

**CITY OF DELPHOS
ALLEN COUNTY, OHIO**

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 1999

Charles E. Harris & Associates, Inc.
Certified Public Accountants



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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The Honorable Mayor and City Council
City of Delphos
608 N. Canal Street
Delphos, Ohio 45833

We have reviewed the Independent Auditor's Report of the City of Delphos, Allen County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

October 18, 2001

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CITY OF DELPHOS
ALLEN COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 1999

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

The Honorable Mayor and City Council
City of Delphos
Delphos, Ohio

We have audited the accompanying general purpose financial statements of City of Delphos, 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 financial statements based on our audit.

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

The City does not maintain adequate records for their fixed assets. We were unable to obtain sufficient information supporting the amounts reported as fixed assets on the accompanying combined balance sheets of the Enterprise Fund Type (stated at \$10,870,584) and the General Fixed Assets Account Group (stated at \$1,548,623) and related depreciation (stated at \$421,620) because of the inadequacies in the City's records. In addition, management has not properly identified the amount of contributed capital in the Enterprise Funds, Proprietary Fund Type, (stated at \$448,316). It was not practical to determine the adjustments, if any, that would be necessary to value these assets in conformity with accounting principles generally accepted in the United States of America.

In our opinion, except for the effects, if any, of not providing sufficient information supporting amounts reported as fixed assets and depreciation expense, and the effects, if any, of not determining the amount of contributed capital to be recorded, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City 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 accounting principles generally accepted in the United States of America.

As described in Note 3 to the financial statements, the City changed its method of accounting for investments.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 23, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Charles E. Harris & Associates, Inc.
August 23, 2001

City of Delphos, Allen & Van Wert Counties

All Fund Types and Account Groups
As of December 31, 1999

	<u>Governmental Fund Types</u>			<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-term Obligations</u>	<u>Total Memorandum Only</u>
<u>Assets and Other Debits</u>									
<u>Assets</u>									
Equity in Pooled Cash	\$733,245	\$249,545	\$94,941	\$1,358,317	\$103,742	\$217,264	\$0	\$0	\$2,757,054
Cash in Segregated Agent	\$0	\$0	\$0	\$0	\$10,000	\$170	\$0	\$0	\$10,170
Receivables									
Taxes	\$593,628	\$46,488	\$0	\$0	\$0	\$107,394	\$0	\$0	\$747,510
Accounts	\$80,807	\$0	\$0	\$698,237	\$0	\$0	\$0	\$0	\$779,044
Accrued Interest	\$5,080	\$207	\$0	\$2,699	\$0	\$0	\$0	\$0	\$7,986
Intergovernmental	\$55,819	\$16,555	\$0	\$0	\$0	\$0	\$0	\$0	\$72,374
Interfund	\$0	\$0	\$0	\$375,000	\$0	\$0	\$0	\$0	\$375,000
Prepaid Items	\$15,427	\$1,522	\$0	\$17,497	\$0	\$1,505	\$0	\$0	\$35,951
Supplies Inventory	\$441	\$4,285	\$0	\$14,368	\$0	\$0	\$0	\$0	\$19,094
Fixed Assets (Net Where Applicable of Accumulated Depreciation	\$0	\$0	\$0	\$10,870,584	\$0	\$0	\$1,548,623	\$0	\$12,419,207
Construction in Progress	\$0	\$0	\$0	\$45,462	\$0	\$0	\$432,283	\$0	\$477,745
<u>Other Debits</u>									
Amount to be Provided for Retirement of General Long Term Obligations	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$211,403</u>	<u>\$211,403</u>
Total Assets	<u>\$1,484,447</u>	<u>\$318,602</u>	<u>\$94,941</u>	<u>\$13,382,164</u>	<u>\$113,742</u>	<u>\$326,333</u>	<u>\$1,980,906</u>	<u>\$211,403</u>	<u>\$17,912,538</u>

See Notes to the General Purpose Financial Statements.

City of Delphos, Allen & Van Wert Counties

All Fund Types and Account Groups
As of December 31, 1999

	<u>Governmental Fund Types</u>			<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Total Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-term Obligations</u>	
<u>Liabilities</u>									
Accounts Payable	\$16,911	\$3,161	\$0	\$108,589	\$0	\$0	\$0	\$0	\$128,661
Interfund payable	\$0	\$0	\$375,000	\$0	\$0	\$0	\$0	\$0	\$375,000
Accrued Wages	\$24,350	\$2,254	\$0	\$8,870	\$0	\$551	\$0	\$0	\$36,025
Contracts Payable	\$0	\$0	\$64,257	\$0	\$0	\$0	\$0	\$0	\$64,257
Accrued Interest Payable	\$0	\$0	\$0	\$25,279	\$0	\$0	\$0	\$0	\$25,279
Intergovernmental Payable	\$11,608	\$1,612	\$0	\$9,820	\$0	\$1,370	\$0	\$0	\$24,410
Pension Obligation Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$64,779	\$64,779
Compensated Absences Payable	\$4,169	\$1,199	\$0	\$70,195	\$0	\$0	\$0	\$146,624	\$222,187
Deferred Revenue	\$391,929	\$46,488	\$0	\$0	\$0	\$0	\$0	\$0	\$438,417
Undistributed Monies	\$0	\$0	\$0	\$0	\$0	\$27,691	\$0	\$0	\$27,691
Bonds Payable	\$0	\$0	\$0	\$3,485,000	\$0	\$0	\$0	\$0	\$3,485,000
OWDA Loan Payable, net	\$0	\$0	\$0	\$5,337,886	\$0	\$0	\$0	\$0	\$5,337,886
Claims Payable	\$0	\$0	\$0	\$0	\$43,259	\$0	\$0	\$0	\$43,259
OPWC Payable - Elev Tank	\$0	\$0	\$0	\$153,868	\$0	\$0	\$0	\$0	\$153,868
OPWC Payable - Standpipe	\$0	\$0	\$0	\$64,380	\$0	\$0	\$0	\$0	\$64,380
Capital Lease Payable	\$0	\$0	\$0	\$123,330	\$0	\$0	\$0	\$0	\$123,330
Total Liabilities	\$448,967	\$54,714	\$439,257	\$9,387,217	\$43,259	\$29,612	\$0	\$211,403	\$10,614,429
<u>Fund Equity and Other Credits</u>									
Investment in General Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$1,980,906	\$0	\$1,980,906
Contributed Capital	\$0	\$0	\$0	\$448,316	\$0	\$0	\$0	\$0	\$448,316
Retained Earnings:									
Unreserved	\$0	\$0	\$0	\$3,546,631	\$70,483	\$0	\$0	\$0	\$3,617,114
Fund Balance:									
Reserved for Encumbrances	\$6,300	\$6,464	\$0	\$0	\$0	\$125	\$0	\$0	\$12,889
Reserved for Inventory	\$441	\$4,285	\$0	\$0	\$0	\$0	\$0	\$0	\$4,726
Reserved for Prepaid Items	\$15,427	\$1,522	\$0	\$0	\$0	\$1,505	\$0	\$0	\$18,454
Unreserved	\$1,013,312	\$251,617	(\$344,316)	\$0	\$0	\$295,091	\$0	\$0	\$1,215,704
Total Fund Equity	\$1,035,480	\$263,888	(\$344,316)	\$3,994,947	\$70,483	\$296,721	\$1,980,906	\$0	\$7,298,109
Total Liabilities & Fund Equity	\$1,484,447	\$318,602	\$94,941	\$13,382,164	\$113,742	\$326,333	\$1,980,906	\$211,403	\$17,912,538

See Notes to the General Purpose Financial Statements.

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City of Delphos, Allen & Van Wert Counties
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances -
 All Governmental Fund Types and Expendable Trust Fund
 For the Fiscal Year Ended December 31, 1999

	<u>Governmental Fund Types</u>			<u>Fiduciary</u> <u>Fund Types</u>	<u>Total</u> <u>Memorandum</u> <u>Only</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Capital</u> <u>Projects</u>	<u>Expendable</u> <u>Trust</u>	
<u>Revenues</u>					
Taxes	\$1,633,526	\$43,542	\$0	\$650,176	\$2,327,244
Intergovernmental	\$442,025	\$244,157	\$154,500	\$0	\$840,682
Charges for Services	\$224,791	\$0	\$50,000	\$0	\$274,791
Fines, Licenses & Permits	\$42,332	\$1,302	\$0	\$0	\$43,634
Interest	\$78,229	\$3,210	\$0	\$0	\$81,439
Other	\$142,485	\$16,293	\$0	\$20	\$158,798
Total Revenues	\$2,563,388	\$308,504	\$204,500	\$650,196	\$3,726,588
<u>Expenditures</u>					
Security of Persons/ Property	\$1,469,414	\$105,164	\$0	\$0	\$1,574,578
Public Health Services	\$47,290	\$0	\$0	\$0	\$47,290
Leisure Time Activities	\$531,009	\$0	\$0	\$0	\$531,009
Basic Utility Services	\$0	\$0	\$467,783	\$0	\$467,783
Transportation	\$0	\$355,257	\$105,342	\$0	\$460,599
General Government	\$354,649	\$1,010	\$0	\$108,358	\$464,017
Total Expenditures	\$2,402,362	\$461,431	\$573,125	\$108,358	\$3,545,276
Excess of Revenues Over/ (Under) Expenditures	\$161,026	(\$152,927)	(\$368,625)	\$541,838	\$181,312
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$0	\$139,000	\$0	\$0	\$139,000
Transfers Out	(\$139,000)	\$0	\$0	(\$466,000)	(\$605,000)
Total Other Financing Sources (Uses)	(\$139,000)	\$139,000	\$0	(\$466,000)	(\$466,000)
Excess of Revenue & Other Financing Sources over/(under) Expenditures and Other Uses	\$22,026	(\$13,927)	(\$368,625)	\$75,838	(\$284,688)
Fund Balance January 1, 1999	\$1,013,205	\$278,494	\$24,309	\$220,883	\$1,536,891
Increase/(Decrease) in Reserved for Inventory	\$249	(\$679)	\$0	\$0	(\$430)
Fund Balance December 31, 1999	\$1,035,480	\$263,888	(\$344,316)	\$296,721	\$1,251,773

See Notes to the General Purpose Financial Statements.

City of Delphos, Allen & Van Wert Counties
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances -
 All Governmental Fund Types and Expendable Trust Fund
 For the Fiscal Year Ended December 31, 1999

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>						
Taxes	\$1,788,067	\$1,668,168	(\$119,899)	\$13,576	\$8,061	(\$5,515)
Intergovernmental	\$433,261	\$404,209	(\$29,052)	\$471,854	\$280,176	(\$191,678)
Charges for Services	\$207,688	\$193,761	(\$13,927)	\$0	\$0	\$0
Fines, Licenses & Permits	\$45,262	\$42,227	(\$3,035)	\$2,193	\$1,302	(\$891)
Interest	\$80,491	\$75,094	(\$5,397)	\$5,057	\$3,003	(\$2,054)
Other	\$152,726	\$142,485	(\$10,241)	\$27,440	\$16,293	(\$11,147)
Total Revenues	\$2,707,495	\$2,525,944	(\$181,551)	\$520,120	\$308,835	(\$211,285)
<u>Expenditures</u>						
Security of Persons/ Property	\$1,841,478	\$1,476,993	\$364,485	\$351,800	\$146,570	\$205,230
Public Health Services	\$29,480	\$23,645	\$5,835	\$0	\$0	\$0
Leisure Time Activities	\$671,479	\$538,573	\$132,906	\$0	\$0	\$0
Basic Utility Services	\$0	\$0	\$0	\$0	\$0	\$0
Transportation	\$0	\$0	\$0	\$473,060	\$367,341	\$105,719
General Government	\$481,962	\$386,567	\$95,395	\$9,927	\$5,510	\$4,417
Total Expenditures	\$3,024,399	\$2,425,778	\$598,621	\$834,787	\$519,421	\$315,366
Excess of Revenues Over/ (Under) Expenditures	(\$316,904)	\$100,166	\$417,070	(\$314,667)	(\$210,586)	\$104,081
<u>Other Financing Sources (Uses)</u>						
Advance In	\$0	\$0	\$0	\$0	\$0	\$0
Transfers In	\$0	\$0	\$0	\$95,000	\$139,000	\$44,000
Transfers Out	(\$139,000)	(\$139,000)	\$0	\$0	\$0	\$0
Total Other Financing Sources (Uses)	(\$139,000)	(\$139,000)	\$0	\$95,000	\$139,000	\$44,000
Excess of Revenue & Other Financing Sources over/(under) Expenditures and Other Uses	(\$455,904)	(\$38,834)	\$417,070	(\$219,667)	(\$71,586)	\$148,081
Fund Balance (Deficit) at Beginning of Year	\$630,504	\$630,504	\$0	\$312,680	\$312,680	\$0
Prior Year Encumbrances Appropriated	\$135,275	\$135,275	\$0	\$1,987	\$1,987	\$0
Fund Balance (Deficit) at End of Year	\$309,875	\$726,945	\$417,070	\$95,000	\$243,081	\$148,081

See Notes to the General Purpose Financial Statements.

<u>Capital Projects Funds</u>			<u>Income Tax Only Expendable Trust</u>			<u>Totals - Memorandum Only</u>		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$0	\$0	\$0	\$651,189	\$646,556	(\$4,633)	\$2,452,832	\$2,322,785	(\$130,047)
\$795,691	\$154,500	(\$641,191)	\$0	\$0	\$0	\$1,700,806	\$838,885	(\$861,921)
\$50,000	\$50,000	\$0	\$0	\$0	\$0	\$257,688	\$243,761	(\$13,927)
\$0	\$0	\$0	\$0	\$0	\$0	\$47,455	\$43,529	(\$3,926)
\$0	\$0	\$0	\$0	\$0	\$0	\$85,548	\$78,097	(\$7,451)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$20</u>	<u>\$20</u>	<u>\$180,166</u>	<u>\$158,798</u>	<u>(\$21,368)</u>
\$845,691	\$204,500	(\$641,191)	\$651,189	\$646,576	(\$4,613)	\$4,724,495	\$3,685,855	(\$1,038,640)
\$0	\$0	\$0	\$0	\$0	\$0	\$2,193,278	\$1,623,563	\$569,715
\$0	\$0	\$0	\$0	\$0	\$0	\$29,480	\$23,645	\$5,835
\$0	\$0	\$0	\$0	\$0	\$0	\$671,479	\$538,573	\$132,906
\$440,000	\$432,283	\$7,717	\$0	\$0	\$0	\$440,000	\$432,283	\$7,717
\$190,000	\$140,842	\$49,158	\$0	\$0	\$0	\$663,060	\$508,183	\$154,877
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$370,386</u>	<u>\$110,225</u>	<u>\$260,161</u>	<u>\$862,275</u>	<u>\$502,302</u>	<u>\$359,973</u>
<u>\$630,000</u>	<u>\$573,125</u>	<u>\$56,875</u>	<u>\$370,386</u>	<u>\$110,225</u>	<u>\$260,161</u>	<u>\$4,859,572</u>	<u>\$3,628,549</u>	<u>\$1,231,023</u>
\$215,691	(\$368,625)	(\$584,316)	\$280,803	\$536,351	\$255,548	(\$135,077)	\$57,306	\$192,383
\$0	\$375,000	\$375,000	\$0	\$0	\$0	\$0	\$375,000	\$375,000
\$0	\$0	\$0	\$0	\$0	\$0	\$95,000	\$139,000	\$44,000
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$400,000)</u>	<u>(\$466,000)</u>	<u>(\$66,000)</u>	<u>(\$539,000)</u>	<u>(\$605,000)</u>	<u>(\$66,000)</u>
<u>\$0</u>	<u>\$375,000</u>	<u>\$375,000</u>	<u>(\$400,000)</u>	<u>(\$466,000)</u>	<u>(\$66,000)</u>	<u>(\$444,000)</u>	<u>(\$91,000)</u>	<u>\$353,000</u>
\$215,691	\$6,375	(\$209,316)	(\$119,197)	\$70,351	\$189,548	(\$579,077)	(\$33,694)	\$545,383
\$24,309	\$24,309	\$0	\$118,812	\$118,812	\$0	\$1,086,305	\$1,086,305	\$0
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$385</u>	<u>\$385</u>	<u>\$0</u>	<u>\$137,647</u>	<u>\$137,647</u>	<u>\$0</u>
<u>\$240,000</u>	<u>\$30,684</u>	<u>(\$209,316)</u>	<u>\$0</u>	<u>\$189,548</u>	<u>\$189,548</u>	<u>\$644,875</u>	<u>\$1,190,258</u>	<u>\$545,383</u>

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City of Delphos, Allen & Van Wert Counties
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances -
 All Proprietary Fund Types
 For the Fiscal Year Ended December 31, 1999

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total Memorandum Only</u>
<u>Operating Revenues</u>			
Charges for Services	\$2,353,577	\$180,284	\$2,533,861
<u>Operating Expenses:</u>			
Personal Services	\$584,739	\$0	\$584,739
Travel/Transportation	\$4,723	\$0	\$4,723
Contractual Services	\$973,204	\$1,750	\$974,954
Materials and Supplies	\$249,297	\$15	\$249,312
Claims Expense	\$0	\$194,464	\$194,464
Depreciation	<u>\$421,620</u>	<u>\$0</u>	<u>\$421,620</u>
Total Operating Expenses	<u>\$2,233,583</u>	<u>\$196,229</u>	<u>\$2,429,812</u>
Operating Income (Loss)	\$119,994	(\$15,945)	\$104,049
<u>Non-Operating Revenues (Expenses):</u>			
Interest Revenue	\$82,536	\$0	\$82,536
Other Non-operating Revenue	\$5,394	\$0	\$5,394
Debt Service/Interest and Fiscal Charges	<u>(\$543,293)</u>	<u>\$0</u>	<u>(\$543,293)</u>
Total Non-operating Revenues (Expenses)	<u>(\$455,363)</u>	<u>\$0</u>	<u>(\$455,363)</u>
Income (Loss) before operating transfers	(\$335,369)	(\$15,945)	(\$351,314)
Operating Transfers-in	<u>\$466,000</u>	<u>\$0</u>	<u>\$466,000</u>
Net Income (Loss)	\$130,631	(\$15,945)	\$114,686
Retained Earnings at Beginning of Year	\$3,346,774	\$86,428	\$3,433,202
Depreciation on Assets Acquired by Contributed Capital	<u>\$69,226</u>	<u>\$0</u>	<u>\$69,226</u>
Retained Earnings at End of Year	\$3,546,631	\$70,483	\$3,617,114
Contributed Capital at Beginning of Year	\$393,042	\$0	\$393,042
Other Contributions:			
Developers	\$124,500	\$0	\$124,500
Depreciation on Assets Acquired by Contributed Capital	<u>(\$69,226)</u>	<u>\$0</u>	<u>(\$69,226)</u>
Contributed Capital at End of Year	<u>\$448,316</u>	<u>\$0</u>	<u>\$448,316</u>
Total Fund Equity at End of Year	<u>\$3,994,947</u>	<u>\$70,483</u>	<u>\$4,065,430</u>

See Notes to the General Purpose Financial Statements.

City of Delphos, Allen & Van Wert Counties
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances - Budget & Actual (Budget Basis)
 All Proprietary Fund Types
 For the Fiscal Year Ended December 31, 1999

		<u>Enterprise Funds</u>	
	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Charges for Services	\$3,128,280	\$2,334,756	(\$793,524)
Interest	\$30,000	\$83,604	\$53,604
Other	<u>\$2,000</u>	<u>\$17,133</u>	<u>\$15,133</u>
Total Revenues	\$3,160,280	\$2,435,493	(\$724,787)
<u>Expenditures</u>			
Personal Services	\$635,500	\$603,266	\$32,234
Travel/Transportation	\$7,000	\$4,723	\$2,277
Contractual Services	\$1,343,650	\$987,987	\$355,663
Supplies and Materials	\$540,892	\$200,517	\$340,375
Claims Expense	\$0	\$0	\$0
Capital Outlay	\$1,427,364	\$577,032	\$850,332
Debt Service:			
Principal Retirement	\$539,000	\$3,924,312	(\$3,385,312)
Interest/Fiscal Charges	<u>\$524,000</u>	<u>\$531,758</u>	<u>(\$7,758)</u>
Total Expenditures	<u>\$5,017,406</u>	<u>\$6,829,595</u>	<u>(\$1,812,189)</u>
Excess of Revenues Over/ (Under) Expenditures	<u>(\$1,857,126)</u>	<u>(\$4,394,102)</u>	<u>(\$2,536,976)</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds of OPWC Loan	\$157,813	\$157,813	\$0
Proceeds of Bonds	\$0	\$3,585,000	\$3,585,000
Advance-Out	\$0	(\$375,000)	(\$375,000)
Transfers In	\$300,000	\$708,000	\$408,000
Transfers Out	<u>(\$400,000)</u>	<u>(\$242,000)</u>	<u>\$158,000</u>
Total Other Sources (Uses)	<u>\$57,813</u>	<u>\$3,833,813</u>	<u>\$3,776,000</u>
Excess of Revenue & Other Financing Sources over/(under) Expenditures and Other Uses	(\$1,799,313)	(\$560,289)	\$1,239,024
Fund Balances (Deficit) at Beginning of Year	\$1,652,618	\$1,652,618	\$0
Prior Year Encumbrances Approp	<u>\$146,695</u>	<u>\$146,695</u>	<u>\$0</u>
Fund Balance (Deficit) at End of Year	<u>\$0</u>	<u>\$1,239,024</u>	<u>\$1,239,024</u>

See Notes to the General Purpose Financial Statements.

<u>Internal Service Fund</u>			<u>Total Memorandum Only</u>		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$191,791	\$180,284	(\$11,507)	\$3,320,071	\$2,515,040	(\$805,031)
\$0	\$0	\$0	\$30,000	\$83,604	\$53,604
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,000</u>	<u>\$17,133</u>	<u>\$15,133</u>
\$191,791	\$180,284	(\$11,507)	\$3,352,071	\$2,615,777	(\$736,294)
\$0	\$0	\$0	\$635,500	\$603,266	\$32,234
\$0	\$0	\$0	\$7,000	\$4,723	\$2,277
\$20,000	\$1,750	\$18,250	\$1,363,650	\$989,737	\$373,913
\$1,000	\$15	\$985	\$541,892	\$200,532	\$341,360
\$279,000	\$182,986	\$96,014	\$279,000	\$182,986	\$96,014
\$0	\$0	\$0	\$1,427,364	\$577,032	\$850,332
\$0	\$0	\$0	\$539,000	\$3,924,312	(\$3,385,312)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$524,000</u>	<u>\$531,758</u>	<u>(\$7,758)</u>
<u>\$300,000</u>	<u>\$184,751</u>	<u>\$115,249</u>	<u>\$5,317,406</u>	<u>\$7,014,346</u>	<u>(\$1,696,940)</u>
<u>(\$108,209)</u>	<u>(\$4,467)</u>	<u>\$103,742</u>	<u>(\$1,965,335)</u>	<u>(\$4,398,569)</u>	<u>(\$2,433,234)</u>
\$0	\$0	\$0	\$157,813	\$157,813	\$0
\$0	\$0	\$0	\$0	\$3,585,000	\$3,585,000
\$0	\$0	\$0	\$0	(\$375,000)	(\$375,000)
\$0	\$0	\$0	\$300,000	\$708,000	\$408,000
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$400,000)</u>	<u>(\$242,000)</u>	<u>\$158,000</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$57,813</u>	<u>\$3,833,813</u>	<u>\$3,776,000</u>
(\$108,209)	(\$4,467)	\$103,742	(\$1,907,522)	(\$564,756)	\$1,342,766
\$108,209	\$108,209	\$0	\$1,760,827	\$1,760,827	\$0
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$146,695</u>	<u>\$146,695</u>	<u>\$0</u>
<u>\$0</u>	<u>\$103,742</u>	<u>\$103,742</u>	<u>\$0</u>	<u>\$1,342,766</u>	<u>\$1,342,766</u>

City of Delphos, Allen & Van Wert Counties
 Combined Statement of Cash Flows -
 All Proprietary Fund Types
 For the Year Ended December 31, 1999

	Enterprise	Internal Service	Total (Memorandum Only)
Increase(Decrease) in Cash & Cash Equivalents:			
Cash flows from operating activities			
Cash received from customers	\$2,334,756	\$0	\$2,334,756
Cash received from Quasi-external transactions with other funds	\$0	\$180,284	\$180,284
Cash payments to suppliers & employees	(\$1,819,440)	(\$1,765)	(\$1,821,205)
Claims	\$0	(\$182,986)	(\$182,986)
Other non-operating revenue	<u>\$17,133</u>	<u>\$0</u>	<u>\$17,133</u>
Net cash provided by (used for) operating activities	\$532,449	(\$4,467)	\$527,982
Cash flows from non-capital financing activities			
Transfer in (out)	\$91,000	\$0	\$91,000
Cash flows from capital and related financing activities			
Acquisition and Construction of Cap Assets	(\$448,738)	\$0	(\$448,738)
Principal Paid on OWDA Loans	(\$288,856)	\$0	(\$288,856)
Principal Paid on Capital Lease	(\$26,558)	\$0	(\$26,558)
Principal Paid on OPWC Loans	(\$8,898)	\$0	(\$8,898)
Principal Paid on Water Improvement Bond	(\$100,000)	\$0	(\$100,000)
Principal Paid on Notes	(\$3,500,000)	\$0	(\$3,500,000)
Proceeds of Bonds	\$3,585,000	\$0	\$3,585,000
Proceeds of OPWC Loans	\$157,813	\$0	\$157,813
Interest Paid	<u>(\$516,745)</u>	<u>\$0</u>	<u>(\$516,745)</u>
Net cash provided by (used for) capital and related financing activities	(\$1,146,982)	\$0	(\$1,146,982)
Cash Flow from Investing Activities			
Interest Received	\$82,536	\$0	\$82,536
Net Income (Decrease) in Cash & Cash Equivalents	(\$440,997)	(\$4,467)	(\$445,464)
Cash & Cash Equivalents - Beginning of Year	<u>\$1,799,314</u>	<u>\$118,209</u>	<u>\$1,917,523</u>
Cash & Cash Equivalents - End of Year	<u>\$1,358,317</u>	<u>\$113,742</u>	<u>\$1,472,059</u>

City of Delphos, Allen & Van Wert Counties
 Combined Statement of Cash Flows -
 All Proprietary Fund Types
 For the Year Ended December 31, 1999

	Enterprise	Internal Service	Total (Memorandum Only)
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating Income (Loss)	\$119,994	(\$15,945)	\$104,049
Adjustments to Reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	\$421,620	\$0	\$421,620
Reclass of Non-operating revenues	\$17,133	\$0	\$17,133
Change in assets and liabilities:			
(Increase)Decrease in Accounts Receivable	(\$6,035)	\$0	(\$6,035)
(Increase)Decrease in Inventory	(\$123)	\$0	(\$123)
(Increase)Decrease in Prepaid Items	\$3,316	\$0	\$3,316
Increase (Decrease) in Accounts Payable	\$65,762	\$0	\$65,762
Increase (Decrease) in Contracts Payable	(\$70,583)	\$0	(\$70,583)
Increase (Decrease) in Accrued Wages	\$1,863	\$0	\$1,863
Increase (Decrease) in Intergovernmental Payable	(\$6,007)	\$0	(\$6,007)
Increase (Decrease) in Compensated Absences	(\$14,491)	\$0	(\$14,491)
Increase (Decrease) in Claims Payable	<u>\$0</u>	<u>\$11,478</u>	<u>\$11,478</u>
Total Adjustments	<u>\$412,455</u>	<u>\$11,478</u>	<u>\$423,933</u>
Net Cash Provided by (used for) operating activities	<u>\$532,449</u>	<u>(\$4,467)</u>	<u>\$527,982</u>

Reconciliation of Cash and Cash Equivalents of Fiduciary Funds to Balance Sheet:

Cash and Cash Equivalents - All Fiduciary Funds:

Cash and Cash Equivalents - Expendable Trust Funds	\$189,743
Cash and Cash Equivalents - Agency Funds	<u>\$27,521</u>

Total Cash and Cash Equivalents \$217,264

See Notes to the General Purpose Financial Statements.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 1 - Description of the City and Reporting Entity

The City of Delphos (the "City") is a home-rule municipal corporation, established and operated under the laws of the State of Ohio. The City operates under a part-time Mayor/Council and full-time City Safety/Service Director form of government. The Mayor and Council are elected.

Reporting Entity

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Delphos, this includes police and fire protection, emergency medical, parks and recreation, planning, zoning, street maintenance and repair, refuse collection, water system, sewer system, and a staff to provide support to these service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures. All are responsible to the citizens of Delphos and are included as part of the primary government.

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

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements issued on or before November 30, 1989, to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

A. Fund Accounting

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

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 2 - Summary of Significant Accounting Policies - continued

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

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types. Governmental funds are those through which most governmental functions of the City 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 following are the City's governmental fund types:

General Fund - This fund is the operating fund of the City and 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 an ordinance of the City and/or the general laws of Ohio.

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

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

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

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

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 2 - Summary of Significant Accounting Policies - continued

Internal Service Fund - This fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Fiduciary Fund Types. These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental and/or other funds.

Account Groups. To make a clear distinction between fixed 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 - This account group accounts for all general fixed assets of the City other than those accounted for in proprietary funds.

General Long-Term Obligations Account Group - This account group accounts for all unmatured long-term indebtedness of the City that is not a specific liability of proprietary funds.

B. Measurement Focus and Basis of Accounting

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

The proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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.

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

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 2 - Summary of Significant Accounting Policies - continued

Revenues accrued at the end of the year included investment earnings, state levied-shared revenues, municipal income taxes withheld by employers, fines and forfeitures, and reimbursements due from state or 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 miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The City reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of December 31, 1999, and delinquent property taxes whose availability is indeterminate and which are intended to finance current period obligations, have been recorded as a deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period earned and expenses are recognized when they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

Tax Budget. Prior to July 15, the City Auditor submits to the City Council a proposed operating budget for the year commencing the following January 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than July 20, the Council-adopted budget is filed with the Allen County Budget Commission for rate determination.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 2 - Summary of Significant Accounting Policies - continued

Estimated Resources. Prior to October 1, the City accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the estimated fund balance and projected revenue of each fund. Prior to December 31, the City must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about January 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported in the budgetary statement reflect the amounts in the final amended certificate issued during the year 1999.

Appropriations. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. 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. The appropriation ordinance fixes spending authority at the fund level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council. During the year, several supplemental appropriation measures were passed. None of these supplemental appropriations had any significant affect on the original appropriations. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Budgeted Level of Expenditure/Expense. Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Expenditures/expenses plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For all funds, Council appropriations are made by fund levels. More detailed appropriation allocations may be made by the City Auditor as long as the allocations are within Council's original appropriated amount.

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

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 for governmental funds and reported in the notes to the financial statements for proprietary funds.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 2 - Summary of Significant Accounting Policies - continued

D. Cash and Cash Equivalents

Cash balances of City Funds are pooled in a central bank account. Monies for all funds, are maintained in this account or temporarily used to purchase short-term investments to provide improved cash management. Individual fund integrity is maintained through City records. Investments are stated at fair value or amortized cost. Each fund type's share of the pool is presented on the balance sheet in the account "Equity in Pooled Cash and Cash Equivalents". For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, funds included within the City's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents.

Interest allocation is determined by the Ohio Constitution, State statutes, debt indentures and local ordinances. Under these provisions, City funds required to, but which do not necessarily, receive interest allocations are the General Fund, Street Fund, State Highway Fund, Permissive License Tax Fund and Water Fund. Interest revenue earned during 1999 amount to \$163,975.

E. Interfund Assets and Liabilities

Short-term interfund loans are classified as "interfund receivables/payables" on the accompanying balance sheet.

F. Inventory

Inventories of governmental funds are stated at cost while the inventory of the proprietary fund is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. The reserve for inventory within the governmental funds indicates that a portion of the fund balance is not available for future expenditures. At December 31, 1999, the general, street, water and sewer funds maintained inventories.

G. Prepaid Assets.

Payments made to vendors for services that will benefit periods beyond December 31, 1999 are recorded as prepaid items by 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.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 2 - Summary of Significant Accounting Policies - continued

H. Fixed Assets and Depreciation

The fixed asset values were initially determined at December 31, 1990, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, 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 fair market value on the date donated.

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

General Fixed Assets

General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the fund used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. The City has elected to report the General Fixed Assets Account Group net of depreciation in accordance with generally accepted accounting principles for governmental entities. The assets of the enterprise funds are depreciated on the following basis:

Buildings	20 Years
Equipment	2-10 Years
Vehicles	5-10 Years
Improvements	15 Years

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

Proprietary Fund Fixed Assets

Fixed assets associated with the enterprise fund activities are accounted for in that fund. Depreciation is calculated using the straight line method over the assets' estimated useful lives. The assets of the enterprise funds are depreciated on the following basis:

Buildings	20 Years
Water and Sewer Lines	50 Years
Equipment	2-10 Years
Vehicles	5-10 Years
Improvements	15 Years

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 2 - Summary of Significant Accounting Policies - continued

I. Contributed Capital

Contributed capital represents donations by developers, grants restricted for capital construction, and contributions made by the City. These assets are recorded at their fair market value on the date contributed and are not subject to repayment. These assets are recorded as contributed capital in the accompanying combined financial statements. Because the City did not prepare financial statements in accordance with Generally Accepted Accounting Principals prior to 1991 the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been able to be identified specifically have been classified as contributed capital in accompanying general purpose financial statements. All other fund equity amounts pertaining to the Proprietary Funds have been classified as retained earnings.

J. Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the Termination Payment Method. The liability is calculated by collecting data from employees who have terminated employment with the City in the last 5 years. A sick leave determination cost by fund is calculated from the total dollar amount of sick leave termination payments divided by the total number of years these terminated employees worked. This sick leave cost is then applied to the number of years all active employees have worked.

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

K. Reserves of Fund Equity

Reserves of fund equity indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Governmental fund balances are reserved for encumbrances, inventory of supplies, and prepaid expenses.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 2 - Summary of Significant Accounting Policies - continued

L. Interfund Transactions

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

Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Accrued and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds, regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligation account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than thirty-one days after year end are considered not to have been made with current available financial resources.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio law, a debt retirement fund may be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require the allocation of the debt liability among the capital projects and Enterprise Funds, and the general long term obligations account group, with principal and interest payments on matured general long-term obligation long term debt are reported in the debt service fund. To comply with GAAP reporting requirements, the City's debt retirement has been split among the appropriate funds and account group. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

N. Total Columns on General Purpose Financial Statements

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

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 2 - Summary of Significant Accounting Policies - continued

O. Intergovernmental Revenues

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

P. Estimates

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

Note 3 - Change in Accounting Principles

For December 31, 1999, the City has adopted the accounting provision Governmental Accounting Standards Board (GASB) Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The implementation of GASB Statement 31 had no effect on fund balance as it was previously reported as of December 31, 1998.

Note 4 - Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance/retained earnings 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, disbursements and encumbrances.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 4 - Budgetary Basis of Accounting - continued

3. Outstanding year end encumbrances are treated as expenditures/expenses (budget) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP).
4. Proceeds from and principal payment on short term notes are reported on the operating statement (budget) rather than on the balance sheet (GAAP).
5. For the proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP).

In addition, the City does not budget for the activities of their third party claims administrator who receives funds from the City to pay self-insurance claims incurred by the City. However, the activity is included in the internal service fund for GAAP reporting.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Uses
All Governmental Fund Types and Expendable Trust Funds

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	22,026	(13,927)	(368,625)	75,838
Adjustments:				
Revenue Accruals	(37,444)	331	375,000	(3,620)
Expenditure Accruals	(17,116)	(51,526)	64,257	(1,742)
Encumbrances Against Current Year Appropriations	<u>(6,300)</u>	<u>(6,464)</u>	<u>(64,257)</u>	<u>(125)</u>
Budget Basis	<u>(\$38,834)</u> =====	<u>(\$71,586)</u> =====	<u>6,375</u> =====	<u>70,351</u> =====

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 4 - Budgetary Basis of Accounting - continued

Net Income (Loss)/Excess of Revenues Over (Under)
 Expenses and Operating Transfers
 All Proprietary Fund Types

	<u>Enterprise</u>	<u>Internal Service</u>
GAAP Basis	\$130,631	(\$15,945)
Adjustments:		
Revenue Accruals	(6,014)	0
Expenditure Accruals	(805,734)	11,478
Year End Encumbrances	(119,293)	0
Depreciation	421,620	0
Principal Retirement	(3,924,312)	0
Proceeds of OWDA loans	157,813	0
Proceeds from Bonds	<u>3,585,000</u>	<u>0</u>
Budget Basis	(\$560,289) =====	(\$4,467) =====

Note 5 - Accountability and Compliance

Compliance - Ohio Revised Code Section 5705.36 states that the City is required to obtain a reduced amended certificate of estimated resources when it is known that estimated receipts will exceed actual receipts. Once an amended certificate of estimated resources is obtained, Section 5705.39, Revised Code, requires a corresponding reductions in appropriations. Many of the City's funds were found to have estimated receipts exceeding actual receipts.

Fund Deficits - The Capital Projects fund has a deficit of \$344,316, due to a large interfund advance to pay for startup on the Lima Avenue project. It is a result of the conversion to generally accepted accounting principles.

Note 6 - Deposits and Investments

The City Treasurer and Treasury Investment Board are responsible for selecting depositories and investing funds.

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.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 6 - Deposits and Investments - continued

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

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

Interim monies may be 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 other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and;
6. The State Treasurer's investment pool (STAR Ohio).

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 6 - 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; and
3. Obligations to the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivations are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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 City 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.

A. Deposits

At year end December 31, 1999, the City had \$295 in undeposited cash on hand which is included on the balance sheet of the City as part of "Equity in Pooled Cash and Cash Equivalents".

At year-end, the carrying amount of the City's deposits was \$2,766,929 and the bank balance was \$2,806,830. \$100,000 of the bank balance was covered by federal depository insurance. \$2,706,830 was uninsured and uncollateralized. Although the securities were held by the pledging financial institution's trust department or agent in the City's name and all state statutory requirements for the investment of money had been followed, noncompliance with federal requirements would potentially subject the City to a successful claim by the FDIC.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 6 - Deposits and Investments - continued

B. Investments

GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements", requires that local governments disclose the carrying amounts and market value of investments, classified by risk. The government's investments are categorized as either (1) insured or registered, or securities are held by the City or its agent in the City's name, (2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name or (3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name. The City did not hold any investments under GASB Statement 3.

A reconciliation between the classification of cash and investments on the combined financial statements and the classification per GASB Statement 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$ 1,267,224	\$ 1,500,000
Cash on hand	(295)	-
Certificates of deposit over 90 days	<u>1,500,000</u>	<u>(1,500,000)</u>
GASB Statement 3	<u>\$ 2,766,929</u>	<u>\$ -</u>

Note 7 - Income Tax

The City levies an income tax of one and one half percent on all income earned within the City as well as incomes of residents earned outside the City. In addition, the residents are required to pay income tax on income earned outside the city; however, residents are granted a 75 percent credit on income earned and taxed by another Ohio municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

The city allocates income tax revenues to the general and income tax funds. Tax receipts amounted to \$1,939,697 in 1999. The income tax is to be divided 67% to the General Fund and 33% to the Income Tax Fund with any expenses of the income tax process to be charged to the income tax fund and the remainder to be transferred to the sewer fund for sewer system improvements.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 8 - Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1995. Real property taxes are payable annually or semi annually. The first payment is due January 20, with the remainder payable by June 20.

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 April 30 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30; with the remainder payable by September 20. The tax rate applied to tangible personal property for the fiscal year ended December 31, 1999 was \$6.75 per \$1,000 of assessed valuation.

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 year preceding the tax collection year, the lien date. Certain public tangible personal property currently is assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

The full tax rate applied to real property for both counties for the fiscal year ended December 31, 1999, was \$6.75 per \$1,000 of assessed value. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$4.20 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$4.99 per \$1,000 of assessed valuation for all other real property. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

	<u>Allen County</u>	<u>Van Wert County</u>
Real Estate Tax:		
Residential/Agricultural	27,360,730	20,584,280
Commercial/Industrial	11,929,290	2,957,260
Tangible Personal Property Tax:		
General	12,081,720	3,840,590
Public Utilities	<u>1,983,640</u>	<u>1,357,140</u>
Total	<u>\$53,355,380</u>	<u>\$28,739,270</u>

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 9 - Receivables

Receivables at December 31, 1999, consisted of taxes, charges for services, utility accounts and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are deemed collectible in full.

A summary of the principal items of receivables follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	<u>Enterprise</u>	<u>Total</u>
City Income Tax	\$214,787	\$0	\$107,394	\$0	\$322,181
Property Tax	378,841	46,488	0	0	425,329
EMS Services	61,268	0	0	0	61,268
Cable Franchise	13,088	0	0	0	13,088
Estate Tax	55,074	0	0	0	55,074
Fines	745	0	0	0	745
Vehicle Tax	0	4,190	0	0	4,190
Gas Tax	0	12,365	0	0	12,365
Water Billings	0	0	0	249,063	249,063
Sewer Billings	0	0	0	367,457	367,457
Garbage Billings	0	0	0	81,717	81,717
Misc	<u>6,451</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,451</u>
Total	<u>\$730,254</u>	<u>\$63,043</u>	<u>\$107,394</u>	<u>\$698,237</u>	<u>\$1,598,928</u>

Note 10 - Fixed Assets

A. General Fixed Assets

The changes in general fixed assets during 1999 were as follows:

	<u>Balance January 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 1999</u>
Land	\$424,941	\$0	\$0	\$424,941
Buildings	785,994	0	0	785,994
Improvements	316,667	216,115	0	532,782
Equipment	682,011	59,990	21,435	720,566
Vehicles	<u>1,032,364</u>	<u>180,790</u>	<u>18,381</u>	<u>1,194,773</u>
Total	3,241,977	456,895	(39,816)	3,659,056
Accumulated Depreciation	<u>(1,973,608)</u>	<u>(170,249)</u>	<u>33,424</u>	<u>(2,110,433)</u>
Construction in Progress	0	432,283	0	432,283
Net General Fixed Assets	<u>\$1,268,369</u>	<u>\$718,929</u>	<u>(\$6,392)</u>	<u>\$1,980,906</u>

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 10 - Fixed Assets - continued

All fund fixed assets relate to the water, sewer and garbage enterprise funds. The balances as of December 31, 1999 for the enterprise funds were as follows:

	<u>Amounts</u>
Land	\$167,957
Building	3,197,403
Machinery and Equipment	1,161,197
Vehicles	619,143
Infrastructure	10,078,413
Improvements	<u>369,147</u>
Total	15,593,260
Less: Accumulated Depreciation	(4,722,676)
Construction in Progress	<u>45,462</u>
Net Fixed Assets	<u>\$10,916,046</u> =====

Depreciation is provided using the straight-line method over the estimated life of the assets.

Note 11 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

A. Self Insurance Program

The City established a medical self-insurance fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the medical self-insurance fund provides coverage for up to a maximum of \$22,500 for each individual, with a \$1,000,000 aggregate over the employee's life. The City purchased commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Excess costs are paid by stop-loss insurance coverage. The City does not anticipate to be responsible for any costs that exceed the stop-loss insurance coverage. Settlement claims have not exceeded coverage in the aggregate for the past three years.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 11 - Risk Management - continued

A. Self Insurance Program - continued

All funds of the City participate in the program and make payments to the medical self-insurance fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims. This plan provides a medical plan with a \$200 single and a \$400 family deductible for all employees. The City utilizes a third party administrator, MCA Administrators to review all claims which are then paid by the City. The cost to the City for the third party administrator is \$25.60 per employee per month. The City purchases stop-loss coverage at a cost of \$29.01 for single, \$72.54 for family per month. The liability for unpaid claims costs reported in the fund at December 31, 1999 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Term life insurance is provided to all full-time employees in the amount of \$10,000.

	<u>Balance at</u> <u>Beginning of Year</u>	<u>Current Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance at</u> <u>End of Year</u>
1999	\$31,780	\$194,464	\$182,985	\$43,259
1998	\$16,258	\$169,786	\$154,264	\$31,780

B. Other Insurance Coverage

During 1999 the City contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amounts</u>	<u>Deductible</u>
Hartford Penco	Law Enforcement	\$1,000,000	\$5,000
Hartford Penco	Public Officials	\$1,000,000	\$10,000
Penco MidWest	Faithful Performance	Not available	\$500
Personal Service Insurance Co.	Vehicle Insurance	\$500,000	\$500
Erie Insurance Company	Auditor Bond	\$90,000	None
Erie Insurance Company	Deputy Auditor Bond	\$90,000	None
United States Fidelity and Guaranty Company	Treasurer Bond	\$100,000	None
Erie Insurance Company	Income Tax Adm. Bond	\$90,000	None
Penco Midwest	General Liability	\$2,000,000	\$1,000

The City pays the state Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

There has not been a significant reduction in commercial coverage from the prior year and settled claims have not exceeded coverage in any of the last five years.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 12 - Defined Benefit Pension Plans

A. Public Employees Retirement System

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 13.55 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were \$145,543, \$131,611, and \$122,918 respectively. The full amount has been contributed for 1998 and 1997. 74.5 percent has been contributed for 1999 with the remainder being reported as a liability within the general long-term obligations account group.

B. Police and Firemen's Disability and Pension Fund

The City of Delphos contributes to the Police and Firemen's Disability and Pension Fund of Ohio (the "Fund"), a cost-sharing multiple employer public employee retirement system administered by the Fund's Board of Trustees. The Fund provides retirement benefits and disability to qualified participants and survivor and death benefits to qualified spouses, children and dependent parents. Benefits are based on eligible service credit. Benefits are established by Chapter 742 of the Ohio Revised Code. The Fund issues a publicly available financial report that includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 230 East Town Street, Columbus, Ohio 43215.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police and 24.0 percent for firefighters. Contributions are authorized by State statute. An actuary, however, is used to determine the actuarial implications of the statutory requirements. The City's contributions to the Fund for police and firefighters were \$145,165 for the year ended December 31, 1999, \$135,717 for 1998, and \$126,926 for 1997. The full amount has been contributed for 1998 and 1997. 72.2 percent has been contributed for 1999 with the remainder being reported as a liability within the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by a State retirement system have an option to choose social security or the appropriate state system. As of December 31, 1999, six part-time firemen and several council members have elected social security. The City's liability is 6.2 percent of wages paid.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 13 - Postemployment Benefits

A. Public Employees Retirement System

Public Employees Retirement System of Ohio provides post-retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units the rate was 13.55% of covered payroll; 4.2% was the portion that was used to fund health care for the year 1999.

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

OPEB is financed through employer contributions and investment earnings there on. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

B. Police and Firemen's Disability and Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Police and Firemen's Disability and Pension Fund's board of trustees to provide health care coverage and states that health care cost paid from the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 13 - Postemployment Benefits - continued

B. Police and Firemen's Disability and Pension Fund - continued

The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 6.5% and 7.0% of covered payroll in 1998 and 1999, respectively. The allocation is 7.25% in 2000. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1998, (the latest information available) was 11,424 for police and 9,186 for firefighters. The City's actual contributions for 1999 that were used to fund postemployment benefits were \$28,148 for police and \$19,493 for fire. The Fund's total health care expenses for the year ended December 31, 1998, (the latest information available) were \$78,596,790.

Note 14 - Other Employee Benefits

Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy permits vacation leave to be carried forward with the written approval of the safety/ service Director. City employees are paid for all earned, unused vacation leave at the time of termination of employment. Vacation leave is recognized as a liability in the period in which it is earned. Employees in the Police Department under union representation earn sick leave at a rate of 4.16 hours for every 80 hours worked. All other employees earn sick leave at the rate of 3.08 hours for every eighty hours worked. Current policy permits sick leave to be accumulated without limit. The City records a liability for accumulated unused sick leave for eligible employees using the termination payment method.

An employee, after they have reached an accumulated balance of 1040 hours, may elect an option at year end to carry forward the balance or accept a 50% cash pay off option.

For 1999 unpaid compensated absences of \$4,169 at year end were reported as an accrued liability in the general fund. Unpaid compensated absences of \$1,199 at year end were reported as an accrued liability in the special revenue fund. The balance of the liability for governmental funds is reported in the general long-term obligations account group in the amount of \$146,624. Unpaid compensated absences of \$70,195 were reported as an accrued liability in the enterprise funds.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 15 - Long-Term Obligations

Bonded debt and other long-term obligations payable activity for the year ended December 31, 1999, was as follows:

	<u>Balance</u> 12/31/98	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> 12/31/99
<u>General Long Term Debt</u> <u>Account Group:</u>				
Compensated Absences	\$140,784	\$5,840	\$0	\$146,624
Pension Obligation Payable	0	64,779	0	64,779
Fire & Police Pension	<u>59,477</u>	<u>0</u>	<u>59,477</u>	<u>0</u>
Total Long-Term Obligations	200,261	70,619	59,477	211,403
 <u>Proprietary Fund Debt:</u>				
Ohio Public Works Comm. Elevated Tank - 0%	0	157,813	3,945	153,868
Ohio Water Development Authority - 9.27%	1,230,688	0	91,708	1,138,980
Ohio Water Development Authority - 4.35%	4,636,276	0	197,148	4,439,128
Ohio Public Works Comm. Standpipe - 0%	69,333	0	4,953	64,380
Bank One - 4.49% South Water Notes	3,500,000	0	3,500,000	0
Bank One - 3.25% South Water Bonds	0	3,585,000	100,000	3,485,000
Vactor Capital Lease Payable	<u>149,888</u>	<u>0</u>	<u>26,558</u>	<u>123,330</u>
Total Proprietary Fund Debt	<u>9,586,185</u>	<u>3,742,813</u>	<u>3,924,312</u>	<u>9,404,686</u>
Total All Fund Types	<u>\$9,786,446</u>	<u>3,813,432</u>	<u>3,983,789</u>	<u>\$9,616,089</u>

The Ohio Water Development Authority (O.W.D.A.) loans were for mandated wastewater construction and sewer improvement projects. Property and revenue of the facilities have been pledged to repay the debt.

The Ohio Public Works Commission (O.P.W.C.) loan is for the repairs of the elevated water standpipe. The work began in 1992 and was completed in 1993. The full amount of loan was \$99,045. Revenue of the water system of the City will be used for the principal and interest payments.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 15 - Long-Term Obligations - continued

The Ohio Public Works Commission (O.P.W.C.) loan is for the construction of an elevated water tank. Construction started and completed in 1999. The full amount of the loan was \$157,813. Revenue of the water system of the City will be used for the principal and interest payments.

The Bank One Note is for improvements to the south water plant. This note was originally issued in 1996 by the Commercial Bank for \$2,500,000. In May 1998 this note was paid off and re-issued by Star Bank. An additional \$1,000,000 was borrowed at this time. In April 1999 this note was paid off and the City sold 20 year bonds by Bank One, and an additional \$85,000 was borrowed at this time, for a total of \$3,585,000. Revenue of the water system of the city will be used for debt service payments.

The Vactor Capital Lease Payable is for the lease/purchase of a Jet Rodder Truck under a "Municipal Lease and Option Contract".

Police & Fire Pension. In 1999 the City was offered an early pay-off option. The City exercised the option for the amount of \$41,287.

On August 31, 1995, the City defeased sewer system mortgage revenue bonds by placing the proceeds of OWDA Water Pollution Control Loan Fund Refinancing Agreement in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and the liability for the defeased bonds are not included in the City's financial statements. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$300,278. This difference, reported in the accompanying financial statements as a deduction from OWDA loans payable, is being charged to operations through the year 2015 using the straight line method. At December 31, 1999 the remaining balance to be amortized is \$240,222.

The OWDA Water Pollution Control Loan Fund Refinancing Agreement pledge wastewater fund income to pay debt service. In addition, special provisions exist regarding redemptions of principal, and maintenance, operation, insurance and condemnation of the project facilities.

Principal and interest requirements to retire to long term debt obligations outstanding at December 31, 1999 are as follows:

	<u>O.W.D.A LOAN (1)</u>	<u>O.W.D.A LOAN (2)</u>	<u>O.P.W.C LOAN (1)</u>	<u>O.P.W.C. LOAN (2)</u>	<u>BANK ONE BOND</u>	<u>TOTAL</u>
2000	211,331	396,705	4,952	7,890	279,768	900,646
2001	211,331	396,705	4,952	7,890	280,455	901,333
2002	211,331	396,705	4,952	7,890	280,710	901,588
2003	211,331	396,705	4,952	7,890	275,580	896,458
2004	211,331	396,705	4,952	7,890	280,315	901,193
2005-2009	633,994	1,983,527	24,762	39,450	1,393,675	4,075,408
2010-2014	0	1,983,527	14,858	39,450	1,395,278	3,433,113
2015-2019	<u>0</u>	<u>198,353</u>	<u>0</u>	<u>35,518</u>	<u>1,125,044</u>	<u>1,358,915</u>
Total	\$1,690,649 =====	\$6,148,932 =====	\$64,380 =====	\$153,868 =====	\$5,310,825 =====	\$13,368,654 =====

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 16 - Interfund Receivables/Payables

As of December 31, 1999, the City reported the following interfund receivables and/or payables:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Enterprise fund	\$375,000	0
Capital Projects fund	<u>0</u>	<u>375,000</u>
Total	<u>\$375,000</u>	<u>\$375,000</u>

Note 17 - Segment Information - Enterprise Funds

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

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
Operating Revenues	\$798,800	\$1,261,691	293,086	\$2,353,577
Operating Expenses				
Before Depreciation	752,575	790,155	269,233	1,811,963
Depreciation	<u>130,151</u>	<u>281,189</u>	<u>10,280</u>	<u>421,620</u>
Operating Income (Loss)	(83,926)	190,347	13,573	119,994
Non-operating Revenues:				
Interest	82,523	13	0	82,536
Other Non-operating Revenue	2,500	2,894	0	5,394
Non-operating Expenses:				
Interest and Fiscal Charges	(200,521)	(342,772)	0	(543,293)
Transfers In	0	466,000	0	466,000
Net Income	(199,424)	316,482	13,573	130,631
Contributed Capital	105,260	343,056	0	448,316
Property, Plant and Equipment				
Additions	327,312	68,253	53,173	448,738
Net Working Capital	927,722	1,263,160	122,678	2,313,560
Total Assets	5,124,400	7,990,078	267,686	13,382,164
Bonds and Other Long-Term				
Liabilities Payable	3,703,248	5,461,216	0	9,164,464
Deferred Accounting Loss	0	240,222	0	240,222
Total Equity	1,327,804	2,466,525	200,618	3,994,947

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 18 - Contractual Obligations

The following construction contracts are outstanding as of December 31, 1999:

<u>Fund and Location</u>	<u>Project</u>	<u>Amount Remaining</u>
<u>Capital Projects Fund</u>		
Lima Avenue Project	Sewer line - lift station	\$64,257

Note 19 - Capital Lease Obligations

The City leases equipment through capital leasing arrangements in the proprietary funds types. The assets and obligations for agreements are recorded directly in the appropriate enterprise funds. Amortization applicable to proprietary assets acquired through capital lease arrangements is included with depreciation for financial statement presentation. The future minimum lease obligations as of December 31, 1999 were as follows:

<u>Year ending December 31,</u>	<u>Proprietary Fund Type</u>
2000	\$35,137
2001	35,137
2002	35,137
2003	<u>35,137</u>
Total minimum lease payments	140,548
Less: Amount representing interest	<u>(17,218)</u>
Present value of minimum lease payments	<u>\$123,330</u>

Note 20 - Contingent Liabilities

As of December 31, 1999, the City was a party to various legal proceedings seeking damages or injunctive relief, arising in the course of ordinary business. The ultimate disposition of these proceedings is not presently determinable, but will not, in the opinion of the City Attorney, have a material adverse effect on the continued operation of the City.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Members of City Council
City of Delphos
Delphos, Ohio

We have audited the general purpose financial statements of the City of Delphos, Ohio as of and for the year ended December 31, 1999 and have issued our report thereon dated August 23, 2001, as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's general purpose 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as items 1999-D-001 through 002. We also noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated August 23, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-D-003 through 005.

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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 1999-D-003 through 005 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to management of the City in a separate letter dated August 23, 2001.

This report is intended solely for the information and use of management, the Honorable Mayor and Members of Council and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
August 23, 2001

**CITY OF DELPHOS
SCHEDULE OF FINDINGS**

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

Finding Number: 1999-D-001

Section 5705.36, Revised Code, requires the City to obtain a reduced amended certificate of estimated resources when it is known that the estimated receipts will exceed actual receipts. Once a reduced amended certificate is obtained, Section 5705.39, Revised Code, requires a corresponding reduction in appropriations.

The amount of the amended certificate of estimated resources exceeded actual receipts plus certified January 1 fund balances for the following funds during 1999:

General Fund

All Special Revenue Funds

All Capital Project Funds

All Fiduciary Fund Types

All Proprietary Fund Types

Finding Number: 1999-D-002

Section 5705.41 (D), Revised Code, states that no subdivision shall make any contract or order any expenditure unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the appropriate fund free from any previous encumbrance. Further, contracts or orders for expenditures lacking prior certification should be considered null and void. If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such contract or order. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

There were a high number of instances where the fiscal officer honored expenditures for which the purchase of goods preceded the certification of the fiscal officer and there was no evidence of subsequent certifications via the use of then and now certificates or approval of the taxing authority for amounts over \$1,000. The fiscal officer should require that City employees and officials obtain the required certification prior to purchasing items for the City. When certification has not been obtained prior to the purchase, the fiscal officer should obtain subsequent approval by Council for all amounts exceeding \$1,000.

Finding Number: 1999-D-003

Fixed Assets

The following problems were encountered when attempting to verify the financial statement presentation of the fixed assets of the account group and enterprise funds.

1. Written policies have not been established regarding fixed assets and their appropriate valuation.
2. The assets were not tagged as being property of the City.
3. Some land and buildings were valued at current appraised value or replacement cost.
4. A capitalization policy (dollar threshold) was not consistently applied for all departments.

The problems noted above could lead to difficulties in filing insurance claims, the misappropriation of property and equipment have resulted in the probable misstatement of the general and enterprise fixed assets. In order to remedy the above situations and present accurate information on the financial statements, the following procedures should be considered:

- a. The designation of an individual or individuals that would be responsible for maintaining and updating the fixed asset records, and the procedures to be followed when deleting or adding an asset.
- b. The criteria that must be met before an asset will be accounted for as a fixed asset, including a minimum dollar threshold and whether like items will be considered individually or as a group for capitalization. The criteria should be established to ensure that material amounts of fixed assets are not excluded from the fixed asset listing.
- c. A procedure for assigning asset numbers to insure that specific assets can be identified. This may require tagging assets if an alternative, such as a serial number, is not available. These tag numbers/serial numbers should be included on a fixed asset listing for easy identification and location.
- d. The establishment of the major classes of fixed assets to be categorized. A life or range of lives for each class of assets should be established. This life should then be used for depreciation purposes.
- e. The establishment of guidelines to determine the basis for assets i.e., what costs associated with the acquisition of the asset will be included in the recorded cost.
- f. Determination of appropriate methods for estimating historical cost when original cost data is not available.
- g. A procedure for periodic or at least annual physical observations to determine that the fixed assets lists are accurate.
- h. A procedure on how and when construction-in-progress is to be booked and the subsequent booking on the asset.
- i. A procedure to assess value to seized vehicles and donated property.
- j. Required information to be maintained as part of the fixed assets records.

Finding Number: 1999-D-004

Contributed Capital

City Personnel were unaware of the requirements for recording contributed capital and, as a result, recorded only limited amounts of contributed capital prior to 1997.

The following items represent sources of contributed capital:

1. Grant, entitlements, industry and shared revenues received for the proprietary funds restricted for the acquisition or construction of capital assets.
2. Capital improvements financed by special assessments that provide capital assets to a government's enterprise fund.
3. Residual equity transfers from other funds and transfers of fixed assets from the General Fixed Asset Account Group.
4. Contributions of fixed assets, donations restricted to the acquisition of fixed assets, and contributions and system-connection related fees in excess of related costs.

City personnel should review records of the above noted items to determine their effect on the presentation of contributed capital.

Finding Number: 1999-D-005

Annual Financial Report

The City performed all of the accounting work with regard to preparing their financial statements in accordance with Generally Accepted Accounting Principles (GAAP) internally with in-house staff. They, at times, were unable to apply the proper accounting treatment with regards to preparation of the financial statements due to either a lack of knowledge of all applicable accounting principles or time constraints. This caused numerous audit adjustments during the audit of the City's general purpose financial statements.

The City Auditor should ensure that personnel involved in the preparation of financial statements are properly trained and provided with up-to-date accounting information or consult with or contract with a professional firm familiar with the conversion and presentation of governmental financial statements.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of December 31, 1998, included material citations and reportable conditions. The citations or reportable conditions were either corrected or is repeated in the current audit report.

**CITY OF DELPHOS
ALLEN COUNTY, OHIO**

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2000

Charles E. Harris & Associates, Inc.
Certified Public Accountants

CITY OF DELPHOS
ALLEN COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2000

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Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

**The Honorable Mayor and City Council
City of Delphos
Delphos, Ohio**

We have audited the accompanying general purpose financial statements of City of Delphos, Ohio (the City), as of and for the year ended December 31, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The City does not maintain adequate records for their fixed assets. We were unable to obtain sufficient information supporting the amounts reported as fixed assets on the accompanying combined balance sheets of the Enterprise Fund Type (stated at \$10,562,727) and the General Fixed Assets Account Group (stated at \$1,649,140) and related depreciation (stated at \$456,296) because of the inadequacies in the City's records. In addition, management has not properly identified the amount of contributed capital in the Enterprise Funds, Proprietary Fund Type, (stated at \$427,464). It was not practical to determine the adjustments, if any, that would be necessary to value these assets in conformity with accounting principles generally accepted in the United States of America.

In our opinion, except for the effects, if any, of not providing sufficient information supporting amounts reported as fixed assets and depreciation expense, and the effects, if any, of not determining the amount of contributed capital to be recorded, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 23, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Charles E. Harris & Associates, Inc.
August 23, 2001

City of Delphos, Allen & Van Wert Counties
 Combined Balance Sheet
 All Fund Types and Account Groups
 As of December 31, 2000

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total Memorandum Only
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Obligations	
<u>Assets and Other Debits</u>									
<u>Assets</u>									
Equity in Pooled Cash	\$840,651	\$241,894	\$105,949	\$1,481,518	\$27,972	\$57,063	\$0	\$0	\$2,755,047
Cash w/Fiscal Agent	\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$20,000
Cash in Segregated Agent Receivables	\$0	\$0	\$0	\$0	\$0	\$245	\$0	\$0	\$245
Taxes	\$561,541	\$45,620	\$0	\$0	\$0	\$94,106	\$0	\$0	\$701,267
Accounts	\$100,081	\$0	\$0	\$694,368	\$0	\$0	\$0	\$0	\$794,449
Accrued Interest	\$6,643	\$264	\$0	\$2,719	\$0	\$0	\$0	\$0	\$9,626
Intergovernmental	\$50,435	\$18,583	\$0	\$0	\$0	\$0	\$0	\$0	\$69,018
Prepaid Items	\$18,582	\$1,924	\$0	\$18,408	\$0	\$463	\$0	\$0	\$39,377
Supplies Inventory	\$598	\$4,919	\$0	\$10,420	\$0	\$0	\$0	\$0	\$15,937
Fixed Assets (Net Where Applicable of Accumulated Depreciation	\$0	\$0	\$0	\$10,562,727	\$0	\$0	\$1,649,141	\$0	\$12,211,868
Construction in Progress	\$0	\$0	\$0	\$45,462	\$0	\$0	\$517,660	\$0	\$563,122
<u>Other Debits</u>									
Amount to be Provided for Retirement of General Long Term Obligations	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$226,059</u>	<u>\$226,059</u>
Total Assets	<u>\$1,578,531</u>	<u>\$313,204</u>	<u>\$105,949</u>	<u>\$12,815,622</u>	<u>\$47,972</u>	<u>\$151,877</u>	<u>\$2,166,801</u>	<u>\$226,059</u>	<u>\$17,406,015</u>

See Notes to the General Purpose Financial Statements.

City of Delphos, Allen & Van Wert Counties
 Combined Balance Sheet
 All Fund Types and Account Groups
 As of December 31, 2000

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups		
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Obligations	Total Memorandum Only
<u>Liabilities</u>									
Accounts Payable	\$29,420	\$10,340	\$0	\$54,988	\$0	\$441	\$0	\$0	\$95,189
Accrued Wages	\$25,425	\$3,154	\$0	\$9,254	\$0	\$555	\$0	\$0	\$38,388
Contracts Payable	\$0	\$0	\$73,518	\$67,944	\$0	\$0	\$0	\$0	\$141,462
Accrued Interest Payable	\$0	\$0	\$0	\$12,743	\$0	\$0	\$0	\$0	\$12,743
Intergovernmental Payable	\$20,457	\$2,610	\$0	\$20,517	\$0	\$1,180	\$0	\$0	\$44,764
Pension Obligation Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$60,827	\$60,827
Compensated Absences Payable	\$3,320	\$1,328	\$0	\$87,375	\$0	\$0	\$0	\$165,232	\$257,255
Deferred Revenue	\$388,364	\$45,620	\$0	\$0	\$0	\$0	\$0	\$0	\$433,984
Undistributed Monies	\$0	\$0	\$0	\$0	\$0	\$29,713	\$0	\$0	\$29,713
Bonds Payable	\$0	\$0	\$0	\$3,360,000	\$0	\$0	\$0	\$0	\$3,360,000
OWDA Loan Payable	\$0	\$0	\$0	\$5,046,460	\$0	\$0	\$0	\$0	\$5,046,460
Claims Payable	\$0	\$0	\$0	\$0	\$36,496	\$0	\$0	\$0	\$36,496
OPWC Payable - Elev Tank	\$0	\$0	\$0	\$145,978	\$0	\$0	\$0	\$0	\$145,978
OPWC Payable - Standpipe	\$0	\$0	\$0	\$59,427	\$0	\$0	\$0	\$0	\$59,427
Total Liabilities	\$466,986	\$63,052	\$73,518	\$8,864,686	\$36,496	\$31,889	\$0	\$226,059	\$9,762,686
<u>Fund Equity and Other Credits</u>									
Investments in General Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$2,166,801	\$0	\$2,166,801
Contributed Capital	\$0	\$0	\$0	\$427,464	\$0	\$0	\$0	\$0	\$427,464
Retained Earnings:									
Unreserved	\$0	\$0	\$0	\$3,523,472	\$11,476	\$0	\$0	\$0	\$3,534,948
Fund Balance:									
Reserved for Encumbrances	\$5,900	\$89	\$0	\$0	\$0	\$163	\$0	\$0	\$6,152
Reserved for Inventory	\$0	\$1,924	\$0	\$0	\$0	\$463	\$0	\$0	\$2,387
Reserved for Prepaid Items	\$598	\$4,919	\$0	\$0	\$0	\$0	\$0	\$0	\$5,517
Unreserved	\$1,105,047	\$243,220	\$32,431	\$0	\$0	\$119,362	\$0	\$0	\$1,500,060
Total Fund Equity	\$1,111,545	\$250,152	\$32,431	\$3,950,936	\$11,476	\$119,988	\$2,166,801	\$0	\$7,643,329
Total Liabilities & Fund Equity	\$1,578,531	\$313,204	\$105,949	\$12,815,622	\$47,972	\$151,877	\$2,166,801	\$226,059	\$17,406,015

See Notes to the General Purpose Financial Statements.

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City of Delphos, Allen & Van Wert Counties
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances -
 All Governmental Fund Types and Expendable Trust Fund
 For the Fiscal Year Ended December 31, 2000

	Governmental Fund Types			Fiduciary Fund Types	Total Memorandum Only
	General	Special Revenue	Capital Projects	Expendable Trust	
<u>Revenues</u>					
Taxes	\$1,682,243	\$45,410	\$0	\$672,382	\$2,400,035
Intergovernmental	\$497,434	\$259,877	\$78,050	\$0	\$835,361
Charges for Services	\$221,831	\$0	\$0	\$0	\$221,831
Fines, Licenses & Permits	\$47,106	\$3,198	\$0	\$0	\$50,304
Interest	\$102,565	\$1,997	\$0	\$0	\$104,562
Other	<u>\$8,281</u>	<u>\$3,861</u>	<u>\$87,531</u>	<u>\$0</u>	<u>\$99,673</u>
Total Revenues	\$2,559,460	\$314,343	\$165,581	\$672,382	\$3,711,766
<u>Expenditures</u>					
Security of Persons/Property	\$1,375,103	\$152,932	\$0	\$0	\$1,528,035
Public Health Services	\$50,569	\$0	\$0	\$0	\$50,569
Leisure Time Activities	\$501,057	\$0	\$0	\$0	\$501,057
Basic Utility Services	\$0	\$0	\$85,377	\$0	\$85,377
Transportation	\$0	\$353,306	\$160,531	\$0	\$513,837
General Government	<u>\$360,823</u>	<u>\$1,475</u>	<u>\$0</u>	<u>\$83,115</u>	<u>\$445,413</u>
Total Expenditures	<u>\$2,287,552</u>	<u>\$507,713</u>	<u>\$245,908</u>	<u>\$83,115</u>	<u>\$3,124,288</u>
Excess of Revenues Over/ (Under) Expenditures	\$271,908	(\$193,370)	(\$80,327)	\$589,267	\$587,478
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$0	\$186,000	\$457,074	\$0	\$643,074
Transfers Out	<u>(\$196,000)</u>	<u>(\$7,000)</u>	<u>\$0</u>	<u>(\$766,000)</u>	<u>(\$969,000)</u>
Total Other Financing Sources(Uses)	<u>(\$196,000)</u>	<u>\$179,000</u>	<u>\$457,074</u>	<u>(\$766,000)</u>	<u>(\$325,926)</u>
Excess of Revenue & Other Financing Sources over/(under) Expenditures and Other Uses	\$75,908	(\$14,370)	\$376,747	(\$176,733)	\$261,552
Fund Balance January 1, 2000	\$1,035,480	\$263,888	(\$344,316)	\$296,721	\$1,251,773
Increase /(Decrease) in Reserved for Inventory	<u>\$157</u>	<u>\$634</u>	<u>\$0</u>	<u>\$0</u>	<u>\$791</u>
Fund Balance December 31, 2000	<u>\$1,111,545</u>	<u>\$250,152</u>	<u>\$32,431</u>	<u>\$119,988</u>	<u>\$1,514,116</u>

See Notes to the General Purpose Financial Statements.

City of Delphos, Allen & Van Wert Counties
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances -
 All Governmental Fund Types and Expendable Trust Fund
 For the Fiscal Year Ended December 31, 2000

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>						
Taxes	\$1,895,265	\$1,745,723	(\$149,542)	\$205,710	\$50,808	(\$154,902)
Intergovernmental	\$505,678	\$465,568	(\$40,110)	\$390,743	\$252,451	(\$138,292)
Charges for Services	\$222,212	\$198,053	(\$24,159)	\$0	\$0	\$0
Fines, Licenses & Permits	\$49,000	\$47,451	(\$1,549)	\$28,631	\$3,198	(\$25,433)
Interest	\$105,000	\$101,002	(\$3,998)	\$0	\$1,940	\$1,940
Other	\$10,000	\$8,281	(\$1,719)	\$6,835	\$3,861	(\$2,974)
Total Revenues	\$2,787,155	\$2,566,078	(\$221,077)	\$631,919	\$312,258	(\$319,661)
<u>Expenditures</u>						
Security of Persons/ Property	\$1,950,177	\$1,376,598	\$573,579	\$402,000	\$153,021	\$248,979
Public Health Services	\$51,000	\$50,569	\$431	\$0	\$0	\$0
Leisure Time Activities	\$503,500	\$493,770	\$9,730	\$0	\$0	\$0
Basic Utility Services	\$0	\$0	\$0	\$0	\$0	\$0
Transportation	\$0	\$0	\$0	\$464,965	\$344,502	\$120,463
General Government	\$715,300	\$347,571	\$367,729	\$14,500	\$1,475	\$13,025
Capital Outlay	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$3,220,077	\$2,268,608	\$951,469	\$881,465	\$498,998	\$382,467
Excess of Revenues Over/ (Under) Expenditures	(\$432,922)	\$297,470	\$730,392	(\$249,546)	(\$186,740)	\$62,806
<u>Other Financing Sources (Uses)</u>						
Advance Out	\$0	\$0	\$0	\$0	\$0	\$0
Transfers In	\$0	\$0	\$0	\$0	\$186,000	\$186,000
Transfers Out	(\$135,000)	(\$196,000)	(\$61,000)	\$0	(\$7,000)	(\$7,000)
Total Other Financing Sources (Uses)	(\$135,000)	(\$196,000)	(\$61,000)	\$0	\$179,000	\$179,000
Excess of Revenue & Other Financing Sources over/(under) Expenditures Expenditure and Other Uses	(\$567,922)	\$101,470	\$669,392	(\$249,546)	(\$7,740)	\$241,806
Fund Balance (Deficit) at Beginning of Year	\$726,945	\$726,945	\$0	\$243,081	\$243,081	\$0
Prior Year Encumbrance Appropriated	\$6,300	\$6,300	\$0	\$6,465	\$6,465	\$0
Fund Balance (Deficit) at End of Year	\$165,323	\$834,715	\$669,392	\$0	\$241,806	\$241,806

See Notes to the General Purpose Financial Statements.

Capital Projects Funds			Income Tax Only Expendable Trust			Totals - Memorandum Only		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$735,452	\$685,670	(\$49,782)	\$2,836,427	\$2,482,201	(\$354,226)
\$804,316	\$78,050	(\$726,266)	\$0	\$0	\$0	\$1,700,737	\$796,069	(\$904,668)
\$0	\$0	\$0	\$0	\$0	\$0	\$222,212	\$198,053	(\$24,159)
\$0	\$0	\$0	\$0	\$0	\$0	\$77,631	\$50,649	(\$26,982)
\$0	\$0	\$0	\$0	\$0	\$0	\$105,000	\$102,942	(\$2,058)
<u>\$0</u>	<u>\$87,531</u>	<u>\$87,531</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,835</u>	<u>\$99,673</u>	<u>\$82,838</u>
\$804,316	\$165,581	(\$638,735)	\$735,452	\$685,670	(\$49,782)	\$4,958,842	\$3,729,587	(\$1,229,255)
\$0	\$0	\$0	\$0	\$0	\$0	\$2,352,177	\$1,529,619	\$822,558
\$0	\$0	\$0	\$0	\$0	\$0	\$51,000	\$50,569	\$431
\$0	\$0	\$0	\$0	\$0	\$0	\$503,500	\$493,770	\$9,730
\$564,257	\$76,116	\$488,141	\$0	\$0	\$0	\$564,257	\$76,116	\$488,141
\$385,000	\$160,531	\$224,469	\$0	\$0	\$0	\$849,965	\$505,033	\$344,932
\$0	\$0	\$0	\$455,125	\$81,981	\$373,144	\$1,184,925	\$431,027	\$753,898
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>\$949,257</u>	<u>\$236,647</u>	<u>\$712,610</u>	<u>\$455,125</u>	<u>\$81,981</u>	<u>\$373,144</u>	<u>\$5,505,924</u>	<u>\$3,086,234</u>	<u>\$2,419,690</u>
(\$144,941)	(\$71,066)	\$73,875	\$280,327	\$603,689	\$323,362	(\$547,082)	\$643,353	\$1,190,435
\$0	(\$375,000)	(\$375,000)	\$0	\$0	\$0	\$0	(\$375,000)	(\$375,000)
\$50,000	\$457,074	\$407,074	\$0	\$0	\$0	\$50,000	\$643,074	\$593,074
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$470,000)</u>	<u>(\$766,000)</u>	<u>(\$296,000)</u>	<u>(\$605,000)</u>	<u>(\$969,000)</u>	<u>(\$364,000)</u>
<u>\$50,000</u>	<u>\$82,074</u>	<u>\$32,074</u>	<u>(\$470,000)</u>	<u>(\$766,000)</u>	<u>(\$296,000)</u>	<u>(\$555,000)</u>	<u>(\$700,926)</u>	<u>(\$145,926)</u>
(\$94,941)	\$11,008	\$105,949	(\$189,673)	(\$162,311)	\$27,362	(\$1,102,082)	(\$57,573)	\$1,044,509
\$30,684	\$30,684	\$0	\$189,548	\$189,548	\$0	\$1,190,258	\$1,190,258	\$0
<u>\$64,257</u>	<u>\$64,257</u>	<u>\$0</u>	<u>\$125</u>	<u>\$125</u>	<u>\$0</u>	<u>\$77,147</u>	<u>\$77,147</u>	<u>\$0</u>
<u>\$0</u>	<u>\$105,949</u>	<u>\$105,949</u>	<u>\$0</u>	<u>\$27,362</u>	<u>\$27,362</u>	<u>\$165,323</u>	<u>\$1,209,832</u>	<u>\$1,044,509</u>

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City of Delphos, Allen & Van Wert Counties
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances -
 All Proprietary Fund Types
 For the Fiscal Year Ended December 31, 2000

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total Memorandum Only</u>
<u>Operating Revenues</u>			
Charges for Services	\$2,435,668	\$189,739	\$2,625,407
<u>Operating Expenses:</u>			
Personal Services	\$701,179	\$0	\$701,179
Travel/Transportation	\$1,430	\$0	\$1,430
Contractual Services	\$873,772	\$1,750	\$875,522
Materials and Supplies	\$337,360	\$0	\$337,360
Claims Expense	\$0	\$246,996	\$246,996
Depreciation	<u>\$456,296</u>	<u>\$0</u>	<u>\$456,296</u>
Total Operating Expenses	<u>\$2,370,037</u>	<u>\$248,746</u>	<u>\$2,618,783</u>
Operating Income (Loss)	\$65,631	(\$59,007)	\$6,624
<u>Non-Operating Revenues (Expenses):</u>			
Interest Revenue	\$27,836	\$0	\$27,836
Other Non-operating Revenue	\$2,148	\$0	\$2,148
Debt Service/Interest and Fiscal Charges	<u>(\$465,552)</u>	<u>\$0</u>	<u>(\$465,552)</u>
Total Non-operating Revenues (Expenses)	<u>(\$435,568)</u>	<u>\$0</u>	<u>(\$435,568)</u>
Income (Loss) before operating transfer:	(\$369,937)	(\$59,007)	(\$428,944)
Operating transfers-in	\$783,000	\$0	\$783,000
Operating transfers-out	<u>(\$457,074)</u>	<u>\$0</u>	<u>(\$457,074)</u>
Total Transfers	<u>\$325,926</u>	<u>\$0</u>	<u>\$325,926</u>
Net Income (Loss)	(\$44,011)	(\$59,007)	(\$103,018)
Retained Earnings at Beginning of Year	\$3,546,631	\$70,483	\$3,617,114
Depreciation on Assets Acquired by Contributed Capital	<u>\$20,852</u>	<u>\$0</u>	<u>\$20,852</u>
Retained Earnings at End of Year	\$3,523,472	\$11,476	\$3,534,948
Contributed Capital at Beginning of Year	\$448,316	\$0	\$448,316
Depreciation on Assets Acquired by Contributed Capital	<u>(\$20,852)</u>	<u>\$0</u>	<u>(\$20,852)</u>
Contributed Capital at End of Year	<u>\$427,464</u>	<u>\$0</u>	<u>\$427,464</u>
Total Fund Equity at End of Year	<u>\$3,950,936</u>	<u>\$11,476</u>	<u>\$3,962,412</u>

See Notes to the General Purpose Financial Statements.

City of Delphos, Allen & Van Wert Counties
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances - Budget & Actual (Budget Basis)
 All Proprietary Fund Types
 For the Fiscal Year Ended December 31, 2000

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Charges for Services	\$3,170,986	\$2,439,537	(\$731,449)
Interest	\$30,000	\$27,816	(\$2,184)
Other	<u>\$0</u>	<u>\$290</u>	<u>\$290</u>
Total Revenues	\$3,200,986	\$2,467,643	(\$733,343)
<u>Expenditures</u>			
Personal Services	\$676,000	\$672,978	\$3,022
Travel/Transportation	\$7,000	\$1,430	\$5,570
Contractual Services	\$1,218,763	\$897,636	\$321,127
Supplies and Materials	\$1,262,007	\$238,715	\$1,023,292
Claims Expense	\$0	\$0	\$0
Capital Outlay	\$647,483	\$245,422	\$402,061
Debt Service:			
Principal Retirement	\$700,039	\$567,613	\$132,426
Interest/Fiscal Charges	<u>\$486,000</u>	<u>\$456,365</u>	<u>\$29,635</u>
Total Expenditures	<u>\$4,997,292</u>	<u>\$3,080,159</u>	<u>\$1,917,133</u>
Excess of Revenues Over/ (Under) Expenditures	<u>(\$1,796,306)</u>	<u>(\$612,516)</u>	<u>\$1,183,790</u>
<u>Other Financing Sources (Uses)</u>			
Advances In	\$0	\$375,000	\$375,000
Transfers In	\$913,000	\$1,008,000	\$95,000
Transfers Out	<u>(\$475,000)</u>	<u>(\$682,074)</u>	<u>(\$207,074)</u>
Total Other Sources (Uses)	<u>\$438,000</u>	<u>\$700,926</u>	<u>\$262,926</u>
Excess of Revenues & Other Financing Sources over/(under) Expenditures and Other Uses	(\$1,358,306)	\$88,410	\$1,446,716
Fund Balances (Deficit) at Beginning of Year	\$1,239,024	\$1,239,024	\$0
Prior Year Encumbrances Appropriated	<u>\$119,282</u>	<u>\$119,282</u>	<u>\$0</u>
Fund Balance (Deficit) at End of Year	<u>\$0</u>	<u>\$1,446,716</u>	<u>\$1,446,716</u>

See Notes to the General Purpose Financial Statements.

Internal Service Fund			Total Memorandum Only		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$206,258	\$189,739	(\$16,519)	\$3,377,244	\$2,629,276	(\$747,968)
\$0	\$0	\$0	\$30,000	\$27,816	(\$2,184)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$290</u>	<u>\$290</u>
\$206,258	\$189,739	(\$16,519)	\$3,407,244	\$2,657,382	(\$749,862)
\$0	\$0	\$0	\$676,000	\$672,978	\$3,022
\$0	\$0	\$0	\$7,000	\$1,430	\$5,570
\$20,000	\$1,750	\$18,250	\$1,238,763	\$899,386	\$339,377
\$1,000	\$0	\$1,000	\$1,263,007	\$238,715	\$1,024,292
\$289,000	\$263,759	\$25,241	\$289,000	\$263,759	\$25,241
\$0	\$0	\$0	\$647,483	\$245,422	\$402,061
\$0	\$0	\$0	\$700,039	\$567,613	\$132,426
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$486,000</u>	<u>\$456,365</u>	<u>\$29,635</u>
<u>\$310,000</u>	<u>\$265,509</u>	<u>\$44,491</u>	<u>\$5,307,292</u>	<u>\$3,345,668</u>	<u>\$1,961,624</u>
<u>(\$103,742)</u>	<u>(\$75,770)</u>	<u>\$27,972</u>	<u>(\$1,900,048)</u>	<u>(\$688,286)</u>	<u>\$1,211,762</u>
\$0	\$0	\$0	\$0	\$375,000	\$375,000
\$0	\$0	\$0	\$913,000	\$1,008,000	\$95,000
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$475,000)</u>	<u>(\$682,074)</u>	<u>(\$207,074)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$438,000</u>	<u>\$700,926</u>	<u>\$262,926</u>
(\$103,742)	(\$75,770)	\$27,972	(\$1,462,048)	\$12,640	\$1,474,688
\$103,742	\$103,742	\$0	\$1,342,766	\$1,342,766	\$0
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$119,282</u>	<u>\$119,282</u>	<u>\$0</u>
<u>\$0</u>	<u>\$27,972</u>	<u>\$27,972</u>	<u>\$0</u>	<u>\$1,474,688</u>	<u>\$1,474,688</u>

City of Delphos, Allen & Van Wert Counties
 Combined Statement of Cash Flows -
 All Proprietary Fund Types
 For the Year ended December 31, 2000

	Enterprise	Internal Service	Total (Memorandum Only)
Increase(Decrease) in Cash & Cash Equivalents			
Cash flows from operating activities			
Cash received from customers	\$2,439,537	\$0	\$2,439,537
Cash received from Quasi-external transactions with other funds	\$0	\$189,739	\$189,739
Cash payments to suppliers & employees	(\$1,868,100)	(\$1,750)	(\$1,869,850)
Other non-operating revenue	\$290	\$0	\$290
Claims	<u>\$0</u>	<u>(\$253,759)</u>	<u>(\$253,759)</u>
Net cash provided by (used for) operating activities	\$571,727	(\$65,770)	\$505,957
Cash flows from non-capital financing activities			
Transfer in (out)	\$325,926	\$0	\$325,926
Advances in (out)	\$375,000	\$0	\$375,000
Cash flows from capital and related financing activities			
Acquisition and Construction of Cap Assets	(\$146,581)	\$0	(\$146,581)
Principal Paid on OWDA Loans	(\$306,439)	\$0	(\$306,439)
Principal Paid on Capital Lease	(\$123,330)	\$0	(\$123,330)
Principal Paid on OPWC Loans	(\$12,843)	\$0	(\$12,843)
Principal Paid on Water Improvement Bond	(\$125,000)	\$0	(\$125,000)
Interest Paid	<u>(\$463,075)</u>	<u>\$0</u>	<u>(\$463,075)</u>
Net cash provided by (used for) capital and related financing activities	(\$1,177,268)	\$0	(\$1,177,268)
Cash Flow from Investing Activities			
Interest Received	<u>\$27,816</u>	<u>\$0</u>	<u>\$27,816</u>
Net Income (Decrease) in Cash & Cash Equivalents	\$123,201	(\$65,770)	\$57,431
Cash & Cash Equivalents - Beginning of Year	<u>\$1,358,317</u>	<u>\$113,742</u>	<u>\$1,472,059</u>
Cash & Cash Equivalents - End of Year	<u>\$1,481,518</u>	<u>\$47,972</u>	<u>\$1,529,490</u>

City of Delphos, Allen & Van Wert Counties
 Combined Statement of Cash Flows -
 All Proprietary Fund Types
 For the Year ended December 31, 2000

	Enterprise	Internal Service	Total (Memorandum Only)
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating Income (Loss)	\$65,631	(\$59,007)	\$6,624
Adjustments to Reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	\$456,296	\$0	\$456,296
Reclass of Non-operating revenues	\$290	\$0	\$290
Change in assets and liabilities:			
(Increase)Decrease in Accounts Receivable	\$3,869	\$0	\$3,869
(Increase)Decrease in Inventory	\$3,948	\$0	\$3,948
(Increase)Decrease in Prepaid Items	(\$911)	\$0	(\$911)
Increase (Decrease) in Accounts Payable	\$13,467	\$0	\$13,467
Increase (Decrease) in Contracts Payable	\$876	\$0	\$876
Increase (Decrease) in Accrued Wages	\$384	\$0	\$384
Increase (Decrease) in Intergovernmental Payable	\$10,697	\$0	\$10,697
Increase (Decrease) in Compensated Absences	\$17,180	\$0	\$17,180
Increase (Decrease) in Claims Payable	<u>\$0</u>	<u>(\$6,763)</u>	<u>(\$6,763)</u>
Total Adjustments	<u>\$506,096</u>	<u>(\$6,763)</u>	<u>\$499,333</u>
Net Cash Provided by (used for) operating activities	<u>\$571,727</u>	<u>(\$65,770)</u>	<u>\$505,957</u>

Reconciliation of Cash and Cash Equivalents of Fiduciary Funds to Balance Sheet:

Cash and Cash Equivalents - All Fiduciary Funds:

Cash and Cash Equivalents - Expendable Trust Funds	\$27,590
Cash and Cash Equivalents - Agency Funds	<u>\$29,473</u>

Total Cash and Cash Equivalents \$57,063

See Notes to the General Purpose Financial Statements.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 1 - Description of the City and Reporting Entity

The City of Delphos (the "City") is a home-rule municipal corporation, established and operated under the laws of the State of Ohio. The City operates under a part-time Mayor/Council and full-time City Safety/Service Director form of government. The Mayor and Council are elected.

Reporting Entity

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Delphos, this includes police and fire protection, emergency medical, parks and recreation, planning, zoning, street maintenance and repair, refuse collection, water system, sewer system, and a staff to provide support to these service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures. All are responsible to the citizens of Delphos and are included as part of the primary government.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and 1) the City is able to significantly influence the programs or services performed or provided by the organization; or 2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization.

Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements issued on or before November 30, 1989, to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

A. Fund Accounting

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

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 2 - Summary of Significant Accounting Policies (continued)

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

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types. Governmental funds are those through which most governmental functions of the City 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 following are the City's governmental fund types:

General Fund - This fund is the operating fund of the City and 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 an ordinance of the City and/or the general laws of Ohio.

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

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

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

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

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 2 - Summary of Significant Accounting Policies (continued)

Internal Service Fund - This fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Fiduciary Fund Types. These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental and/or other funds.

Account Groups. To make a clear distinction between fixed 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 - This account group accounts for all general fixed assets of the City other than those accounted for in proprietary funds.

General Long-Term Obligations Account Group - This account group accounts for all unmatured long-term indebtedness of the City that is not a specific liability of proprietary funds.

B. Measurement Focus and Basis of Accounting

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

The proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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.

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

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 2 - Summary of Significant Accounting Policies (continued)

Revenues accrued at the end of the year included investment earnings, state levied-shared revenues, municipal income taxes withheld by employers, fines and forfeitures, and reimbursements due from state or 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 miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The City reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of December 31, 2000, and delinquent property taxes whose availability is indeterminate and which are intended to finance current period obligations, have been recorded as a deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period earned and expenses are recognized when they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

Tax Budget. Prior to July 15, the City Auditor submits to the City Council a proposed operating budget for the year commencing the following January 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than July 20, the Council-adopted budget is filed with the Allen County Budget Commission for rate determination.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 2 - Summary of Significant Accounting Policies (continued)

Estimated Resources. Prior to October 1, the City accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the estimated fund balance and projected revenue of each fund. Prior to December 31, the City must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about January 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported in the budgetary statement reflect the amounts in the final amended certificate issued during the year 2000.

Appropriations. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. 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. 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. During the year, several supplemental appropriation measures were passed. None of these supplemental appropriations had any significant affect on the original appropriations. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Budgeted Level of Expenditure/Expense. Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Expenditures/expenses plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For all funds, Council appropriations are made by fund levels. More detailed appropriation allocations may be made by the City Auditor as long as the allocations are within Council's original appropriated amount.

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

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 2 - Summary of Significant Accounting Policies (continued)

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 for governmental funds and reported in the notes to the financial statements for proprietary funds.

D. Cash and Cash Equivalents

Cash balances of City Funds are pooled in a central bank account. Monies for all funds, are maintained in this account or temporarily used to purchase short-term investments to provide improved cash management. Individual fund integrity is maintained through City records. Investments are stated at amortized cost or fair value. Each fund type's share of the pool is presented on the balance sheet in the account "Equity in Pooled Cash and Cash Equivalents". For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, funds included within the City's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents.

Interest allocation is determined by the Ohio Constitution, State statutes, debt indentures and local ordinances. Under these provisions, City funds required to, but which do not necessarily, receive interest allocations are the General Fund, Street Fund, State Highway Fund, Permissive License Tax Fund and Water Fund. Interest revenue earned during 2000 amount to \$132,398.

E. Interfund Assets and Liabilities

Short-term interfund loans are classified as interfund receivables/payables" on the accompanying balance sheet.

F. Inventory

Inventories of governmental funds are stated at cost while the inventory of the proprietary fund is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. The reserve for inventory within the governmental funds indicates that a portion of the fund balance is not available for future expenditures. At December 31, 2000, the general, street, water and sewer funds maintained inventories.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 2 - Summary of Significant Accounting Policies (continued)

G. Prepaid Assets.

Payments made to vendors for services that will benefit periods beyond December 31, 2000 are recorded as prepaid items by 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.

H. Fixed Assets and Depreciation

The fixed asset values were initially determined at December 31, 1990, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, 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 fair market value on the date donated.

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

General Fixed Assets

General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the fund used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. The City has elected to report the General Fixed Assets Account Group net of depreciation in accordance with generally accepted accounting principles for governmental entities. The assets of the enterprise funds are depreciated on the following basis:

Buildings	20 Years
Equipment	2-10 Years
Vehicles	5-10 Years
Improvements	15 Years

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

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 2 - Summary of Significant Accounting Policies (continued)

Proprietary Fund Fixed Assets

Fixed assets associated with the enterprise fund activities are accounted for in that fund. Depreciation is calculated using the straight line method over the assets' estimated useful lives. The assets of the enterprise funds are depreciated on the following basis:

Buildings	20 Years
Water and Sewer Lines	50 Years
Equipment	2-10 Years
Vehicles	5-10 Years
Improvements	15 Years

I. Contributed Capital

Contributed capital represents donations by developers, grants restricted for capital construction, and contributions made by the City. These assets are recorded at their fair market value on the date contributed and are not subject to repayment. These assets are recorded as contributed capital in the accompanying combined financial statements. Because the City did not prepare financial statements in accordance with Generally Accepted Accounting Principals prior to 1991 the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been able to be identified specifically have been classified as contributed capital in accompanying general purpose financial statements. All other fund equity amounts pertaining to the Proprietary Funds have been classified as retained earnings.

J. Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the Termination Payment Method. The liability is calculated by collecting data from employees who have terminated employment with the City in the last 5 years. A sick leave determination cost by fund is calculated from the total dollar amount of sick leave termination payments divided by the total number of years these terminated employees worked. This sick leave cost is then applied to the number of years all active employees have worked.

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

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 2 - Summary of Significant Accounting Policies (continued)

K. Reserves of Fund Equity

Reserves of fund equity indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Governmental fund balances are reserved for encumbrances, inventory of supplies, and prepaid expenses.

L. Interfund Transactions

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

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Accrued and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds, regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligation account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than thirty-one days after year end are considered not to have been made with current available financial resources.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio law, a debt retirement fund may be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require the allocation of the debt liability among the capital projects and Enterprise Funds, and the general long term obligations account group, with principal and interest payments on matured general long-term obligation long term debt are reported in the debt service fund. To comply with GAAP reporting requirements, the City's debt retirement has been split among the appropriate funds and account group. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

N. Total Columns on General Purpose Financial Statements

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

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 2 - Summary of Significant Accounting Policies (continued)

O. Intergovernmental Revenues

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

P. Estimates

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

Note 3 - Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance/retained earnings 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, disbursements and encumbrances.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses 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/expenses (budget) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP).
4. Proceeds from and principal payment on short term notes are reported on the operating statement (budget) rather than on the balance sheet (GAAP).

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 3 - Budgetary Basis of Accounting (continued)

5. For the proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP).

In addition, the City does not budget for the activities of their third party claims administrator who receives funds from the City to pay self-insurance claims incurred by the City. However, the activity is included in the internal service fund for GAAP reporting.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Uses
All Governmental Fund Types and Similar Trust Funds

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	75,908	(14,370)	376,747	(176,733)
Adjustments:				
Revenue Accruals	6,618	(2,085)	0	13,288
Expenditure Accruals	24,844	8,804	(365,739)	1,297
Encumbrances Against Current Year Appropriations	<u>(5,900)</u>	<u>(89)</u>	<u>0</u>	<u>(163)</u>
Budget Basis	<u>101,470</u>	<u>(7,740)</u>	<u>11,008</u>	<u>(162,311)</u>

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 3 - Budgetary Basis of Accounting (continued)

Net Income (Loss)/Excess of Revenues Over (Under)
 Expenses and Operating Transfers
 All Proprietary Fund Types

	<u>Enterprise</u>	<u>Internal Service</u>
GAAP Basis	(44,011)	(59,007)
Adjustments:		
Revenue Accruals	601,991	0
Expenditure Accruals	(78,027)	(6,763)
Year End Encumbrances	(34,804)	0
Acquisition of Fixed Assets	(245,422)	0
Depreciation	456,296	0
Principal Retirement	(567,614)	0
Cash to Fiscal Agent	<u>0</u>	<u>(10,000)</u>
Budget Basis	<u>88,409</u>	<u>(75,770)</u>

Note 4 - Accountability and Compliance

Ohio Revised Code Section 5705.36 states that the City is required to obtain a reduced amended certificate of estimated resources when it is known that estimated receipts will exceed actual receipts. Once an amended certificate of estimated resources is obtained, Section 5705.39, Revised Code, requires a corresponding reduction in appropriations. Many of the City's funds for 2000 were found to have estimated receipts exceeding actual receipts.

Note 5 - Deposits and Investments

The City Treasurer and Treasury Investment Board are responsible for selecting depositories and investing funds.

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.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 5 - Deposits and Investments (continued)

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

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

Interim monies may be 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 other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and;
6. The State Treasurer's investment pool (STAR Ohio).

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; and
3. Obligations to the City.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 5 - Deposits and Investments (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivations are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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 City 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.

A. Deposits

At year end December 31, 2000, the City had \$331 in undeposited cash on hand which is included on the balance sheet of the City as part of "Equity in Pooled Cash and Cash Equivalents".

At year-end, the carrying amount of the City's deposits was \$2,774,961 and the bank balance was \$2,813,353. \$100,000 of the bank balance was covered by federal depository insurance. \$2,713,353 was uninsured and uncollateralized. Although the securities were held by the pledging financial institution's trust department or agent in the City's name and all state statutory requirements for the investment of money had been followed, noncompliance with federal requirements would potentially subject the City to a successful claim by the FDIC.

B. Investments

GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements", requires that local governments disclose the carrying amounts and market value of investments, classified by risk. The government's investments are categorized as either (1) insured or registered, or securities are held by the City or its agent in the City's name, (2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name or (3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name. The City did not hold any investments under GASB Statement 3.

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$ 1,275,292	\$ 1,500,000
Cash on hand	(331)	
Certificates of deposit		
Over 90 days	<u>1,500,000</u>	<u>(1,500,000)</u>
GASB Statement 3	\$ <u>2,774,961</u>	\$ <u> -</u>

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 6 - Income Tax

The City levies an income tax of one and one half percent on all income earned within the City as well as incomes of residents earned outside the City. In addition, the residents are required to pay income tax on income earned outside the city; however, residents are granted a 75 percent credit on income earned and taxed by another Ohio municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

The city allocates income tax revenues to the general and income tax funds. Tax receipts amounted to \$2,057,036 in 2000. The income tax is to be divided 67% to the General Fund and 33% to the Income Tax Fund with any expenses of the income tax process to be charged to the income tax fund and the remainder to be transferred to the sewer fund for sewer system improvements.

Note 7 - Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1995. Real property taxes are payable annually or semi annually. The first payment is due January 20, with the remainder payable by June 20.

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 April 30 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30; with the remainder payable by September 20. The tax rate applied to tangible personal property for the fiscal year ended December 31, 2000 was \$6.75 per \$1,000 of assessed valuation.

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 year preceding the tax collection year, the lien date. Certain public tangible personal property currently is assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 7 - Property Taxes (continued)

The full tax rate applied to real property for both counties for the fiscal year ended December 31, 2000, was \$6.75 per \$1,000 of assessed value. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$4.13 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$4.99 per \$1,000 of assessed valuation for all other real property. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

	<u>Allen County</u>	<u>Van Wert County</u>
Real Estate Tax		
Residential/Agricultural	30,079,950	20,584,280
Commercial/Industrial	13,778,230	2,957,260
Tangible Personal Property Tax		
General	13,709,200	3,840,590
Public Utilities	<u>1,957,890</u>	<u>1,357,140</u>
Total	<u>\$59,525,270</u>	<u>\$28,739,270</u>

Note 8 - Receivables

Receivables at December 31, 2000, consisted of taxes, charges for services, utility accounts and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are deemed collectible in full.

A summary of the principal items of receivables follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	<u>Enterprise</u>	<u>Total</u>
City Income Tax	\$188,212	\$0	\$94,106	\$0	\$282,318
Property Tax	373,329	45,620	0	0	418,949
EMS Services	85,046	0	0	0	85,046
Cable Franchise	15,035	0	0	0	15,035
Estate Tax	50,035	0	0	0	50,035
Fines	400	0	0	0	400
Vehicle Tax	0	4,179	0	0	4,179
Gas Tax	0	14,404	0	0	14,404
Accrued Interest	6,643	264	0	2,719	9,626
Water Billings	0	0	0	250,691	250,691
Sewer Billings	0	0	0	360,201	360,201
Garbage Billings	0	0	0	<u>83,476</u>	<u>83,476</u>
Total	<u>\$718,700</u>	<u>\$64,467</u>	<u>\$94,106</u>	<u>\$697,087</u>	<u>\$1,574,360</u>
	=====	=====	=====	=====	=====

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 9 - Fixed Assets

A. General Fixed Assets

The changes in general fixed assets during 2000 were as follows:

	Balance January 1, <u>2000</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2000</u>
Land	\$424,941	\$0	\$0	\$424,941
Buildings	785,994	74,235	0	860,229
Improvements	532,782	47,518	0	580,300
Equipment	720,566	124,135	(10,190)	834,511
Vehicles	<u>1,194,773</u>	<u>124,467</u>	<u>(85,972)</u>	<u>1,233,268</u>
Total	3,659,056	370,355	(96,162)	3,933,249
Accumulated Depreciation	<u>(2,110,433)</u>	<u>(269,249)</u>	<u>95,574</u>	<u>(2,284,108)</u>
Construction in Progress	432,283	85,377	0	517,660
Net General Fixed Assets	<u>\$1,980,906</u>	<u>\$186,483</u>	<u>(\$588)</u>	<u>\$2,166,801</u>

All fund fixed assets relate to the water, sewer and garbage enterprise funds. The balances as of December 31, 2000 for the enterprise funds were as follows:

	Amounts
Land	\$167,956
Building	3,197,403
Machinery and Equipment	1,200,604
Vehicles	698,139
Infrastructure	10,078,413
Improvements	<u>369,148</u>
Total	15,711,663
Less: Accumulated Depreciation	(5,148,936)
Construction in Progress	<u>45,462</u>
Net Fixed Assets	<u>\$10,608,189</u>

Depreciation is provided using the straight-line method over the estimated life of the assets.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 10 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

A. Self Insurance Program

The City established a medical self-insurance fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the medical self-insurance fund provides coverage for up to a maximum of \$22,500 for each individual, with a \$1,000,000 aggregate over the employee's life. The City purchased commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Excess costs are paid by stop-loss insurance coverage. The City does not anticipate to be responsible for any costs that exceed the stop-loss insurance coverage. Settlement claims have not exceeded coverage in the aggregate for the past three years.

All funds of the City participate in the program and make payments to the medical self-insurance fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims. This plan provides a medical plan with a \$200 single and a \$400 family deductible for all employees. The City utilizes a third party administrator, MCA Administrators to review all claims which are then paid by the City. The cost to the City for the third party administrator is \$23.65 per employee per month. The City purchases stop-loss coverage at a cost of \$43.49 for single, \$105.28 for family per month. The liability for unpaid claims costs reported in the fund at December 31, 2000 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Term life insurance is provided to all full-time employees in the amount of \$10,000.

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2000	\$43,259	\$246,996	\$253,759	\$36,496
1999	\$31,780	\$194,464	\$182,985	\$43,259

B. Other Insurance Coverage

During 2000 the City contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amounts</u>	<u>Deductible</u>
Hartford Penco	Law Enforcement	\$1,000,000	\$5,000
Hartford Penco	Public Officials	\$1,000,000	\$10,000
Penco MidWest	Faithful Performance	Not available	\$500
P&C of Hartford	Vehicle Insurance	\$500,000	\$1000/\$250
Erie Insurance Company	Auditor Bond	\$90,000	None
Erie Insurance Company	Deputy Auditor Bond	\$90,000	None
United States Fidelity and Guaranty Company	Treasurer Bond	\$100,000	None
Erie Insurance Company	Income Tax Adm. Bond	\$90,000	None
Penco Midwest	General Liability	\$2,000,000	\$1,000

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 10 – Risk Management (continued)

The City pays the state Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

There has not been a significant reduction in commercial coverage from the prior year and settled claims have not exceeded coverage in any of the last five years.

Note 11 - Defined Benefit Pension Plans

A. Public Employees Retirement System

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 10.84 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$130,756, \$145,543, and \$131,611 respectively. The full amount has been contributed for 1999 and 1998. 80.7 percent has been contributed for 2000 with the remainder being reported as a liability within the general long-term obligations account group.

B. Ohio Police and Fire Pension Fund (the "OP&F Fund")

The City of Delphos contributes to the Ohio Police and Fire Pension Fund (the "Fund"), a cost-sharing multiple employer public employee retirement system administered by the Fund's Board of Trustees. The Fund provides retirement benefits and disability to qualified participants and survivor and death benefits to qualified spouses, children and dependent parents. Benefits are based on eligible service credit. Benefits are established by Chapter 742 of the Ohio Revised Code. The Fund issues a publicly available financial report that includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 230 East Town Street, Columbus, Ohio 43215.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police and 24.0 percent for firefighters. Contributions are authorized by State statute. An actuary, however, is used to determine the actuarial implications of the statutory requirements. The City's contributions to the Fund for police and firefighters were \$150,438 for the year ended December 31, 2000, \$145,165 for 1999, and \$135,717 for 1998. The full amount has been contributed for 1999 and 1998. 72.2 percent has been contributed for 2000 with the remainder being reported as a liability within the general long-term obligations account group.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 11 - Defined Benefit Pension Plans (continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by a State retirement system have an option to choose social security or the appropriate state system. As of December 31, 1999, six part-time firemen and several council members have elected social security. The City's liability is 6.2 percent of wages paid.

Note 12 - Postemployment Benefits

A. Public Employees Retirement System

Public Employees Retirement System of Ohio provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The employer contribution rate was rolled back for the year 2000. For local government employer units the rate was 10.84% of covered payroll; 4.30% was the portion that was used to fund health care for the year. The law enforcement employer rate was 15.70% and 4.30% was used to fund health care for the year.

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

Summary of Assumptions:

Actuarial Review: The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 1999.

Funding Method. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

Investment Return. The investment assumption rate for 1999 was 7.75%.

Active Employee Total Payroll. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%. Health care premiums were assumed to increase 4.75% annually.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 12 - Postemployment Benefits (continued)

OPEBs are advance-funded using the entry age normal cost method. The following disclosures are required:

1. The number of active contributing participants was 401,339.
2. The rates stated above are the actuarially determined contribution requirements for PERS. The portion of employer contributions that were used to fund postemployment benefits was \$51,871.
3. \$10,805.5 million represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 1999.
4. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively.

The Retirement Board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for both the state and local government divisions and 6% for law enforcement divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

B. Ohio Police and Fire Pension Fund

OP&F provides post-retirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll.

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

Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, issued to pay retiree health care expenses. The Board defined allocation was 7.0% and 7.25% of covered payroll in 1999 and 2000, respectively. The allocation is 7.50% in 2001. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 12 - Postemployment Benefits (continued)

The number of participants eligible to receive health care benefits as of December 31, 1999, (the latest information available) was 12,467 for police and 9,807 for firefighters. The City's actual contributions for 2000 that were used to fund post-employment benefits were \$29,875 for police and \$21,179 for fire. The Fund's total health care expenses for the year ended December 31, 1999, (the latest information available) were \$95,004,633, which was net of members contributions of \$5,518,098.

Note 13 - Other Employee Benefits

Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy permits vacation leave to be carried forward with the written approval of the safety/ service Director. City employees are paid for all earned, unused vacation leave at the time of termination of employment. Vacation leave is recognized as a liability in the period in which it is earned. Employees in the Police Department under union representation earn sick leave at a rate of 4.16 hours for every 80 hours worked. All other employees earn sick leave at the rate of 3.08 hours for every eighty hours worked. Current policy permits sick leave to be accumulated without limit. The City records a liability for accumulated unused sick leave for eligible employees using the termination payment method.

An employee, after they have reached an accumulated balance of 1040 hours, may elect an option at year end to carry forward the balance or accept a 50% cash pay off option.

For 2000 unpaid compensated absences of \$3,320 at year end were reported as an accrued liability in the general fund. Unpaid compensated absences of \$1,328 at year end were reported as an accrued liability in the special revenue fund. The balance of the liability for governmental funds is reported in the general long-term obligations account group in the amount of \$165,232. Unpaid compensated absences of \$87,375 were reported as an accrued liability in the enterprise funds.

Note 14 - Long-Term Obligations

Bonded debt and other long-term obligations payable activity for the year ended December 31, 2000, was as follows:

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 14 - Long-Term Obligations (continued)

	<u>Balance</u> <u>12/31/99</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>12/31/00</u>
<u>General Long Term Debt</u> <u>Account Group</u>				
Compensated Absences	\$146,624	\$18,608	\$0	\$165,232
Pension Obligation Payable	<u>64,779</u>	<u>60,827</u>	<u>64,779</u>	<u>60,827</u>
Total Long-Term Obligations	211,403	79,435	64,779	226,059
<u>Other Proprietary Debt</u>				
Ohio Public Works Comm.				
Elevated Tank -0%	153,868	0	7,890	145,978
Ohio Water Development Authority - 9.27%	1,138,980	0	100,622	1,038,358
Ohio Water Development Authority - 4.35%	4,439,128	0	205,818	4,233,310
Ohio Public Works Comm.				
Standpipe - 0%	64,380	0	4,953	59,427
Bank One - 3.25%				
South Water Plant Improvement	3,485,000	0	125,000	3,360,000
Vactor Capital Lease Payable	<u>123,330</u>	<u>0</u>	<u>123,330</u>	<u>0</u>
Total Other Proprietary Debt	<u>9,404,686</u>	<u>0</u>	<u>567,613</u>	<u>8,837,073</u>
Total All Fund Types	\$9,616,089 =====	79,435 =====	632,392 =====	\$9,063,132 =====

The Ohio Water Development Authority (O.W.D.A.) loans were for mandated wastewater construction and sewer improvement projects. Property and revenue of the facilities have been pledged to repay the debt.

The Ohio Public Works Commission (O.P.W.C.) loan is for the repairs of the elevated water standpipe. The work began in 1992 and was completed in 1993. The full amount of loan was \$99,045. Revenue of the water system of the City will be used for the principal repayment.

The Ohio Public Works Commission (O.P.W.C.) loan is for the construction of an elevated water tank. Construction started and completed in 1999. The full amount of the loan was \$157,813. Revenue of the water system of the City will be used for the principal payment.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 14 - Long-Term Obligations (continued)

The Bank One bonds are for improvements to the south water plant. Revenue of the water system of the City will be used for principal retirement.

The Vactor Capital Lease Payable was a lease/purchase of a Jet Rodder Truck under a "Municipal lease and Option Contract". This lease/purchase was paid in full during 2000.

On August 31, 1995, the City defeased sewer system mortgage revenue bonds by placing the proceeds of OWDA Water Pollution Control Loan Fund Refinancing Agreement in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and the liability for the defeased bonds are not included in the City's financial statements. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$300,278. This difference, reported in the accompanying financial statements as a deduction from OWDA loans payable, is being charged to operations through the year 2015 using the straight line method. At December 31, 2000 the remaining balance to be amortized is \$225,208.

The OWDA Water Pollution Control Loan Fund Refinancing Agreement pledge wastewater fund income to pay debt service. In addition, special provisions exist regarding redemptions of principal, and maintenance, operation, insurance and condemnation of the project facilities.

Principal and interest requirements to retire to long term debt obligations outstanding at December 31, 2000 are as follows:

	<u>O.W.D.A</u> <u>LOAN (1)</u>	<u>O.W.D.A</u> <u>LOAN (2)</u>	<u>O.P.W.C</u> <u>LOAN</u>	<u>O.P.W.C</u> <u>ELE TANK</u>	<u>BANK ONE</u> <u>BOND</u>	<u>TOTAL</u>
2001	\$211,331	\$396,705	\$4,952	\$7,890	\$280,455	\$901,333
2002	211,331	396,705	4,952	7,890	280,710	901,588
2003	211,331	396,705	4,952	7,890	275,580	896,458
2004	211,331	396,705	4,952	7,890	280,315	901,193
2005	211,331	396,705	4,952	7,890	279,588	900,466
2006-2010	422,663	1,983,527	24,762	39,450	1,394,610	3,865,012
2011-2015	0	1,785,175	9,905	39,450	1,393,505	3,228,035
2016-2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,628</u>	<u>846,294</u>	<u>873,922</u>
Total	<u>\$1,479,318</u>	<u>\$5,752,227</u>	<u>\$59,427</u>	<u>\$145,978</u>	<u>\$5,031,057</u>	<u>\$12,468,007</u>

Note 15 - Interfund Receivables/Payables

As of December 31, 2000, the City reported no interfund receivables and/or payables.

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 16 - Segment Information - Enterprise Funds

The City's enterprise funds account for the provision of water, sewer, and refuse services. Key financial information for the year ended December 31, 2000, for each enterprise fund is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
Operating Revenues	\$826,497	1,311,725	297,446	2,435,668
Operating Expenses				
Before Depreciation	677,703	964,127	271,911	1,901,571
Depreciation	<u>160,595</u>	<u>279,674</u>	<u>16,027</u>	<u>456,296</u>
Operating Income (Loss)	(11,801)	67,924	9,508	77,801
Non-operating Revenues:				
Interest	27,836	0	0	27,836
Other Non-operating Revenue	794	1,354	0	2,148
Non-operating Expenses:				
Interest and Fiscal Charges	154,402	311,150	0	465,552
Advances In	0	375,000	0	375,000
Transfers In	0	783,000	0	783,000
Transfers Out	0	(457,074)	0	(457,074)
Net Income	(155,403)	101,884	9,508	(44,011)
Contributed Capital	103,070	324,394	0	427,464
Property, Plant and Equipment				
Additions	39,751	64,030	42,800	146,581
Net Working Capital	742,057	1,209,203	90,727	2,041,987
Total Assets	4,821,623	7,715,929	278,070	12,815,622
Bonds and Other Long-Term				
Liabilities Payable	3,565,405	5,046,460	0	8,611,865
Deferred Accounting Loss	0	225,208	0	225,208
Total Equity	1,172,401	2,568,409	210,126	3,950,936

Note 17 - Contractual Obligations

The following construction contracts are outstanding as of December 31, 2000:

<u>Fund</u>	<u>Project</u>	<u>Amount Remaining</u>
Capital Projects	Lima Avenue Project	\$73,518
Enterprise Fund	East Fifth Street Development	\$67,944

City of Delphos, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Note 18 - Contingent Liabilities

As of December 31, 2000, the City was a party to various legal proceedings seeking damages or injunctive relief, arising in the course of ordinary business. The ultimate disposition of these proceedings is not presently determinable, but will not, in the opinion of the City Attorney, have a material adverse effect on the continued operation of the City.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Members of City Council
City of Delphos
Delphos, Ohio

We have audited the general purpose financial statements of the City of Delphos, Ohio as of and for the year ended December 31, 2000 and have issued our report thereon dated August 23, 2001, as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's general purpose 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as items 2000-D-001 through 002. We also noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated August 23, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-D-003 through 005.

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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2000-D-003 through 005 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to management of the City in a separate letter dated August 23, 2001.

This report is intended solely for the information and use of management, the Honorable Mayor and Members of Council and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
August 23, 2001

**CITY OF DELPHOS
SCHEDULE OF FINDINGS**

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

Finding Number: 2000-D-001

Section 5705.36, Revised Code, requires the City to obtain a reduced amended certificate of estimated resources when it is known that the estimated receipts will exceed actual receipts. Once a reduced amended certificate is obtained, Section 5705.39, Revised Code, requires a corresponding reduction in appropriations.

The amount of the amended certificate of estimated resources exceeded actual receipts for the following funds during 2000:

- General Fund
- All Special Revenue Funds
- All Capital Project Funds
- All Fiduciary Fund Types
- All Proprietary Fund Types

Finding Number: 2000-D-002

Section 5705.41 (D), Revised Code, states that no subdivision shall make any contract or order any expenditure unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the appropriate fund free from any previous encumbrance. Further, contracts or orders for expenditures lacking prior certification should be considered null and void. If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such contract or order. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

There were a high number of instances where the fiscal officer honored expenditures for which the purchase of goods preceded the certification of the fiscal officer and there was no evidence of subsequent certifications via the use of then and now certificates or approval of the taxing authority for amounts over \$1,000. The fiscal officer should require that City employees and officials obtain the required certification prior to purchasing items for the City. When certification has not been obtained prior to the purchase, the fiscal officer should obtain subsequent approval by Council for all amounts exceeding \$1,000.

Finding Number: 2000-D-003

Fixed Assets

The following problems were encountered when attempting to verify the financial statement presentation of the fixed assets of the account group and enterprise funds.

1. Written policies have not been established regarding fixed assets and their appropriate valuation.
2. The assets were not tagged as being property of the City.
3. Some land and buildings were valued at current appraised value or replacement cost.
4. A capitalization policy (dollar threshold) was not consistently applied for all departments.

The problems noted above could lead to difficulties in filing insurance claims, the misappropriation of property and equipment have resulted in the probable misstatement of the general and enterprise fixed assets. In order to remedy the above situations and present accurate information on the financial statements, the following procedures should be considered:

- a. The designation of an individual or individuals that would be responsible for maintaining and updating the fixed asset records, and the procedures to be followed when deleting or adding an asset.
- b. The criteria that must be met before an asset will be accounted for as a fixed asset, including a minimum dollar threshold and whether like items will be considered individually or as a group for capitalization. The criteria should be established to ensure that material amounts of fixed assets are not excluded from the fixed asset listing.
- c. A procedure for assigning asset numbers to insure that specific assets can be identified. This may require tagging assets if an alternative, such as a serial number, is not available. These tag numbers/serial numbers should be included on a fixed asset listing for easy identification and location.
- d. The establishment of the major classes of fixed assets to be categorized. A life or range of lives for each class of assets should be established. This life should then be used for depreciation purposes.
- e. The establishment of guidelines to determine the basis for assets i.e., what costs associated with the acquisition of the asset will be included in the recorded cost.
- f. Determination of appropriate methods for estimating historical cost when original cost data is not available.
- g. A procedure for periodic or at least annual physical observations to determine that the fixed assets lists are accurate.
- h. A procedure on how and when construction-in-progress is to be booked and the subsequent booking on the asset.
- i. A procedure to assess value to seized vehicles and donated property.
- j. Required information to be maintained as part of the fixed assets records.

Finding Number: 2000-D-004

Contributed Capital

City Personnel were unaware of the requirements for recording contributed capital and, as a result, recorded only limited amounts of contributed capital prior to 1997.

The following items represent sources of contributed capital:

1. Grant, entitlements, industry and shared revenues received for the proprietary funds restricted for the acquisition or construction of capital assets.
2. Capital improvements financed by special assessments that provide capital assets to a government's enterprise fund.
3. Residual equity transfers from other funds and transfers of fixed assets from the General Fixed Asset Account Group.
4. Contributions of fixed assets, donations restricted to the acquisition of fixed assets, and contributions and system-connection related fees in excess of related costs.

City personnel should review records of the above noted items to determine their effect on the presentation of contributed capital.

Finding Number: 2000-D-005

Annual Financial Report

The City performed all of the accounting work with regard to preparing their financial statements in accordance with Generally Accepted Accounting Principles (GAAP) internally with in-house staff. They, at times, were unable to apply the proper accounting treatment with regards to preparation of the financial statements due to either a lack of knowledge of all applicable accounting principles or time constraints. This caused numerous audit adjustments during the audit of the City's general purpose financial statements.

The City Auditor should ensure that personnel involved in the preparation of financial statements are properly trained and provided with up-to-date accounting information or consult with or contract with a professional firm familiar with the conversion and presentation of governmental financial statements.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of December 31, 1999, included material citations and reportable conditions. The citations or reportable conditions were either corrected or is repeated in the current audit report.



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CITY OF DELPHOS

ALLEN 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 8, 2001**