.61%</u>	<u>28.11%</u>	<u>26.66%</u>	<u>25.63%</u>

The pension contribution requirement determined by statute for the year ended December 31, 1999, was \$397,644.03 which consisted of \$130,262.70 from employees and \$267,381.33 from the City; these contributions represent 9.5% and 19.5% of covered payroll respectively.

The "Pension Benefit Obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future, as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the system's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among Police and Firemen's Disability Pension Fund and employers. The System does not make separate measurements of assets and pension benefits obligation for individual employers. The System's unfunded pension benefit obligation as of January 1, 1993 was \$840,184. The pension benefit obligation at January 1, 1993, for the system as a whole, determined through an actuarial valuation performed, as of that date, was \$5,132 million. The system's net assets on that date were \$3,924 million.

The System does not hold any securities in the form of notes, bonds or other instruments (including loans to the employer) issued by the entities contributing to the System. Historical trend information showing the System's progress in accumulating sufficient assets to pay benefit when due is presented in the system's December 31, 1994, Comprehensive Annual Financial Report.

CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

NOTE 6 - PENSIONS (continued)

In addition to the current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firemen in 1967. As of December 31, 1999, the unfunded liability was \$117,527 payable in semi-annual payments through the year 2035. This is an accounting liability of the City, which will not vary. The liability is reported in the General Long-Term Obligations Account Group.

NOTE 7 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Each full-time employee is entitled, for each completed 80 hours of service, to four and six-tenths hours of sick leave. Fire personnel earn 6.4 hours of sick leave bi-weekly. Part-time employees accrue sick leave on a proportional basis to the hours paid each pay period. Sick leave accruals may be increased by no more than 15 days a year to a maximum of 1200 hours in "Sick Leave Bank II".

Upon qualifying for eligibility to receive retirement benefits, each full-time City employee shall be entitled to receive payment for sick leave accumulated in the amount to three-fourths the number of hours of such accumulated sick leave in "Sick Leave Bank I" and one-fourth the number of hours of such person's daily pay on the date of retirement. At December 31, 1999, the estimated total absences payable of the City was \$503,644.

Vacation leave is granted in varying amounts, depending upon years of service and must be used within the year it is granted.

NOTE 8 - LONG-TERM OBLIGATION

Long term obligations of the City as of December 31, 1999 are as follows:

	<u>Outstanding</u> <u>01/01/99</u>	<u>Additions</u> <u>(Reductions)</u>	<u>Outstanding</u> <u>12/31/99</u>
<u>ENTERPRISE FUNDS</u>			
<u>GENERAL OBLIGATION BONDS:</u>			
1983 9.5% Waterworks	\$ 300,000	\$ (30,000)	\$ 270,000
<u>MORTGAGE REVENUE BONDS:</u>			
1996 3.3% to 5.3% Sewer	3,440,000	(110,000)	\$3,330,000
1998 4.35% to 5.25% Waterworks	9,995,000	-0-	9,995,000
1996 3.9% to 6.0% Waterworks	<u>6,500,000</u>	<u>(150,000)</u>	<u>6,350,000</u>
TOTAL ENTERPRISE	20,235,000	(290,000)	19,945,000

CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

NOTE 8 - LONG TERM OBLIGATIONS (continued)

OTHER GENERAL OBLIGATION DEBT:

1992 5.10% to 6.05% Municipal Bdg	3,425,000	(105,000)	3,320,000
Compensated Absences	521,429	(199,425)	322,004
Police and Fire Pension	<u>118,933</u>	<u>(1,406)</u>	<u>117,527</u>
TOTALS	<u>\$24,300,362</u>	<u>\$ (595,831)</u>	<u>\$23,704,531</u>

Outstanding general obligation bonds consist of waterworks improvement issues. General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the government. It is the City's intent, however, to continue to use revenue from the Enterprise Fund to pay its debt.

Mortgage revenue bonds are for waterworks improvement and sewer bond refunding. Property and revenue of the City's utility system have been pledged to repay these debts.

Police and Fire Pension obligations are being met from non-voted property taxes.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 1999, including interest payments of \$21,188,002 are as follows:

	<u>General Obligation Bonds</u>	<u>Mortgage Revenue Bonds</u>	<u>Police and Fire Pension</u>
2000	\$ 361,368	\$1,309,125	\$ 6,445
2001	357,855	1,306,885	6,445
2002	353,965	1,303,904	6,445
2003	354,688	1,300,165	6,445
2004	349,800	1,398,364	6,445
2005-2009	1,678,938	6,973,729	32,225
2010-2014	1,538,145	6,961,385	32,225
2015-2019	921,336	6,686,780	32,225
2020-2035	-	11,185,430	99,597
Totals	<u>\$5,916,095</u>	<u>\$38,425,767</u>	<u>\$228,497</u>

CITY OF WILMINGTON, OHIO
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

NOTE 8 - LONG TERM OBLIGATIONS (continued)

The Enterprise Funds' related bond indentures have certain restrictive covenants and principally require that bond reserve funds be maintained and charges for fees to customers be in sufficient amounts, as defined, to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal, and maintenance of properties in good condition.

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's long-term debt obligations. As of December 31, 1999, the amount of defeased debt outstanding amounted to \$ 875,000.

NOTE 9 - SEGMENT INFORMATION

The City's enterprise funds account for the provision of water, sewer and sanitation services. Key financial information for the year ended December 31, 1999, for each enterprise fund is as follows:

CITY OF WILMINGTON
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

NOTE 9 - SEGMENT INFORMATION

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Waste Fund</u>	<u>Total</u>
Operating revenues	\$ 2,604,499	\$ 1,603,167	\$ 1,669,583	\$ 5,877,249
Operating expenses before depreciation and amortization	1,540,707	1,138,633	962,797	3,642,137
Depreciation and Amortization	<u>512,501</u>	<u>317,651</u>	<u>114,487</u>	<u>944,639</u>
Operating income	551,291	(146,883)	592,299	1,290,473
Net non-operating revenue(expense)	<u>(528,723)</u>	<u>(54,793)</u>	<u>(3,034)</u>	<u>(586,550)</u>
Net Income	<u>\$ 22,568</u>	<u>\$ 92,090</u>	<u>\$ 589,265</u>	<u>\$ 703,923</u>
Additions to Property, Plant and Equipment	<u>\$ 6,602,913</u>	<u>\$ 286,789</u>	<u>\$ 838,273</u>	<u>\$ 7,727,975</u>
Net working capital	<u>\$ 5,555,754</u>	<u>\$ 3,331,666</u>	<u>\$ 695,039</u>	<u>\$ 9,582,459</u>
Total Assets	<u>\$ 27,971,947</u>	<u>\$ 11,930,846</u>	<u>\$ 5,005,044</u>	<u>\$ 44,907,837</u>
Bonds and other long-term liabilities:				
Compensated Absences	\$ 49,279	\$ 47,591	\$ 55,065	\$ 151,935
Mortgage/Revenue Bonds	16,345,000	3,330,000	-	19,675,000
General obligation Bonds	<u>270,000</u>	<u>-</u>	<u>1,750,000</u>	<u>2,020,000</u>
Total Bonds/long-term liabilities	<u>\$ 16,664,279</u>	<u>\$ 3,377,591</u>	<u>\$ 1,805,065</u>	<u>\$ 21,846,935</u>
Total Equity	<u>\$ 11,683,583</u>	<u>\$ 8,816,307</u>	<u>\$ 1,705,298</u>	<u>\$ 22,205,188</u>

CITY OF WILMINGTON
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

NOTE 10 - CONTRIBUTED CAPITAL

The following is a summary of contributed capital for the year ended December 31, 1999:

<u>Source</u>	<u>Water Fund</u>	<u>Sanitary Sewer Fund</u>	<u>Total</u>
Contributed Capital Jan. 1	\$ 5,319,201	\$ 3,993,683	\$ 9,312,884
EDA Grant	-	-	
Depreciation on Contributed Capital Assets	(123,350)	(130,190)	(253,540)
Contributed Capital Dec. 31	<u>\$ 5,195,851</u>	<u>\$ 3,863,493</u>	<u>\$ 9,059,344</u>

NOTE 11 - PUBLIC ENTITY RISK POOL

The City is a member of a public entity risk pool, Miami Valley Risk Management Association, Inc. (MVRMA) with seventeen other local cities. This pool covers all property, crime, liability, boiler and machinery and public official liability up to the limits stated below. It is intended to provide broad-based coverage up to the limits stated below, with increased emphasis on safety and loss prevention. MVRMA is a corporation governed by a sixteen-member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. The board is responsible for its own financial matters and the corporation maintains its own book of accounts. Budgeting and financing of MVRMA is subject to the approval of the board. As of December 31, 1999 the participant cities and their percentage shares based on the pool contribution factor are: Beavercreek 8.70%, Blue Ash 6.87%, Indian Hill 2.87%, Kettering 16.18%, Madeira 1.68%, Mason 4.47%, Miamisburg 12.73%, Montgomery 3.97%, Sidney 10.21%, Springdale 5.42%, Tipp City 2.60%, Troy 8.03%, Vandalia 5.31%, West Carrollton 4.45%, Wilmington 4.34% and Wyoming 2.15%.

Insurance coverage is as follows: General Liability -
 \$10,500,000 per occurrence
 Property - Blanket
 Limit - \$437,305,462
 Automobile liability - \$10,500,000 per
 occurrence
 Boiler/Machinery - Blanket
 Limit - \$437,305,462
 Public Officials Liability - \$1,500,000 per
 occurrence/\$10,000,000 aggregate
 Flood/Earthquake - \$100,000,000 annual aggregate

CITY OF WILMINGTON
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

NOTE 11 - PUBLIC ENTITY RISK POOL(continued)

The deductible per occurrence for all types is \$2,500. Pool coverage is \$2,501-\$250,000. Excess insurance coverage is \$250,001 to the limits stated above.

NOTE 12 - LANDFILL CLOSURE AND POST-CLOSURE CARE COST

State and federal laws and regulations require that the City place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City is required by generally accepted accounting principles to report a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The City is required by state and federal laws and regulations to provide financial assurance to finance closure and post-closure care. The City is in compliance with these requirements as of April 1, 1998. The \$1,416,125 reported as landfill closure and post-closure care liability at December 31, 1999, represents the cumulative amount reported to date based on the use of 79.99% of the estimated capacity of the landfill.

The sum of current final closure, post-closure and/or corrective measures cost estimates is \$1,770,377. The Ohio Environmental Protection Agency has established certain rules applicable to the City, requiring that the permittee of a Solid Waste Disposal Facility provide that funds will be available when needed for final closure and/or post-closure care of the facility. The City has elected to provide a letter from the Chief Financial Officer, as specified in paragraph (F) of Rule 3745-27-15 or in paragraph (F) of Rule 3745-27-16 of the Ohio Administrative Code as the mechanism to demonstrate the City's Financial Assurance as specified in Chapter 3745-27 of the Ohio Administrative Code.

NOTE 13 - CONTINGENT LIABILITIES

The City of Wilmington is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, council believes that the resolution of these matters will not materially adversely affect the City's financial condition.

CITY OF WILMINGTON
CLINTON COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

NOTE 14 - SHORT-TERM DEBT

The City issued a \$1,750,000 Landfill Improvement Bond Anticipation Note, 1999 Series on September 15, 1999. The note bears interest at 4.09% and is due on September 14, 2000.

NOTE 15 - RESTATEMENT OF FUND BALANCES

The City has restated the following beginning fund balances to reflect corrections of prior year petty cash fund balances:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>
Beginning fund balance, as originally reported	\$2,716,734	\$2,530,351	\$12,188,331
Increase (decrease)	<u>(50)</u>	<u>100</u>	<u>50</u>
Beginning fund balance, as restated	<u>\$2,716,684</u>	<u>\$2,530,451</u>	<u>\$12,188,381</u>

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CITY OF WILMINGTON
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Program Number	<u>Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Department of Development</i>			
Community Development Block Grant	14.228	AF-97-201-1	\$19,971
Small Cities Emergency Shelter Grant	14.231	AL-98-201-1	53,800
Small Cities Emergency Shelter Grant	14.231	AL-99-201-1	<u>15,112</u>
Total Small Cities Emergency Shelter Grant			68,912
Total U.S. Department of Housing and Urban Development			<u>88,883</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Urban Mass Transit Capital & Operating Asst. Grant	20.509	RPT-4014-016-981	19,266
Urban Mass Transit Capital & Operating Asst. Grant	20.509	RPT-4014-018-991	210,236
Urban Mass Transit Capital & Operating Asst. Grant	20.509	RPT-4014-018-992	<u>40,803</u>
Total U.S. Department of Transportation			<u>270,305</u>
Totals			<u><u>\$359,188</u></u>

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures is a summary of the activity of the City's federal award programs.

The Schedule has been prepared on the cash basis of accounting.

The City of Wilmington administers a loan program with funds provided by the U.S. Department of Housing and Urban Development, through the Ohio Department of Development under the Urban Development Action Grant (UDAG) Program. The purpose of this program is to stimulate economic activity that will strengthen the economics, employment, and tax base in the City. As of December 31, 1999, the total amount of loans outstanding was \$ 503,214.

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

City of Wilmington
Clinton County
69 N. South Street
Wilmington, OH 45177

To the City Council:

We have audited the financial statements of the City of Wilmington, Clinton County, Ohio (the City), as of and for the year ended December 31, 1999, and have issued our report thereon dated August 23, 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 other immaterial instances of noncompliance that we have reported to the management of the City in a separate letter dated August 23, 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 the management of the City in a separate letter dated August 23, 2000.

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

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

August 23, 2000



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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 Wilmington
Clinton County
69 N. South Street
Wilmington, OH 45177

To the City Council:

Compliance

We have audited the compliance of the City of Wilmington, Clinton 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 of Wilmington 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.

City of Wilmington
Clinton County
Report of Independent Accountants on Compliance With Requirements
Applicable to Each Major Federal Program and Internal Control Over
Compliance in Accordance With OMB Circular A-133
Page 2

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

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

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

Jim Petro
Auditor of State

August 23, 2000

**CITY OF WILMINGTON
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 control weakness 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):	Mass Transit CFDA# 20.509
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes



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CITY OF WILMINGTON

CLINTON 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
SEPTEMBER 5, 2000