

City of Waverly

Pike County

Regular Audit

January 1, 1999 Through December 31, 2000

Fiscal Years Audited Under GAGAS: 1999 & 2000

BALESTRA & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
528 SOUTH WEST STREET, P.O. BOX 687
PIKETON, OHIO 45661



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398

Members of the Board
City of Waverly
201 West North Street
Waverly, Ohio 45690

We have reviewed the Independent Auditor's Report of the City of Waverly, Pike County, prepared by Balestra & Company, for the audit period January 1, 1999 to 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 Waverly is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

July 31, 2001

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CITY OF WAVERLY
PIKE COUNTY

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BALESTRA & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
528 SOUTH WEST STREET, P.O. BOX 687
PIKETON, OHIO 45661

TELEPHONE (740) 289-4131
FAX (740) 289-3639
E-MAIL mbalcpa@bright.net

Member American Institute of Certified Public Accountants
Accountants

Ohio Society of Certified Public

INDEPENDENT AUDITOR'S REPORT

Members of the Board
City of Waverly
201 W. North Street
Waverly, Ohio 45690

We have audited the accompanying financial statements of the City of Waverly, Pike County, as of and for the years ended December 31, 1999 & 2000. These financial statements are the responsibility of the City of Waverly's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Waverly, as of December 31, 1999 & 2000, and the results of its operations and the cash flows of its proprietary fund types for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2001 on our consideration of the City of Waverly'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.

Balestra & Company

Balestra & Company

June 15, 2001

CITY OF WAVERLY, OHIO
 Combined Balance Sheet
 All Fund Types and Account Groups
 December 31, 2000

	Governmental Fund Types			Proprietary Fund Type
	<i>General</i>	<i>Special Revenue</i>	<i>Capital Projects</i>	<i>Enterprise</i>
<u>Assets and Other Debits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$537,722	\$531,208	\$306,596	\$814,416
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Receivables:				
Taxes	450,733	719,708	0	0
Accounts	0	1,076	0	257,635
Accrued Interest	2,795	0	0	0
Loans	0	11,722	0	0
Due from Other Funds	10,386	0	0	0
Due from Other Governments	39,934	13,039	0	0
Prepaid Items	4,038	4,037	0	2,867
Fixed Assets (Net, Where Applicable, of Accumulated Depreciation)	0	0	0	2,125,839
<u>Other Debits</u>				
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$1,045,608	\$1,280,790	\$306,596	\$3,200,757

The Notes to the Financial Statements are an integral part of this Statement

Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
	<i>General Fixed Assets</i>	<i>General Long-Term Obligations</i>	
<i>Agency</i>			
\$103	\$0	\$0	\$2,190,045
12,346	0	0	12,346
0	0	0	1,170,441
0	0	0	258,711
0	0	0	2,795
0	0	0	11,722
0	0	0	10,386
0	0	0	52,973
0	0	0	10,942
0	2,868,144	0	4,993,983
0	0	614,130	614,130
<u>\$12,449</u>	<u>\$2,868,144</u>	<u>\$614,130</u>	<u>\$9,328,474</u>

(continued)

CITY OF WAVERLY, OHIO
 Combined Balance Sheet
 All Fund Types and Account Groups
 December 31, 2000
 (Continued)

	<u>Governmental Fund Types</u>			<u>Proprietary Fund Type</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$15,136	\$13,618	\$0	\$20,054
Contracts Payable	0	0	0	45,186
Compensated Absences Payable	0	359	0	86,165
Due to Other Funds	0	0	0	0
Due to Other Governments	4,223	9,130	0	31,476
Deferred Revenue	393,397	719,708	0	0
Undistributed Monies	0	0	0	0
Accrued Interest Payable	0	776	0	0
Notes Payable	0	17,500	0	0
OWDA and OPWC Loans Payable	0	0	0	39,602
Total Liabilities	<u>412,756</u>	<u>761,091</u>	<u>0</u>	<u>222,483</u>
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	256,490
Retained Earnings:				
Unreserved	0	0	0	2,721,784
Fund Balance:				
Reserved for Encumbrances	0	590	0	0
Reserved for Loans Receivable	0	11,722	0	0
Unreserved:				
Undesignated (Deficit)	632,852	507,387	306,596	0
Total Fund Equity (Deficit) and Other Credits	<u>632,852</u>	<u>519,699</u>	<u>306,596</u>	<u>2,978,274</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$1,045,608</u>	<u>\$1,280,790</u>	<u>\$306,596</u>	<u>\$3,200,757</u>

The Notes to the Financial Statements are an integral part of this Statement

Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
	<i>General Fixed Assets</i>	<i>General Long-Term Obligations</i>	
<i>Agency</i>			
\$0	\$0	\$0	\$48,808
0	0	0	45,186
0	0	209,179	295,703
10,386	0	0	10,386
1,190	0	94,693	140,712
0	0	0	1,113,105
873	0	0	873
0	0	0	776
0	0	310,258	327,758
0	0	0	39,602
<u>12,449</u>	<u>0</u>	<u>614,130</u>	<u>2,022,909</u>
0	2,868,144	0	2,868,144
0	0	0	256,490
0	0	0	2,721,784
0	0	0	590
0	0	0	11,722
0	0	0	1,446,835
<u>0</u>	<u>2,868,144</u>	<u>0</u>	<u>7,305,565</u>
<u>\$12,449</u>	<u>\$2,868,144</u>	<u>\$614,130</u>	<u>\$9,328,474</u>

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

	Governmental Fund Types			
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>
<u>Assets and Other Debits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$796,817	\$586,230	\$0	\$242,596
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Receivables:				
Taxes	414,805	717,807	0	0
Accounts	0	224	0	0
Interfund	77,108	0	0	0
Accrued Interest	2,391	0	0	0
Loans	0	13,950	0	0
Due from Other Funds	8,969	0	0	0
Due from Other Governments	57,789	12,748	0	0
Prepaid Items	3,208	4,994	0	0
Fixed Assets (Net, Where Applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits</u>				
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$1,361,087	\$1,335,953	\$0	\$242,596

The Notes to the Financial Statements are an integral part of this Statement

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
<i>Enterprise</i>	<i>Agency</i>			
\$935,790	\$103	\$0	\$0	\$2,561,536
0	12,131	0	0	12,131
0	0	0	0	1,132,612
246,145	0	0	0	246,369
0	0	0	0	77,108
0	0	0	0	2,391
0	0	0	0	13,950
0	0	0	0	8,969
0	0	0	0	70,537
2,314	0	0	0	10,516
1,941,382	0	2,226,714	0	4,168,096
0	0	0	646,333	646,333
<u>\$3,125,631</u>	<u>\$12,234</u>	<u>\$2,226,714</u>	<u>\$646,333</u>	<u>\$8,950,548</u>

(continued)

CITY OF WAVERLY, OHIO
 Combined Balance Sheet
 All Fund Types and Account Groups
 December 31, 1999
 (Continued)

	Governmental Fund Types			
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$1,449	\$90,673	\$0	\$0
Contracts Payable	0	28,792	0	0
Compensated Absences Payable	0	281	0	0
Interfund Payable	0	77,108	0	0
Due to Other Funds	0	0	0	0
Due to Other Governments	4,910	1,329	0	0
Deferred Revenue	322,675	601,169	0	0
Undistributed Monies	0	0	0	0
Accrued Interest Payable	94	0	0	0
Notes Payable	100,000	0	0	0
Capital Leases Payable	0	0	0	0
OWDA and OPWC Loans Payable	0	0	0	0
Total Liabilities	429,128	799,352	0	0
 <u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Reserved for Future Debt Service	0	0	0	0
Reserved for Renewal and Replacement	0	0	0	0
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	29,849	323,652	103,800	0
Reserved for Loans Receivable	0	13,950	0	0
Unreserved:				
Undesignated (Deficit)	902,110	198,999	(103,800)	242,596
Total Fund Equity (Deficit) and Other Credits	931,959	536,601	0	242,596
Total Liabilities, Fund Equity and Other Credits	\$1,361,087	\$1,335,953	\$0	\$242,596

The Notes to the Financial Statements are an integral part of this Statement

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
<i>Enterprise</i>	<i>Agency</i>			
\$18,403	\$0	\$0	\$0	\$110,525
0	0	0	0	28,792
72,881	0	0	201,029	274,191
0	0	0	0	77,108
0	8,969	0	0	8,969
28,651	2,412	0	94,524	131,826
0	0	0	0	923,844
0	853	0	0	853
0	0	0	0	94
0	0	0	341,802	441,802
0	0	0	8,978	8,978
44,030	0	0	0	44,030
<u>163,965</u>	<u>12,234</u>	<u>0</u>	<u>646,333</u>	<u>2,051,012</u>
0	0	2,226,714	0	2,226,714
256,490	0	0	0	256,490
0	0	0	0	0
0	0	0	0	0
2,705,176	0	0	0	2,705,176
0	0	0	0	457,301
0	0	0	0	13,950
0	0	0	0	1,239,905
<u>2,961,666</u>	<u>0</u>	<u>2,226,714</u>	<u>0</u>	<u>6,899,536</u>
<u>\$3,125,631</u>	<u>\$12,234</u>	<u>\$2,226,714</u>	<u>\$646,333</u>	<u>\$8,950,548</u>

CITY OF WAVERLY, OHIO
 Combined Statement of Revenues, Expenditures
 And Changes in Fund Balances
 All Governmental Fund Types
 For the Year Ended December 31, 2000

	Governmental Fund Types			<i>Totals (Memorandum Only)</i>
	<i>General</i>	<i>Special Revenue</i>	<i>Capital Projects</i>	
<u>Revenues:</u>				
Property Taxes	\$290,364	\$645,642	\$0	\$936,006
Municipal Income Taxes	1,153,787	0	0	1,153,787
Revenue in Lieu of Taxes	0	0	60,000	60,000
Charges for Services	4,764	23,995	0	28,759
Fines, Licenses, and Permits	159,397	12,045	0	171,442
Intergovernmental	150,886	231,483	0	382,369
Interest	66,633	4,556	0	71,189
Other	85,162	66,216	0	151,378
Total Revenues	<u>1,910,993</u>	<u>983,937</u>	<u>60,000</u>	<u>2,954,930</u>
<u>Expenditures:</u>				
Current:				
Security of Persons and Property	185,730	1,427,653	0	1,613,383
Leisure Time Activities	25,255	0	0	25,255
Community Environment	0	1,229	0	1,229
Transportation	117,276	529,211	0	646,487
General Government	691,257	0	0	691,257
Capital Outlay	132,708	17,500	18,000	168,208
Debt Service:				
Principal Retirement	0	40,522	0	40,522
Interest and Fiscal Charges	4,156	16,442	0	20,598
Total Expenditures	<u>1,156,382</u>	<u>2,032,557</u>	<u>18,000</u>	<u>3,206,939</u>
Excess of Revenues Over (Under) Expenditures	<u>754,611</u>	<u>(1,048,620)</u>	<u>42,000</u>	<u>(252,009)</u>
<u>Other Financing Sources (Uses):</u>				
Operating Transfers - In	0	1,031,718	22,000	1,053,718
Operating Transfers - Out	(1,053,718)	0	0	(1,053,718)
Total Other Financing Sources (Uses)	<u>(1,053,718)</u>	<u>1,031,718</u>	<u>22,000</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(299,107)	(16,902)	64,000	(252,009)
Fund Balances at Beginning of Year	<u>931,959</u>	<u>536,601</u>	<u>242,596</u>	<u>1,711,156</u>
Fund Balances at End of Year	<u>\$632,852</u>	<u>\$519,699</u>	<u>\$306,596</u>	<u>\$1,459,147</u>

The Notes to the Financial Statements are an integral part of this Statement

CITY OF WAVERLY, OHIO
 Combined Statement of Revenues, Expenditures
 And Changes in Fund Balances
 All Governmental Fund Types
 For the Year Ended December 31, 1999

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>Revenues:</u>					
Property Taxes	\$236,267	\$635,738	\$0	\$60,000	\$932,005
Municipal Income Taxes	992,374	0	0	0	992,374
Charges for Services	2,717	2,342	0	0	5,059
Fines, Licenses, and Permits	116,786	16,867	0	0	133,653
Intergovernmental	277,941	256,845	0	275,000	809,786
Interest	92,785	2,287	0	0	95,072
Other	16,174	13,704	0	0	29,878
Total Revenues	<u>1,735,044</u>	<u>927,783</u>	<u>0</u>	<u>335,000</u>	<u>2,997,827</u>
<u>Expenditures:</u>					
Current:					
Security of Persons and Property	96,264	1,287,833	0	0	1,384,097
Leisure Time Activities	42,613	0	0	0	42,613
Community Environment	0	3,365	0	0	3,365
Transportation	115,459	561,903	0	0	677,362
General Government	455,265	0	0	0	455,265
Capital Outlay	342,901	0	0	7,706	350,607
Debt Service:					
Principal Retirement	0	38,903	0	0	38,903
Interest and Fiscal Charges	94	17,285	0	4,172	21,551
Total Expenditures	<u>1,052,596</u>	<u>1,909,289</u>	<u>0</u>	<u>11,878</u>	<u>2,973,763</u>
Excess of Revenues Over (Under) Expenditures	<u>682,448</u>	<u>(981,506)</u>	<u>0</u>	<u>323,122</u>	<u>24,064</u>
<u>Other Financing Sources (Uses):</u>					
Operating Transfers - In	0	580,627	18	25,000	605,645
Operating Transfers - Out	(605,645)	0	0	0	(605,645)
Total Other Financing Sources (Uses)	<u>(605,645)</u>	<u>580,627</u>	<u>18</u>	<u>25,000</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	76,803	(400,879)	18	348,122	24,064
Fund Balances (Deficit) at Beginning of Year	<u>855,156</u>	<u>937,480</u>	<u>(18)</u>	<u>(105,526)</u>	<u>1,687,092</u>
Fund Balances (Deficit) at End of Year	<u>\$931,959</u>	<u>\$536,601</u>	<u>\$0</u>	<u>\$242,596</u>	<u>\$1,711,156</u>

The Notes to the Financial Statements are an integral part of this Statement

CITY OF WAVERLY, OHIO
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types
 For the Year Ended December 31, 2000

	General Fund			Special Revenue Funds		
	<i>Revised Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>	<i>Revised Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues:						
Property Taxes	\$325,000	\$327,115	\$2,115	\$620,800	\$762,280	\$141,480
Municipal Income Taxes	900,000	1,140,958	240,958	0	0	0
Revenue in Lieu of Taxes	0	0	0	0	0	0
Charges for Services	6,050	6,199	149	0	23,995	23,995
Fines, Licenses and Permits	120,000	156,543	36,543	29,500	11,618	(17,882)
Intergovernmental	91,000	168,741	77,741	199,309	231,392	32,083
Interest	10,000	66,148	56,148	6,722	4,556	(2,166)
Other	40,000	85,162	45,162	32,904	67,819	34,915
Total Revenues	<u>1,492,050</u>	<u>1,950,866</u>	<u>458,816</u>	<u>889,235</u>	<u>1,101,660</u>	<u>212,425</u>
Expenditures:						
Current						
Security of Persons and Property	211,433	185,730	25,703	1,835,452	1,448,975	386,477
Leisure Time Activities	25,255	25,255	0	0	0	0
Community Environment	0	0	0	77,195	2,558	74,637
Transportation	138,000	117,276	20,724	727,358	616,752	110,606
General Government	694,778	679,815	14,963	0	0	0
Capital Outlay	51,518	28,818	22,700	0	17,500	(17,500)
Debt Service:						
Principal Retirement	0	0	0	31,544	31,544	0
Interest and Fiscal Charges	3,890	0	3,890	15,150	15,150	0
Total Expenditures	<u>1,124,874</u>	<u>1,036,894</u>	<u>87,980</u>	<u>2,686,699</u>	<u>2,132,479</u>	<u>554,220</u>
Excess of Revenues Over (Under) Expenditures	<u>367,176</u>	<u>913,972</u>	<u>546,796</u>	<u>(1,797,464)</u>	<u>(1,030,819)</u>	<u>766,645</u>
Other Financing Sources (Uses):						
Proceeds of Notes	0	0	0	0	17,500	17,500
Operating Transfers - In	0	0	0	684,321	954,610	270,289
Operating Transfers - Out	(1,084,750)	(1,084,750)	0	0	0	0
Total Other Financing Sources (Uses)	<u>(1,084,750)</u>	<u>(1,084,750)</u>	<u>0</u>	<u>684,321</u>	<u>972,110</u>	<u>287,789</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(717,574)</u>	<u>(170,778)</u>	<u>546,796</u>	<u>(1,113,143)</u>	<u>(58,709)</u>	<u>1,054,434</u>
Fund Balances (Deficit) at Beginning of Year	665,404	665,404	0	171,957	171,957	0
Prior Year Encumbrances Appropriated	<u>31,413</u>	<u>31,413</u>	<u>0</u>	<u>414,273</u>	<u>414,273</u>	<u>0</u>
Fund Balances (Deficit) at End of Year	<u>(\$20,757)</u>	<u>\$526,039</u>	<u>\$546,796</u>	<u>(\$526,913)</u>	<u>\$527,521</u>	<u>\$1,054,434</u>

The Notes to the Financial Statements are an integral part of this Statement

Debt Service Fund			Capital Projects Funds			Totals (Memorandum Only)		
<i>Revised Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>	<i>Revised Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>	<i>Revised Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
\$0	\$0	\$0	\$0	\$0	\$0	\$945,800	\$1,089,395	\$143,595
0	0	0	0	0	0	900,000	1,140,958	240,958
0	0	0	60,000	60,000	0	60,000	60,000	0
0	0	0	0	0	0	6,050	30,194	24,144
0	0	0	0	0	0	149,500	168,161	18,661
0	0	0	0	0	0	290,309	400,133	109,824
0	0	0	0	0	0	16,722	70,704	53,982
0	0	0	0	0	0	72,904	152,981	80,077
0	0	0	60,000	60,000	0	2,441,285	3,112,526	671,241
0	0	0	0	0	0	2,046,885	1,634,705	412,180
0	0	0	0	0	0	25,255	25,255	0
0	0	0	0	0	0	77,195	2,558	74,637
0	0	0	0	0	0	865,358	734,028	131,330
0	0	0	0	0	0	694,778	679,815	14,963
103,890	103,890	0	324,596	18,000	306,596	480,004	168,208	311,796
100,000	100,000	0	0	0	0	131,544	131,544	0
3,890	4,250	(360)	0	0	0	22,930	19,400	3,530
207,780	208,140	(360)	324,596	18,000	306,596	4,343,949	3,395,513	948,436
(207,780)	(208,140)	(360)	(264,596)	42,000	306,596	(1,902,664)	(282,987)	1,619,677
0	0	0	0	0	0	0	17,500	17,500
100,000	108,140	8,140	7,000	22,000	15,000	791,321	1,084,750	293,429
0	0	0	0	0	0	(1,084,750)	(1,084,750)	0
100,000	108,140	8,140	7,000	22,000	15,000	(293,429)	17,500	310,929
(107,780)	(100,000)	7,780	(257,596)	64,000	321,596	(2,196,093)	(265,487)	1,930,606
(3,890)	(3,890)	0	242,596	242,596	0	1,076,067	1,076,067	0
103,890	103,890	0	0	0	0	549,576	549,576	0
(\$7,780)	\$0	\$7,780	(\$15,000)	\$306,596	\$321,596	(\$570,450)	\$1,360,156	\$1,930,606

CITY OF WAVERLY, OHIO
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types
 For the Year Ended December 31, 1999

	General Fund			Special Revenue Funds		
	<i>Revised Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>	<i>Revised Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues:						
Property Taxes	\$183,800	\$199,516	\$15,716	\$586,800	\$519,100	(\$67,700)
Municipal Income Taxes	830,396	978,730	148,334	0	0	0
Charges for Services	2,880	2,960	80	2,500	2,342	(158)
Fines, Licenses and Permits	115,266	115,771	505	26,500	21,768	(4,732)
Intergovernmental	221,017	221,017	0	282,403	257,302	(25,101)
Interest	86,401	92,873	6,472	3,000	2,287	(713)
Other	12,249	12,503	254	33,832	31,492	(2,340)
Total Revenues	<u>1,452,009</u>	<u>1,623,370</u>	<u>171,361</u>	<u>935,035</u>	<u>834,291</u>	<u>(100,744)</u>
Expenditures:						
Current						
Security of Persons and Property	105,150	97,064	8,086	1,569,434	1,582,551	(13,117)
Leisure Time Activities	43,900	42,613	1,287	0	0	0
Community Environment	0	0	0	65,000	3,867	61,133
Transportation	117,750	115,459	2,291	598,643	594,511	4,132
General Government	498,228	479,543	18,685	0	0	0
Capital Outlay	314,000	263,719	50,281	0	0	0
Debt Service:						
Principal Retirement	102,000	0	102,000	30,414	30,414	0
Interest and Fiscal Charges	0	0	0	16,280	16,280	0
Total Expenditures	<u>1,181,028</u>	<u>998,398</u>	<u>182,630</u>	<u>2,279,771</u>	<u>2,227,623</u>	<u>52,148</u>
Excess of Revenues Over (Under) Expenditures	<u>270,981</u>	<u>624,972</u>	<u>353,991</u>	<u>(1,344,736)</u>	<u>(1,393,332)</u>	<u>(48,596)</u>
Other Financing Sources (Uses):						
Proceeds of Notes	0	0	0	0	0	0
Advances-In	0	19,474	19,474	0	0	0
Advances-Out	0	0	0	0	(15,838)	(15,838)
Operating Transfers - In	0	0	0	565,000	580,627	15,627
Operating Transfers - Out	(804,000)	(707,445)	96,555	0	0	0
Total Other Financing Sources (Uses)	<u>(804,000)</u>	<u>(687,971)</u>	<u>116,029</u>	<u>565,000</u>	<u>564,789</u>	<u>(211)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(533,019)</u>	<u>(62,999)</u>	<u>470,020</u>	<u>(779,736)</u>	<u>(828,543)</u>	<u>(48,807)</u>
Fund Balances (Deficit) at Beginning of Year	707,045	707,045	0	987,984	987,984	0
Prior Year Encumbrances Appropriated	<u>21,358</u>	<u>21,358</u>	<u>0</u>	<u>12,516</u>	<u>12,516</u>	<u>0</u>
Fund Balances (Deficit) at End of Year	<u>\$195,384</u>	<u>\$665,404</u>	<u>\$470,020</u>	<u>\$220,764</u>	<u>\$171,957</u>	<u>(\$48,807)</u>

The Notes to the Financial Statements are an integral part of this Statement

Debt Service Fund			Capital Projects Funds			Totals (Memorandum Only)		
<i>Revised Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>	<i>Revised Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>	<i>Revised Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
\$0	\$0	\$0	\$60,000	\$60,000	\$0	\$830,600	\$778,616	(\$51,984)
0	0	0	0	0	0	830,396	978,730	148,334
0	0	0	0	0	0	5,380	5,302	(78)
0	0	0	0	0	0	141,766	137,539	(4,227)
0	0	0	0	275,000	275,000	503,420	753,319	249,899
0	0	0	0	0	0	89,401	95,160	5,759
0	0	0	0	0	0	46,081	43,995	(2,086)
0	0	0	60,000	335,000	275,000	2,447,044	2,792,661	345,617
0	0	0	0	0	0	1,674,584	1,679,615	(5,031)
0	0	0	0	0	0	43,900	42,613	1,287
0	0	0	0	0	0	65,000	3,867	61,133
0	0	0	0	0	0	716,393	709,970	6,423
0	0	0	0	0	0	498,228	479,543	18,685
101,818	101,800	18	301,814	27,046	274,768	717,632	392,565	325,067
0	103,800	(103,800)	0	300,000	(300,000)	132,414	434,214	(301,800)
0	0	0	0	9,172	(9,172)	16,280	25,452	(9,172)
101,818	205,600	(103,782)	301,814	336,218	(34,404)	3,864,431	3,767,839	96,592
(101,818)	(205,600)	(103,782)	(241,814)	(1,218)	240,596	(1,417,387)	(975,178)	442,209
0	100,000	100,000	0	0	0	0	100,000	100,000
0	0	0	0	0	0	0	19,474	19,474
0	0	0	0	(3,636)	(3,636)	0	(19,474)	(19,474)
0	101,818	101,818	50,000	25,000	(25,000)	615,000	707,445	92,445
0	0	0	0	0	0	(804,000)	(707,445)	96,555
0	201,818	201,818	50,000	21,364	(28,636)	(189,000)	100,000	289,000
(101,818)	(3,782)	98,036	(191,814)	20,146	211,960	(1,606,387)	(875,178)	731,209
(18)	(18)	0	222,450	222,450	0	1,917,461	1,917,461	0
0	0	0	0	0	0	33,874	33,874	0
(\$101,836)	(\$3,800)	\$98,036	\$30,636	\$242,596	\$211,960	\$344,948	\$1,076,157	\$731,209

CITY OF WAVERLY, OHIO
 Combined Statement of Revenues, Expenses
 And Changes in Fund Equity
 Proprietary Fund Type
 For the Year Ended December 31, 2000

	<i>Enterprise</i>
<u>Operating Revenues:</u>	
Charges for Services	\$1,117,056
Other Operating Revenues	188,350
Total Operating Revenues	1,305,406
<u>Operating Expenses:</u>	
Personal Services	562,318
Contractual Services	72,904
Materials and Supplies	569,411
Depreciation	45,419
Total Operating Expenses	1,250,052
Operating Income	55,354
<u>Non-Operating Revenues (Expenses):</u>	
Interest Income	2,039
Interest and Fiscal Charges	(323)
Operating Grants	39,495
Other Non-Operating Expenses	(79,957)
Total Non-Operating Revenues (Expenses)	(38,746)
Net Income	16,608
Retained Earnings At Beginning of Year	2,705,176
Retained Earnings At End of Year	2,721,784
Contributed Capital At Beginning Of Year	256,490
Contributed Capital At End Of Year	256,490
Total Fund Equity At End Of Year	\$2,978,274

The Notes to the Financial Statements are an integral part of this Statement

CITY OF WAVERLY, OHIO
 Combined Statement of Revenues, Expenses
 And Changes in Fund Equity
 Proprietary Fund Type
 For the Year Ended December 31, 1999

	<i>Enterprise</i>
<u>Operating Revenues:</u>	
Charges for Services	\$1,124,042
Other Operating Revenues	398
Total Operating Revenues	1,124,440
<u>Operating Expenses:</u>	
Personal Services	483,611
Contractual Services	142,041
Materials and Supplies	362,778
Depreciation	111,396
Total Operating Expenses	1,099,826
Operating Loss	24,614
<u>Non-Operating Revenues (Expenses):</u>	
Interest Income	1,940
Interest and Fiscal Charges	(333)
Operating Grant	29,040
Other Non-Operating Expenses	(95,050)
Total Non-Operating Revenues (Expenses)	(64,403)
Net Loss	(39,789)
Retained Earnings At Beginning of Year - Restated (Note 19)	2,744,965
Retained Earnings At End of Year	2,705,176
Contributed Capital At Beginning Of Year	0
Contributed Capital At End Of Year	256,490
Total Fund Equity At End Of Year	\$2,961,666

The Notes to the Financial Statements are an integral part of this Statement

CITY OF WAVERLY, OHIO
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget and Actual (Budget Basis)
 Proprietary Fund Type
 For the Year Ended December 31, 2000

	Enterprise		
	<i>Revised Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<u>Revenues:</u>			
Charges for Services	\$1,260,000	\$1,105,566	(\$154,434)
Interest	1,200	2,039	839
Other Operating Revenues	250,000	188,350	(61,650)
Grants	0	39,495	39,495
Total Revenues	1,511,200	1,335,450	(175,750)
<u>Expenses:</u>			
Personal Services	571,089	550,529	20,560
Contractual Services	31,476	15,264	16,212
Materials and Supplies	540,735	447,048	93,687
Capital Outlay	634,110	441,504	192,606
Other Expenses	139,406	80,438	58,968
Debt Service:			
Principal Retirement	15,621	4,428	11,193
Interest and Fiscal Charges	323	323	0
Total Expenses	1,932,760	1,539,534	393,226
Excess of Revenues Over (Under) Expenses	(421,560)	(204,084)	217,476
Revenues Over (Under) Expenses	(421,560)	(204,084)	217,476
Fund Equity Beginning of Year	916,866	916,866	0
Prior Year Encumbrances Appropriated	18,924	18,924	0
Fund Equity at End of Year	\$514,230	\$731,706	\$217,476

The Notes to the Financial Statements are an integral part of this Statement

CITY OF WAVERLY, OHIO
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget and Actual (Budget Basis)
 Proprietary Fund Type
 For the Year Ended December 31, 1999

	Enterprise		
	<i>Revised Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<u>Revenues:</u>			
Charges for Services	\$1,307,842	\$1,124,016	(\$183,826)
Interest	2,400	1,940	(460)
Other Operating Revenues	118	398	280
Total Revenues	1,310,360	1,126,354	(184,006)
<u>Expenses:</u>			
Personal Services	540,510	488,809	51,701
Contractual Services	12,500	11,202	1,298
Materials and Supplies	452,856	394,652	58,204
Capital Outlay	537,494	299,548	237,946
Other Non-Operating Expenses	151,441	81,646	69,795
Debt Service:			
Principal Retirement	14,850	13,024	1,826
Interest and Fiscal Charges	1,094	1,094	0
Total Expenses	1,710,745	1,289,975	420,770
Excess of Revenues Over (Under) Expenses	(400,385)	(163,621)	236,764
<u>Non-Operating Revenues (Expenses):</u>			
Other Non-Operating Revenues	29,040	29,040	0
Excess of Revenues and Non-Operating Revenues Over (Under) Expenses	(371,345)	(134,581)	236,764
Fund Equity Beginning of Year	984,237	984,237	0
Prior Year Encumbrances Appropriated	67,211	67,211	0
Fund Equity at End of Year	\$680,103	\$916,867	\$236,764

The Notes to the Financial Statements are an integral part of this Statement

CITY OF WAVERLY, OHIO
 Combined Statement of Cash Flows
 Proprietary Fund Type
 For the Year Ended December 31, 2000

<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	<u>Enterprise</u>
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Charges for Services	\$1,105,566
Cash Received from Other Operating Sources	188,350
Cash Payments to Suppliers for Goods and Services	(592,056)
Cash Payments to Employees for Services	(550,389)
Net Cash Provided by Operating Activities	<u>151,471</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Cash Payments for Other Non-Operating Expenses	(79,752)
Operating Grants Received	39,495
Net Cash Provided by Noncapital Financing Activities	<u>(40,257)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Aquisition of Capital Assets	(229,876)
Principal paid on Loans	(4,428)
Interest paid on Loans	(323)
Net Cash Used for Capital and Related Financing Activities	<u>(234,627)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest Income	<u>2,039</u>
Net Decrease in Cash and Cash Equivalents	(121,374)
Cash and Cash Equivalents at Beginning of Year	<u>935,790</u>
Cash and Cash Equivalents at End of Year	<u><u>\$814,416</u></u>
 <u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating Income	<u>\$55,354</u>
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>	
Depreciation	45,419
<u>Changes in Assets and Liabilities:</u>	
Increase in Accounts Receivable	(11,490)
Increase in Prepaid Items	(553)
Increase in Accounts Payable	1,651
Increase in Contracts Payable	45,186
Increase in Compensated Absences Payable	13,284
Increase in Intergovernmental Payable	2,620
Total Adjustments	<u>96,117</u>
Net Cash Provided by Operating Activities	<u><u>\$151,471</u></u>

The Notes to the Financial Statements are an integral part of this Statement

CITY OF WAVERLY, OHIO
 Combined Statement of Cash Flows
 Proprietary Fund Type
 For the Year Ended December 31, 1999

<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	<u>Enterprise</u>
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Charges for Services	\$1,124,016
Cash Received from Other Operating Sources	398
Cash Payments to Suppliers for Goods and Services	(553,394)
Cash Payments to Employees for Services	(488,771)
Net Cash Provided by Operating Activities	<u>82,249</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Cash Payments for Other Non-Operating Expenses	(81,193)
Operating Grants Received	29,040
Net Cash Provided by Noncapital Financing Activities	<u>(52,153)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Aquisition of Capital Assets	(133,575)
Principal paid on Loans	(13,024)
Interest paid on Loans	(1,094)
Net Cash Used for Capital and Related Financing Activities	<u>(147,693)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest Income	<u>1,940</u>
Net Decrease in Cash and Cash Equivalents	(115,657)
Cash and Cash Equivalents at Beginning of Year	<u>1,051,447</u>
Cash and Cash Equivalents at End of Year	<u><u>\$935,790</u></u>
 <u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating Income	<u>\$24,614</u>
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>	
Depreciation	111,396
<u>Changes in Assets and Liabilities:</u>	
Increase in Accounts Receivable	(26)
Increase in Prepaid Items	(96)
Decrease in Accounts Payable	(29,180)
Decrease in Contracts Payable	(37,306)
Increase in Compensated Absences Payable	9,026
Increase in Intergovernmental Payable	3,821
Total Adjustments	<u>57,635</u>
Net Cash Provided by Operating Activities	<u><u>\$82,249</u></u>

Noncash Capital Financing Activities

For the year ended December 31, 1999, the City's water fund received a new clarifier that was paid for with both City monies and State monies. The portion paid for with State monies was recorded as contributed capital in the water fund at the fair market value of \$256,490.

The Notes to the Financial Statements are an integral part of this Statement

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Waverly have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standard Board Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities unless they conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

A. THE REPORTING ENTITY

The City of Waverly ("the City") is a charter municipal corporation operating under the bylaws of the State of Ohio. The current Charter, which provides for a Mayor-Council form of government, was adopted on May 5, 1970. Legislative power is vested in a seven-member council and a council president, each elected to four year terms. The Mayor is elected to a four year term and is the chief executive officer for the City. The City Auditor is elected to a four year term and is the chief fiscal officer for the City. All department heads are appointed by the Mayor and Council.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading.

The primary government of the City consists of all funds, departments and activities which are not legally separate from the City. They comprise the City's legal entity which provide various services such as police and fire protection, emergency medical, street maintenance and repairs, parks and recreation, and water and sewer. A staff provides support to the 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.

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

The following potential component units have been excluded from the City's financial statements because the City is not financially accountable for them nor are the entities fiscally dependent on the City:

- < Pike Metropolitan Housing Authority
- < Waverly City School District
- < Garnet A. Wilson Pike County Public Library

The Waverly Mayor's Court has been included in the City's financial statements as an agency fund. The Mayor is an elected City official who has a fiduciary responsibility for the collection and distribution of court fees and fines.

The Union Evergreen Cemetery board of trustees consists of two members appointed by the City and Pee Pee Township, respectively, and one member appointed jointly. The board possesses its own contracting and budgetary authority and hires and fires personnel. The Union Evergreen Cemetery is a jointly governed organization of the City. See Note 20.

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION - 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 government functions and activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The following categories and fund types are used by the City:

GOVERNMENTAL FUNDS

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

GENERAL FUND

The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter of the City of Waverly and/or the general laws of Ohio.

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for revenues derived from specific taxes, grants, or other sources (other than amounts relating to major capital projects) whose use is restricted. The uses and limitations of each special revenue fund are specified by City ordinances or federal and state statutes.

DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources for, and the payment of, general-long term obligations principal and interest.

CAPITAL PROJECTS FUNDS

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

PROPRIETARY FUNDS

The proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position. The following is the City's proprietary fund type:

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION - FUND ACCOUNTING (Continued)

ENTERPRISE FUNDS

The enterprise funds are used to account for the City's water and sewer operations. They are financed and operated in a manner similar to private sector business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City's only fiduciary funds are agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to a specific fund 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

The General Fixed Assets Account Group is used to account for fixed assets other than those accounted for in the proprietary funds. These assets do not represent financial resources available for expenditure.

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

The General Long-Term Obligations Account Group is used to account for all unmatured long-term obligations of the City that are not a specific liability of the proprietary funds.

C. 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 flow of 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.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds 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 (i.e., revenues) and decreases (i.e., expenses) in net total assets.

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

The modified accrual basis of accounting is used for reporting purposes by the governmental fund types and agency funds. Under this basis of accounting, the City recognizes revenue when it becomes both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is considered to be 31 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Unmatured principal and interest on general long-term obligations is recognized when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Revenues accrued at the end of the year included income taxes withheld by employers, interest on investments, and intergovernmental revenues (including motor vehicle license fees, gasoline tax, and local government assistance).

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 revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of December 31, 2000, and delinquent property taxes, whose availability is indeterminate and which are not intended to finance the current year, have also been recorded as deferred revenue as further described in Note 5.

The proprietary funds use the accrual basis of accounting for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

D. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reported in the combined financial statements:

TAX BUDGET

A tax budget of estimated revenue and expenditures for each fund is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year. All funds, except agency funds, are legally required to be budgeted.

ESTIMATED RESOURCES

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund.

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

On or about January 1 the certificate of estimated resources is amended to include unencumbered fund cash balances at December 31. Further amendments may be made during the year if the city auditor determines that revenue to be collected will be greater than or less than the prior estimates, and the budget commission finds the revised estimates to be reasonable. The amounts set forth in the financial statements represent estimates from the final amended certificate issued during 1999 and 2000.

APPROPRIATIONS

An appropriation ordinance (the appropriated budget) to control the level of expenditures for all funds, except agency funds, must be legally enacted on or about January 1. Appropriations may not exceed estimated resources as established in the amended certificate of estimated resources. Supplemental appropriations may be adopted by Council action. Amounts shown in the financial statements represent the appropriated budgeted amounts and all supplemental appropriations. Several supplemental appropriation measures were legally enacted during 1999 and 2000 by Council.

BUDGETED LEVEL OF EXPENDITURE

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. For all funds, Council appropriations are budgeted to fund, function, and detailed object level. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. The appropriations set by Council remain fixed unless amended by Council ordinance. More detailed appropriation allocations may be made by the City Auditor as long as the allocations are within Council's appropriated amount.

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 determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds and as a note disclosure for proprietary funds.

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. Encumbrances outstanding at year end are carried forward to the subsequent year and are not reappropriated.

E. CASH AND CASH EQUIVALENTS

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each funds' interest in the pool is presented as "Equity In Pooled Cash And Cash Equivalents" on the balance sheet.

During the year, investments were limited to certificates of deposit which are reported at cost.

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. CASH AND CASH EQUIVALENTS (Continued)

For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments with original maturities of three months or less, and investments from the City's cash management pool are considered to be cash equivalents. The Waverly Mayor's Court has its own checking account for the collection and distribution of court fines and forfeitures and is presented on the combined balance sheet as "Cash And Cash Equivalents In Segregated Accounts".

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$92,785, which includes and \$59,718 assigned from other funds. The special revenue and enterprise funds also received interest of \$2,287 and \$1,940, respectively. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$66,633, which includes and \$40,908 assigned from other funds. The special revenue and enterprise funds also received interest of \$4,556 and \$2,039, respectively.

F. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 1999 and 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

G. FIXED ASSETS

All purchased fixed assets are valued at cost when historical records are available and estimated historical cost where no historical records exist. For certain assets, estimates were calculated by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency are capitalized at cost.

GENERAL FIXED ASSETS

General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds 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. Assets in the General Fixed Assets Account Group are not depreciated.

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

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FIXED ASSETS (Continued)

PROPRIETARY FUND FIXED ASSETS

Fixed assets associated with the enterprise funds are accounted for in those funds. Depreciation is calculated using the straight line method over the estimated useful life of each asset. The assets of the enterprise funds are depreciated on the following basis:

	<u>YEARS</u>
Buildings	50
Improvements Other Than Buildings	20
Machinery And Equipment	6-15
Furniture And Fixtures	15
Vehicles	5
Sewer And Water Lines	20

H. COMPENSATED ABSENCES

The City accrues a liability for 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 attributable 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 method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount to be paid using available expendable resources and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. The balance of the liability is reported in the General Long-Term Obligations Account Group. In proprietary funds, the entire amount of unpaid compensated absences is reported as a fund liability.

I. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current expendable available financial resources. Payments made more than 31 days after year end are generally considered not to have been paid with current available financial resources. Capital leases and long-term notes are recognized as a liability of the General Long-Term Obligations Account Group until due. Long-term obligations and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

J. RESERVES OF FUND EQUITY

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure or the portion of fund balance that is legally segregated for a specific future use. Fund balances have been reserved for encumbrances and loans receivable.

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. INTERFUND TRANSACTIONS

During the course of normal operations, the City has transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers.

Nonrecurring and nonroutine transfers of equity between funds, capital contributions to the enterprise funds, the subsequent return of all or part of such contributions, and the transfer of residual balances of discontinued funds or projects to the general fund, general capital improvement capital projects fund, or debt service funds (when financed with debt proceeds) are classified as residual equity transfers.

Transactions that constitute reimbursements for expenditures or expenses initially made from a fund that are properly allocable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures and expenses in the fund that is reimbursed.

L. INTERFUND ASSETS/LIABILITIES

Receivables and payables arising between funds for goods provided or services rendered are classified as "Due From Other Funds" or "Due To Other Funds" on the balance sheet.

M. INTERGOVERNMENTAL REVENUES

In governmental funds, federal and state grants awarded on a non-reimbursement basis, state shared revenues, and federal entitlements are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related liabilities are incurred.

N. ESTIMATES

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

O. MEMORANDUM ONLY - TOTAL COLUMNS ON COMBINED FINANCIAL STATEMENTS

Total columns on the Combined Statements Overview 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 or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE

A. ACCOUNTABILITY - FUND EQUITY DEFICITS

The FEMA Special Revenue Fund had a deficit fund balance of \$77,108 at December 31, 1999, because of the application of generally accepted accounting principles to the financial reporting of these funds. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE (Continued)

B. COMPLIANCE

The following funds had appropriations in excess of estimated revenues and available fund balances for the year ended December 31, 1999:

<i>Fund Name / Type</i>	<i>Estimated Revenues and Available Fund Balances</i>	<i>Appropriations</i>	<i>Excess</i>
Special Revenue Funds:			
Fire	\$590,761	\$597,701	(\$6,940)
COPS Fast	32,865	40,000	(7,135)
Law Education	4,485	5,763	(1,278)
Debt Service Fund	(18)	101,818	(101,836)

The following fund had expenditures in excess of appropriations:

<i>Fund Type / Name</i>	<i>Appropriations</i>	<i>Expenditures</i>	<i>Excess</i>
General Fund:			
Office Auditor	\$9,100	\$9,581	(\$481)
State Auditor Fees	15,900	20,803	(4,903)
Special Revenue Funds:			
Bridge and Street Fund			
Equipment Repair	15,046	16,648	(1,602)
Salt Building	33,082	43,485	(10,403)
Fire			
Equipment	19,000	19,017	(17)
Building Maintenance	356,513	387,360	(30,847)
Traffic/Law Enforcement Fund			
Radios	28,000	29,350	(1,350)
Clothing	8,800	9,102	(302)
Litter Grant Fund			
Miscellaneous	0	2	(2)
COPS Fast Fund			
Fringe	0	7,072	(7,072)
Hazard Duty	0	130	(130)
Emergency Siren Fund			
New Equipment	0	36,256	(36,256)

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE (Continued)

B. COMPLIANCE (Continued)

The following fund had expenditures in excess of appropriations:

<i>Fund Type / Name</i>	<i>Appropriations</i>	<i>Expenditures</i>	<i>Excess</i>
Debt Service Fund:			
Principal	\$0	\$103,800	(\$103,800)
Capital Projects Fund:			
Second Street Fund			
Principal Retirement	0	300,000	(300,000)
Interest & Fiscal Charges	0	9,172	(9,172)
Enterprise Fund:			
Water Fund			
New Equipment	25,000	25,500	(500)

The following funds had appropriations in excess of estimated revenues and available fund balances for the year ended December 31, 2000:

<i>Fund Name / Type</i>	<i>Estimated Revenues and Available Fund Balances</i>	<i>Appropriations</i>	<i>Excess</i>
General Fund	\$2,188,867	\$2,209,624	(\$20,757)
Special Revenue Funds:			
Bridge and Street	578,792	669,858	(91,066)
Fire	410,866	714,166	(303,300)
Law Enforcement	873,685	1,054,008	(180,323)
Emergency Siren	36,256	76,012	(39,756)
Debt Service Fund	200,000	207,780	(7,780)
Capital Projects Funds:			
Levee Improvement	17,239	32,239	(15,000)
Proprietary Funds:			
Water Plant Improvement	34,843	34,987	(144)

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE (Continued)

B. COMPLIANCE (Continued)

The following fund had expenditures in excess of appropriations:

<i>Fund Type / Name</i>	<i>Appropriations</i>	<i>Expenditures</i>	<i>Excess</i>
Debt Service Fund:			
Interest and Fiscal Charges	\$3,890	\$4,250	(\$360)

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the 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 accounts including passbook accounts.

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

State statute permits interim monies to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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; or
3. Obligations of the City.

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

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

At December 31, 1999 and 2000, the carrying amount of the City's deposits was \$2,573,667 and \$2,202,391 and the bank balance was \$2,673,963 and \$2,229,198, respectively. Of the bank balance at December 31, 1999 and 2000, \$200,000 and \$200,000, respectively, was covered by federal depository insurance. The remaining amounts were collateralized in the amount of \$2,473,963 and \$2,029,198, respectively. Although the balance was collateralized by securities held by the financial institutions' trust departments in the City's name and all State statutory requirements for the deposit of money had been followed, non compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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 City's investments are categorized as either (1) insured or registered or for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name or (3) uninsured and unregistered for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. The City had no investments at year end.

NOTE 4 - MUNICIPAL INCOME TAX

The City levies and collects an income tax of one-half percent on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. During 1999 and 2000, proceeds of the income tax amounted to \$992,374 and \$1,153,787, respectively. All proceeds go to the general fund.

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 5 - PROPERTY TAX

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2000 for real and public utility property taxes represents collections of 1999 taxes. Property tax payments received during 2000 for tangible personal property (other than public utility property) is for 2000 taxes.

2000 real property taxes are levied after October 1, 2000 on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2000 real property taxes are collected in and intended to finance 2001.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after October 1, 2000, and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after October 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 2000, was \$15.30 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$41,706,272
Public Utility Property	6,055,597
Tangible Personal	<u>21,922,795</u>
Total Property Taxes	<u>\$69,684,664</u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Waverly. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2000. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2000 operations. The receivable is offset by deferred revenue.

NOTE 6 - RECEIVABLES

Receivables at December 31, 1999 and 2000, consisted of taxes, accounts, interfund, accrued interest, loans, and intergovernmental receivables arising from entitlements or shared revenues. All receivables are considered fully collectible.

The loans receivable on the balance sheet represent loans given to eligible residents of Pike County from the Department of Community Development to rehabilitate their residences.

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 6 - RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables as of December 31, 1999 follows:

<u>Fund Type / Fund</u>	<u>Amount</u>
General Fund	
Estate Tax	\$56,676
Local Government	<u>1,113</u>
Total General Fund	<u>57,789</u>
Special Revenue Funds:	
Bridge and Street Fund	
Gasoline Excise Tax	2,582
Cents Per Gallon Tax	5,087
Motor Vehicle License Tax	<u>2,465</u>
Total Bridge and Street Fund	<u>10,134</u>
Inter-City Highway Fund	
Gasoline Tax	209
Cents Per Gallon Tax	412
Motor Vehicle License Tax	<u>200</u>
Total Inter-City Highway Fund	<u>821</u>
City Permissive MVL Fund	
Permissive Motor Vehicle License Taxes	<u>1,793</u>
Total Special Revenue Funds	<u>12,748</u>
Total Intergovernmental Receivables	<u>\$70,537</u>

A summary of the principal items of intergovernmental receivables as of December 31, 2000 follows:

<u>Fund Type / Fund</u>	<u>Amount</u>
General Fund	
Estate Tax	\$29,064
Local Government	1,291
\$10,000 Exemption	9,471
Liquor License Fee	<u>108</u>
Total General Fund	<u>39,934</u>
Special Revenue Funds:	
Bridge and Street Fund	
Gasoline Excise Tax	2,656
Cents Per Gallon Tax	5,187
Motor Vehicle License Tax	<u>2,332</u>
Total Bridge and Street Fund	<u>10,175</u>

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 6 - RECEIVABLES (Continued)

<u>Fund Type / Fund</u>	<u>Amount</u>
Inter-City Highway Fund	
Gasoline Tax	\$ 215
Cents Per Gallon Tax	421
Motor Vehicle License Tax	<u>189</u>
Total Inter-City Highway Fund	<u>825</u>
City Permissive MVL Fund	
Permissive Motor Vehicle License Taxes	<u>1,839</u>
Traffic Fund	
Immobilization Fee	<u>200</u>
Total Special Revenue Funds	<u>13,039</u>
Total Intergovernmental Receivables	<u><u>\$52,973</u></u>

NOTE 7 - FIXED ASSETS

A. GENERAL FIXED ASSETS

Changes in general fixed assets during 1999 were as follows:

	Balance For The Year Ended <u>12/31/98</u>	<u>Additions</u>	<u>Deletions</u>	Balance For The Year Ended <u>12/31/99</u>
Land and Improvements	\$543,273	\$2,000	\$0	\$545,273
Buildings and				
Building Improvements	435,583	24,873	0	460,456
Machinery, Equipment, and Fixtures	394,392	100,118	0	494,510
Vehicles	<u>620,039</u>	<u>185,332</u>	<u>78,896</u>	<u>726,475</u>
Total General Fixed Assets	<u>\$1,993,287</u>	<u>\$312,323</u>	<u>\$78,896</u>	<u>\$2,226,714</u>

Changes in general fixed assets during 2000 were as follows:

	Balance For The Year Ended <u>12/31/99</u>	<u>Additions</u>	<u>Deletions</u>	Balance For The Year Ended <u>12/31/00</u>
Land and Improvements	\$545,273	\$0	\$0	\$545,273
Buildings and				
Building Improvements	460,456	429,106	0	889,562
Machinery, Equipment, and Fixtures	494,510	86,839	0	581,349
Vehicles	<u>726,475</u>	<u>203,985</u>	<u>78,500</u>	<u>851,960</u>
Total General Fixed Assets	<u>\$2,226,714</u>	<u>\$719,930</u>	<u>\$78,500</u>	<u>\$2,868,144</u>

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 7 - FIXED ASSETS (Continued)

B. FUND FIXED ASSETS

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

	<u>Water</u>	<u>Sewer</u>	Balance For The Year Ended <u>12/31/99</u>
Lands and Improvements	\$18,893	\$4,778	\$23,671
Buildings and Building Improvements	255,264	153,140	408,404
Machinery, Equipment, and Fixtures	377,933	74,027	451,960
Vehicles	0	86,104	86,104
Sewer and Water Lines	1,109,430	2,906,077	4,015,507
Construction in Progress	<u>0</u>	<u>444,815</u>	<u>444,815</u>
 Total Fund Fixed Assets	 1,761,520	 3,668,941	 5,430,461
 Less: Accumulated Depreciation	 <u>(724,828)</u>	 <u>(2,764,251)</u>	 <u>(3,489,079)</u>
Total Fund Fixed Assets (net of accumulated depreciation)	<u>\$1,036,692</u>	<u>\$904,690</u>	<u>\$1,941,382</u>

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

	<u>Water</u>	<u>Sewer</u>	Balance For The Year Ended <u>12/31/00</u>
Lands and Improvements	\$133,893	\$4,778	\$138,671
Buildings and Building Improvements	262,079	153,140	415,219
Machinery, Equipment, and Fixtures	421,353	105,255	526,608
Vehicles	0	86,104	86,104
Sewer and Water Lines	1,109,430	2,906,077	4,015,507
Construction in Progress	<u>0</u>	<u>478,228</u>	<u>478,228</u>
 Total Fund Fixed Assets	 1,926,755	 3,733,582	 5,660,337
 Less: Accumulated Depreciation	 <u>(747,875)</u>	 <u>(2,786,623)</u>	 <u>(3,534,498)</u>
Total Fund Fixed Assets (net of accumulated depreciation)	<u>\$1,178,880</u>	<u>\$946,959</u>	<u>\$2,125,839</u>

NOTE 8 - DEFINED BENEFIT PENSION PLANS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the City was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$53,399, \$90,406, and \$76,042, respectively. The full amount has been contributed for 1999 and 1998. The amount contributed for 2000 was 79.50 percent with the remainder being reported as a fund liability and within the general long-term obligations account group.

B. OHIO POLICE AND FIRE PENSION FUND

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12.25 percent for police and 16.75 percent for firefighters. For 1999, the City contributions were 12.5 percent for Police and 17 Percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 2000, 1999, and 1998 were \$64,836, \$59,703, and \$48,478, respectively, equal to the required contributions for each year. The full amount has been contributed for 1999 and 1998. The amount contributed for 2000 was 74.41 percent with the remainder being reported within the general long-term obligations account group.

NOTE 9 - POSTEMPLOYMENT BENEFITS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability 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 postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 9 - POSTEMPLOYMENT BENEFITS (Continued)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (Continued)

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

The number of active contributing participants was 401,339. The City's actual contributions for 2000 which were used to fund postemployment benefits were \$35,109. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

B. POLICE AND FIREMEN'S DISABILITY AND PENSION FUND

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the statutory authority allowing the OP&F's Board of Trustees to provide health care coverage and states that health care costs paid from the OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.25 percent of covered payroll was applied to the postemployment health care program during 2000. For 1999, the percentage used to fund health care was 7 percent. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2000 that were used to fund postemployment benefits were \$36,334. The OP&F's total health care expenses for the year ended December 31, 1999, (the latest information available) were \$95,004,633, which was net of member contributions of \$5,518,098. The number of OP&F participants eligible to receive health care benefits as of December 31, 1999, was 12,467 for police and 9,807 for firefighters.

NOTE 10 - EMPLOYEE BENEFITS

A. DEFERRED COMPENSATION PLAN

City employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 10 - EMPLOYEE BENEFITS (Continued)

B. COMPENSATED ABSENCES

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy credits vacation leave on the employee's anniversary date and allows the unused balance to be accrued at levels which depend upon years of service. City employees are paid for earned, unused vacation leave at the time of termination of employment.

Sick leave is earned at the rate of one and one-four days for every completed month worked and can be accumulated up to one hundred fifty days or twelve hundred hours. Each employee with the City is paid at one-fourth of the portion that does not exceed one hundred fifty days of the employee's earned unused sick leave upon termination from the City, or the full balance may be transferred to another governmental agency. In the event that an employee dies as the result of injuries sustained on the job, his or her estate will be paid the total allowable amount of all earned unused sick leave.

Unpaid compensated absences of \$281 at December 31, 1999, were reported as an accrued liability in the governmental fund types. The balance of the liability is reported in the General Long-Term Obligations Account Group in the amount of \$201,029. The liability for compensated absences in the proprietary funds at December 31, 1999, was \$72,881, with \$7,890 representing the current liability and \$64,991 the noncurrent portion of accrued benefits.

Unpaid compensated absences of \$359 at December 31, 2000, were reported as an accrued liability in the governmental fund types. The balance of the liability is reported in the General Long-Term Obligations Account Group in the amount of \$209,179. The liability for compensated absences in the proprietary funds at December 31, 2000, was \$86,165, with \$7,319 representing the current liability and \$78,846 the noncurrent portion of accrued benefits.

C. INSURANCE BENEFITS

The City provides life and health insurance through Anthem Blue Shield to its employees. It also provides dental insurance through Guardian and vision insurance through Vision Service Plan of Ohio.

NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE

In previous years the City has entered into capital leases for lawn care equipment. By the terms of the agreement, ownership of the equipment is transferred to the City by the end of the 5 year lease term. The lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13 "Accounting for Leases"*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the combined financial statements for the governmental funds. The equipment acquired by lease has been capitalized in the General Fixed Assets Account Group in the amount of \$44,211. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in 1999 and 2000 totaled \$8,489 and \$8,978, respectively, which represents the final payment of this lease.

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 12 - OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS

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

<u>Types / Issues</u>	<u>Balance 12/31/99</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/00</u>
<u>ENTERPRISE FUND OBLIGATIONS</u>				
1978 - 6.25% OWDA Sewer Improvement Loans	\$10,343	\$0	\$2,503	\$7,840
1997 - 0% OPWC Wastewater Treatment Plant Loans	<u>33,687</u>	<u>0</u>	<u>1,925</u>	<u>31,762</u>
Total Enterprise Obligations	<u>\$44,030</u>	<u>\$0</u>	<u>\$4,428</u>	<u>\$39,602</u>
<u>GENERAL LONG-TERM OBLIGATIONS</u>				
1998 - 4.00% Fire Truck Note	\$341,802	\$0	\$31,544	\$310,258
Compensated Absences	201,029	8,150	0	209,179
Pension Liability	94,524	94,693	94,524	94,693
Capital Leases	<u>8,978</u>	<u>0</u>	<u>8,978</u>	<u>0</u>
Total General Long-term Obligations	<u>\$646,333</u>	<u>\$102,843</u>	<u>\$135,046</u>	<u>\$614,130</u>

The City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$6,989,132.

The annual requirements to retire the City's long-term obligations outstanding at December 31, 2000, including interest payments of \$63,934 are as follows:

<u>Year</u>	<u>OWDA Sewer Improvement Loans</u>	<u>OPWC Wastewater Treatment Plant Loans</u>	<u>Fire Truck Note</u>	<u>Total</u>
2001	\$8,479	\$1,925	\$46,693	\$57,097
2002	0	1,925	46,693	48,618
2003	0	1,925	46,694	48,619
2004	0	1,925	46,694	48,619
2005	0	1,925	46,694	48,619
2006-2010	0	9,625	140,085	149,710
2011-2015	0	9,625	0	9,625
2016-2017	<u>0</u>	<u>2,887</u>	<u>0</u>	<u>2,887</u>
Total	<u>\$8,479</u>	<u>\$31,762</u>	<u>\$373,553</u>	<u>\$413,794</u>

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 12 - OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

The OWDA Sewer Improvement Loans were issued in 1978 in the amount of \$69,338 for the purpose of modernizing and improving the facilities at the City's sewage facility. These loans will be repaid from the Sewer Fund and will be fully repaid by January 1, 2002.

The OPWC Wastewater Treatment Plant Loans were issued in 1997 in the amount of \$38,500 for the purpose of improving the wastewater treatment plant digester. These loans will be repaid from the Sewer Fund and will be fully repaid by July 1, 2017.

The Fire Truck Note was issued in 1998 in the amount of \$372,216 for the purpose of purchasing a new fire truck. This note will be repaid from the Fire Special Revenue Fund and will be fully repaid by November 20, 2008.

The compensated absences additions and deletions of accrued vacation and sick leave are shown net since it is impractical for the City to determine these amounts separately. Compensated absences and pension obligations will be paid from the fund from which the employee's salary is paid.

NOTE 13 - NOTE OBLIGATIONS

NOTES PAID FROM GOVERNMENTAL FUNDS

A summary of the note transactions for the year ended December 31, 2000 follows:

Fund	Balance at December 31, 1999	Increase	Decrease	Balance at December 31, 2000
1999 - 4.25% Police Cruisers	\$100,000	\$0	\$100,000	\$0
2000 - 4.60% Fire Vehicle	0	17,500	0	17,500
Total	\$100,000	\$17,500	\$100,000	\$17,500

The Police Cruisers Note was used to purchase police cruisers for the Waverly Police Department. The note matured on December 21, 2000 and was paid from the General Fund.

The Fire Vehicle Note was issued on January 13, 2000 and was used to purchase a new safety vehicle for the fire department. The note matures on January 12, 2001 and will be paid from the Fire Special Revenue Fund.

NOTE 14 - 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. During fiscal years 1999 and 2000, the City contracted with The Cincinnati Insurance Company for property and fleet insurance, liability insurance, and inland marine coverage; National Casualty Company for Law Enforcement Liability; and Auto-Owners Insurance for commercial crime. Coverages are as follows:

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 14 - RISK MANAGEMENT (Continued)

Building and Contents-replacement cost (\$250 deductible)	\$11,210,990
Inland Marine Coverage (\$500 deductible)	252,600
Boiler and Machinery (\$250 deductible)	300,000
Automobile Liability (\$250 deductible)	2,000,000
Bodily Injury-Per occurrence	250,000
Total per year	500,000
Property Damage	100,000
General Liability	
Per occurrence	500,000
Personal & Advertising Injury Limit	500,000
Total per year	1,000,000
Law Enforcement Liability (\$2,500 deductible)	
Per occurrence	1,000,000
Total by year	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

Worker's Compensation coverage is provided by the State of Ohio and is based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

NOTE 15 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The City maintains two enterprise funds which are intended to be self-supporting through user fees charged for services to the public. The water and sewer funds account for the City's water and sewer services provided to its residents.

Financial segment information as of and for the year ended December 31, 1999, is presented below:

	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Total</i>
Operating Revenues	<u>\$529,613</u>	<u>\$594,827</u>	<u>\$1,124,440</u>
Operating Expenses Before			
Depreciation	501,554	486,876	988,430
Depreciation Expense	35,679	75,717	111,396
Operating Income (Loss)	(7,620)	32,234	24,614
Net Non-Operating Revenues			
(Expenses)	(1,830)	(62,573)	(64,403)
Operating Grants	29,040	0	29,040
Net Income (Loss)	(9,450)	(30,339)	(39,789)
Net Working Capital	504,073	560,241	1,064,314
Property, Plant And			
Equipment Additions	68,843	64,732	133,575
Total Assets	1,607,733	1,517,898	3,125,631
Loans And Other Long-Term			
Liabilities Payable From Revenues	0	44,030	44,030
Total Fund Equity	1,540,765	1,420,901	2,961,666
Encumbrances Outstanding			
At December 31, 1999	\$4,554	\$14,370	\$18,924

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 15 - SEGMENT INFORMATION - ENTERPRISE FUNDS (Continued)

Financial segment information as of and for the year ended December 31, 2000, is presented below:

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Total</u>
Operating Revenues	\$695,095	\$610,311	\$1,305,406
Operating Expenses Before			
Depreciation	602,564	602,069	1,204,633
Depreciation Expense	23,047	22,372	45,419
Operating Income (Loss)	69,484	(14,130)	55,354
Net Non-Operating Revenues			
(Expenses)	(6,771)	(31,975)	(38,746)
Operating Grants	39,495	0	39,495
Net Income (Loss)	62,713	(46,105)	16,608
Net Working Capital	424,598	467,439	892,037
Property, Plant And			
Equipment Additions	165,235	64,641	229,876
Total Assets	1,690,791	1,509,966	3,200,757
Loans And Other Long-Term			
Liabilities Payable From Revenues	0	39,602	39,602
Total Fund Equity	1,603,478	1,374,796	2,978,274
Encumbrances Outstanding			
At December 31, 2000	\$9,537	\$73,173	\$82,710

NOTE 16 - 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), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, appropriations and encumbrances.

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds and note disclosure for proprietary funds (GAAP basis).
- (d) For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
- (e) Proceeds from and principal payments on debt obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING (Continued)

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the governmental funds and proprietary funds for 1999 are as follows:

Excess Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses All Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$76,803	(\$400,879)	\$18	\$348,122
Increases (decreases) Due To:				
Revenue Accruals	(111,674)	(93,492)	0	0
Expenditure Accruals	85,612	95,939	(101,800)	(24,340)
Encumbrances Outstanding At Year End (Budget Basis)	(31,413)	(414,273)	(103,800)	0
Debt Principal Retirement	0	0	0	(300,000)
Note Proceeds	0	0	100,000	0
Operating Transfers	(101,800)	0	101,800	0
Advances	19,473	(15,838)	0	(3,636)
Budget Basis	(\$62,999)	(\$828,543)	(\$3,782)	\$20,146

Net Income/Excess Of Revenues Under Expenses
Proprietary Fund Type

	Enterprise
Net Loss	(\$39,789)
Increases (decreases) Due To:	
Revenue Accruals	(26)
Expense Accruals	(53,663)
Depreciation Expense	111,396
Acquisition of Fixed Assets	(133,575)
Encumbrances Outstanding At Year End (Budget Basis)	(18,924)
Budget Basis Excess	(\$134,581)

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING (Continued)

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the governmental funds and proprietary funds for 2000 are as follows:

Excess Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses All Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$299,107)	(\$16,902)	\$0	\$64,000
Increases (decreases) Due To:				
Revenue Accruals	39,873	117,723	0	0
Expenditure Accruals	120,216	(105,213)	(103,890)	0
Encumbrances Outstanding At Year End (Budget Basis)	(728)	(3,687)	0	0
Debt Principal Retirement	0	8,978	(100,000)	0
Note Proceeds	0	17,500	0	0
Operating Transfers	(31,032)	(77,108)	108,140	0
Interest And Fiscal Charges	0	0	(4,250)	0
Budget Basis	(\$170,778)	(\$58,709)	(\$100,000)	\$64,000

Net Income/Excess Of Revenues Under Expenses
Proprietary Fund Type

	Enterprise
Net Income	\$16,608
Increases (decreases) Due To:	
Revenue Accruals	(11,490)
Expense Accruals	(397,359)
Depreciation Expense	45,419
Debt Principal Retirement	(4,428)
Acquisition of Fixed Assets	229,876
Encumbrances Outstanding At Year End (Budget Basis)	(82,710)
Budget Basis Excess	(\$204,084)

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 17 - INTERFUND TRANSACTIONS

Interfund balances at December 31, 1999, consist of the following individual fund receivables and payables:

Fund Type/Fund	Interfund Receivable	Due From Other Funds	Interfund Payable	Due To Other Funds
General Fund	\$77,108	\$8,969	\$0	\$0
Special Revenue Fund:				
FEMA	0	0	77,108	0
Agency Fund:				
Mayor's Court	0	0	0	8,969
Total All Funds	<u>\$77,108</u>	<u>\$8,969</u>	<u>\$77,108</u>	<u>\$8,969</u>

Interfund balances at December 31, 2000, consist of the following individual fund receivables and payables:

Fund Type/Fund	Due From Other Funds	Due To Other Funds
General Fund	\$10,386	\$0
Agency Fund:		
Mayor's Court	0	10,386
Total All Funds	<u>\$10,386</u>	<u>\$10,386</u>

NOTE 18 - CONTRACTUAL COMMITMENTS

Outstanding contractual commitments at December 31, 2000, consist of the following:

Vendor	Project	Original Contract Amount	Amount Expended	Outstanding Contractual Commitment
BBS	De-Watering Facility	\$600,000	\$485,071	\$114,929
Jones & Henry	Water Tank	110,600	39,495	71,105
Total		<u>\$710,600</u>	<u>\$524,566</u>	<u>\$186,034</u>

CITY OF WAVERLY, OHIO
Notes To The General Purpose Financial Statements
For The Years Ended December 31, 1999 & 2000
(Continued)

NOTE 19 - PRIOR YEAR RESTATEMENTS

By the conclusion of the prior year, payments had been made on engineering costs associated with construction commitments that had been expensed but should have been capitalized as construction in progress in prior financial statements. Also, some amounts shown as loans receivable in 1998's financial statements should not have been disclosed due to the fact that they had been written off as uncollectible. These corrections resulted in the following restatement of beginning Fund Balance/Retained Earnings:

<u>Fund Type</u>	<u>Amount at 12/31/98</u>	<u>Restated Amount</u>
Special Revenue Funds	\$972,506	\$937,480
Enterprise Funds	2,319,545	2,744,965

NOTE 20 - JOINTLY GOVERNED ORGANIZATION

UNION EVERGREEN CEMETERY

The Union Evergreen Cemetery, a jointly governed organization, provides health services to citizens within the County. The board of trustees, with representatives from throughout the County, oversees the operation of the Cemetery. The City does not have any financial interest in or responsibility for the District.

NOTE 21 - CONTINGENT LIABILITIES

A. LITIGATION

The City of Waverly is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

B. FEDERAL AND STATE GRANTS

For the period January 1, 1999, to December 31, 2000, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

BALESTRA & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
528 SOUTH WEST STREET, P.O. BOX 687
PIKETON, OHIO 45661

TELEPHONE (740) 289-4131
FAX (740) 289-3639
E-MAIL mbalcpa@bright.net

Member American Institute of Certified Public Accountants
Accountants

Ohio Society of Certified Public

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

Members of the Board
City of Waverly
201 W. North Street
Waverly, Ohio 45690

We have audited the financial statements of the City of Waverly, Pike County, as of and for the years ended December 31, 1999 & 2000, and have issued our report thereon dated June 15, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Waverly's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which is described in the accompanying Schedule of Findings as item 2000-570539-001 and 2000-570541-002. We also noted other immaterial instances of noncompliance that we have reported to the management of the City in a separate letter dated June 15, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Waverly's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Members of the Board
City of Waverly
Waverly, Ohio 45690

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

Page 2

This report is intended for the information and use of the Mayor, management, Board of Public Affairs, and the City Council and is not intended to be and should not be used by anyone other than these specified parties.

Balestra & Company

Balestra & Company

June 15, 2001

**CITY OF WAVERLY
PIKE COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 & 2000**

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

FINDING NUMBER 2000-570539-001

Noncompliance Citation

Section 5705.39, ORC, states that the total appropriations from each fund should not exceed the total estimated revenue.

The following instances were noted where the total appropriations exceeded estimated revenue at year end:

<u>Fund</u>	<u>Amount</u>
Debt Service Fund: 1999	\$ 101,836
Special Revenue Funds: 2000	
Bridge and Street	\$ 91,066
Fire	\$ 303,300
Law Enforcement	\$ 180,323
Emergency Siren	\$ 39,756

We recommend that the total appropriations of the City not exceed the estimated revenue at the legal level of control. Appropriations should be modified throughout the year. The City Auditor should not approve appropriations exceeding estimated revenue. The City Auditor should request an amended appropriation resolution or certificate of estimated resources from City Counsel.

CORRECTIVE ACTION PLAN

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-570539-001	Management will monitor their appropriations to ensure compliance with ORC Section 5705.39.	12/31/2001	Harvey Whaley, City Auditor

**CITY OF WAVERLY
PIKE COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 & 2000**

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

FINDING NUMBER 2000-570541-002

Noncompliance Citation

Section 5705.41(B), ORC, states that no subdivisions or taxing unit is to expend money unless it has been appropriated.

The following instances were noted where the expenditures exceeded appropriations at year end:

<u>Fund</u>	<u>Amount</u>
Debt Service Fund: 1999 Principal	\$ 103,800
Capital Projects Fund: 1999 Second Street Fund - Principal	\$ 300,000

We recommend that the expenditures of the City not exceed the appropriations at the legal level of control. Appropriations should be modified throughout the year. The City Auditor should not approve payments exceeding appropriations. The City Auditor should request an increase in appropriations from City Counsel before making these payments.

CORRECTIVE ACTION PLAN

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-570541-002	Management will monitor their budget to ensure compliance with ORC Section 5705.41(B).	12/31/2001	Harvey Whaley, City Auditor



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF WAVERLY

PIKE 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
AUGUST 16, 2001**